HONG LEONG ASIA LTD. (REGISTRATION NO. 196300306G)

Unaudited Second Quarter and Half Year Financial Statement and Dividend Announcement For The Period Ended 30 June 2009

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

The Board of Directors announces the results of the Group for the second quarter ("2Q") and half year ended 30 June ("1H") 2009. These figures have not been audited. Certain comparative figures for 2Q 2008 and 1H 2008 have been reclassified to be consistent with the classification in 2Q 2009 and 1H 2009

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) Income statement

	Group					
	2Q 2009	2Q 2008	Change	1H 2009	1H 2008	Change
	$'000	$'000	%	$'000	$'000	%
Revenue	**1,242,717**	**1,064,129**	**17%**	**2,333,960**	**2,118,689**	**10%**
Cost of sales	(956,990)	(832,397)	15%	(1,839,517)	(1,638,546)	12%
Gross profit	**285,727**	**231,732**	**23%**	**494,443**	**480,143**	**3%**
Other income/(expenses)	6,144	1,075	472%	27,876	3,056	812%
Selling and distribution expenses	(147,124)	(96,207)	53%	(259,052)	(189,085)	37%
General and administrative expenses	(78,799)	(37,805)	108%	(134,711)	(77,139)	75%
Research and development costs	(18,887)	(11,762)	61%	(35,164)	(22,714)	55%
Profit from operations	**47,061**	**87,033**	**-46%**	**93,392**	**194,261**	**-52%**
Finance costs	(7,469)	(17,902)	-58%	(15,474)	(30,389)	-49%
Share of profit of associates, net of tax	2,158	660	227%	4,690	3,514	33%
Profit before taxation	**41,750**	**69,792**	**-40%**	**82,608**	**167,386**	**-51%**
Taxation	(2,418)	(11,456)	-79%	(10,823)	(21,444)	-50%
Profit after taxation	**39,332**	**58,336**	**-33%**	**71,785**	**145,942**	**-51%**

Net Profit Attributable to :

Shareholders of the Company	**25,764**	**23,688**	**9%**	**48,993**	**53,842**	**-9%**
Minority Interests	13,568	34,648	-61%	22,792	92,100	-75%
	39,332	**58,336**	**-33%**	**71,785**	**145,942**	**-51%**

1(a)(ii) Notes to the income statement

Profit from operations include the following:	Group 2Q 2009 $'000	Group 2Q 2008 $'000	Group Change %	Group 1H 2009 $'000	Group 1H 2008 $'000	Group Change %
(Loss)/gain on disposal of investment, property, plant and equipment	(345)	-	NM	(449)	179	NM
Impairment loss on property, plant and equipment and intangibles	(6,254)	-	NM	(13,851)	-	NM
Allowance (made)/written back for trade and other receivables / (bad debts written off)	(5,714)	1,382	NM	(8,465)	(6,852)	24%
Allowance (made)/written back for stock obsolescence	(6,520)	1,765	NM	(7,725)	1,678	NM
Provisional negative goodwill on acquisition of subsidiary companies (1)	2,273	-	NM	19,130	-	NM
Depreciation and amortisation	(26,100)	(14,258)	83%	(49,636)	(29,868)	66%
Foreign exchange gain/(loss)	57	(2,124)	NM	1,389	(3,525)	NM

NM: Not meaningful

(1) In accordance with FRS103, a purchase price allocation exercise will be conducted before end of this year. Accordingly the amount of provisional goodwill shown in the above table is not final.

1(a)(iii) Amount of any adjustment for under or overprovision of tax in respect of prior years

The Group's tax charge for 2Q 2009 included an over provision of $6,012,000 (2Q 2008: over provision of $272,000) in respect of prior years. The Group's tax charge for 1H 2009 included an over provision of $5,867,000 (1H 2008: over provision of $6,835,000) in respect of prior years.

1(a)(iv) Statement of Comprehensive Income

With effect from 1 January 2009, FRS 1 *Presentation of Financial Statements* requires an entity to present all non-owner changes in the equity in a Statement of Comprehensive Income. Non-owner changes will include income and expenses recognized directly in equity. This is a change of presentation and does not reflect the recognition or measurement of the equity transactions. Previously, such non-owner changes were included in the Statement of Changes in Equity.

	Group 2Q 2009 $'000	Group 2Q 2008 $'000	Group Change %	Group 1H 2009 $'000	Group 1H 2008 $'000	Group Change %
Profit for the period	39,332	58,336	-33%	71,785	145,942	-51%
Other comprehensive income:						
Exchange differences on translation of financial statements of foreign subsidiaries and associated corporations	(50,226)	7,494	**NM**	18,714	(3,550)	**NM**
Increase/(Decrease) in own share reserve	8,262	(4,086)	**NM**	7,536	(16,162)	**NM**
Increase/(Decrease) in fair value reserve	7,437	(3,331)	**NM**	2,688	(15,050)	**NM**
Total comprehensive income	**4,805**	**58,413**	**-92%**	**100,723**	**111,180**	**-9%**
Attributable to:						
Shareholders of the Company	19,854	18,638	**7%**	66,261	27,916	**137%**
Minority interests	(15,049)	39,775	**-138%**	34,462	83,264	**-59%**
	4,805	**58,413**	**-92%**	**100,723**	**111,180**	**-9%**

The minority interests' share of comprehensive income reflected in 2Q 2009 reflects its share of the exchange differences on translation of financial statements of foreign subsidiaries, more particularly in China, as a result of the depreciation of the Renminbi against the Singapore dollar. The exchange rates used in translating the net asset values of those China subsidiaries were 0.2205 and 0.2130 to a Singapore dollar in 1Q 2009 and 2Q 2009 respectively.

1(b)(i) A Statement of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
$'000	30/06/09	31/12/08	30/06/09	31/12/08
Non-current assets				
Property, plant and equipment	1,100,599	868,708	616	723
Prepaid operating leases	67,598	52,838	-	-
Intangibles	71,698	66,786	984	1,099
Investment in subsidiaries	-	-	239,627	239,628
Investment in associates	111,115	253,350	52,295	52,295
Investment in jointly controlled entity	-	-	15,000	15,000
Investment properties	7,092	7,222	-	-
Other investments	22,499	2,145	-	-
Other non-current receivables	5,862	5,827	-	-
Amounts due from subsidiaries	-	-	146,971	55,674
Deferred tax assets	80,465	38,299	-	-
	1,466,928	1,295,175	455,493	364,419
Current assets				
Other financial assets	869	633	32	-
Inventories and work-in-progress	611,521	724,781	-	-
Development properties	19,986	20,366	-	-
Trade and other receivables	1,309,669	975,126	120,032	136,883
Cash and cash equivalents	714,404	271,178	12,792	10,495
	2,656,449	1,992,084	132,856	147,378
Current liabilities				
Bank overdrafts	11,129	32,868	-	-
Trade and other payables	1,763,053	1,135,023	23,189	17,350
Provisions	62,688	59,697	-	-
Interest-bearing borrowings	443,896	498,164	252,394	167,338
Provision for taxation	37,211	25,767	-	-
	2,317,977	1,751,519	275,583	184,688
Net current assets/(liabilities)	338,472	240,565	(142,727)	(37,310)
Non-current liabilities				
Interest-bearing borrowings	106,680	56,838	-	-
Amount due to a subsidiary	-	-	10,400	10,400
Deferred tax liabilities	21,052	2,111	457	457
Deferred grants	273	276	-	-
Retirement benefits	297	308	-	-
	128,302	59,533	10,857	10,857
	1,677,098	1,476,207	301,909	316,252
Capital and reserves				
Share capital	278,664	278,664	278,664	278,664
Reserves	364,212	302,221	23,245	37,588
	642,876	580,885	301,909	316,252
Minority interests	1,034,222	895,322	-	-
Total Equity	1,677,098	1,476,207	301,909	316,252

Explanatory Notes to Statement of Financial Position

Group

- Compared to 31 December 2008, the increase in total assets was due mainly to consolidation of Tasek Corporation Berhad ("Tasek") and acquisition of assets and capacity expansion by one of the Group's China subsidiaries. Higher cash holding was also a contributory factor. Total liabilities increased largely on account of better payment terms from Chinese suppliers with the inclusion of Tasek being a secondary factor.

- Compared to 31 December 2008, the increase in the net working capital was due largely to the consolidation of Tasek with effect from January 2009 as well as better working capital management mainly by the Group's China subsidiaries.

- As a result of better working capital management, bank borrowings (including bank overdrafts and long term loans) were lower as at 30 June 2009 compared to 31 December 2008. During the second quarter of this year, the Group also refinanced some of its short term borrowings into long term borrowings, which resulted in an increase in long term borrowings as at 30 June 2009.

- The decrease in the carrying amount of investments in associates for the Group was due primarily to Tasek being treated as a subsidiary company with effect from January 2009. It was treated as an associate prior to January 2009.

Company

- The higher negative working capital as at 30 June 2009 was due to the refinancing of long term borrowings with short term borrowings due to unfavourable interest rates in the former and loans taken to finance additional acquisition of shares in Tasek.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/06/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
$23,505,917	$431,519,404	$5,398,064	$525,634,162

Amount repayable after one year

As at 30/06/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
$18,502,032	$88,177,753	$18,899,363	$37,938,870

Details of any collateral

The secured banking facilities of the Group, comprising term loans are secured on the assets of certain subsidiaries with a total carrying value as at 30 June 2009 of $42,072,000 (31 December 2008: $23,889,000).

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	2Q 2009 $'000	2Q 2008 $'000	1H 2009 $'000	1H 2008 $'000
Operating Activities				
Profit before Income Tax	41,750	69,792	82,608	167,386
Adjustment for :				
Dividend and interest income	(1,785)	(855)	(3,272)	(1,719)
Finance costs	7,469	17,902	15,474	30,389
Depreciation and amortisation	26,100	14,258	49,636	29,868
Share of profit of associated companies	(2,158)	(660)	(4,690)	(3,514)
Loss/(gain) on disposal of property, plant and equipment	345	-	449	(179)
Cost of share-based payment	54	153	153	187
Allowance for Impairment loss	6,254	-	13,851	-
Negative goodwill for acquisition of subsidiaries & associates	(2,273)	-	(2,273)	-
Gain on disposal/redemption of share in subsidiaries & related business	(7)	-	(7)	-
Provision for warranties and other costs, net	20,176	-	46,076	1,140
Operating profit before working capital changes	95,925	100,590	198,005	223,558
Changes in working capital:				
Inventories and work-in-progress	120,642	42,266	170,676	(66,102)
Trade and other receivables	(138,987)	(80,215)	(296,929)	(447,575)
Trade and other payables	196,869	92,791	550,669	396,044
Provisions utilised	(15,996)	3,518	(43,601)	(11,358)
	258,453	158,950	578,820	94,567
Income tax paid	(7,016)	(16,803)	(11,375)	(19,314)
Cash flows from operating activities	251,437	142,147	567,445	75,253
Investing Activities				
Interest and dividends received	2,255	2,273	3,749	3,271
Proceeds from disposal of subsidiaries, net of cash disposed	464	-	464	-
Proceeds from disposal of property, plant and equipment	963	-	1,755	3,314
Acquisition of subsidiaries and businesses, net of cash acquired	(2,529)	-	10,570	-
Purchase of additional shareholding in a subsidiary	-	-	-	(1,138)
Investments in associates and joint ventures	(460)	(125)	(460)	(125)
Purchase of property, plant and equipment	(33,483)	(27,839)	(77,418)	(57,237)
Payment of prepaid operating leases	(4,766)	-	(5,562)	-
Purchase of intangible assets	-	-	(80)	-
Purchase of other investments	(6)	-	(42)	-
Repayment by/(to) related corporations	(391)	(2,961)	443	(3,605)
Cash flows from investing activities	(37,953)	(28,652)	(66,581)	(55,520)
Financing Activities				
Proceeds from share issue	-	35	-	248
Capital contribution by minority shareholders of a subsidiary	8,194	920	8,194	5,272
Proceeds from bank borrowings	20,272	199,329	205,907	431,290
Repayment of bank borrowings	(129,744)	(233,126)	(213,155)	(371,639)
Dividends paid to shareholders of the Company	(7,628)	(22,881)	(7,628)	(22,881)
Dividends paid to minority shareholders of subsidiaries	(2,645)	(1,037)	(2,645)	(3,398)
Release of fixed deposits pledged with banks	-	373	(1)	24,148
Interest paid	(8,738)	(17,789)	(18,094)	(33,573)
Cash flows from financing activities	(120,289)	(74,176)	(27,422)	29,467
Net increase / (decrease) in cash and cash equivalents	93,195	39,319	473,442	49,200
Cash and cash equivalents at beginning of the period	626,442	194,813	238,017	186,681
Effects of exchange rate changes on cash and cash equivalents	(16,647)	1,755	(8,469)	6
Cash and cash equivalents at end of the period	702,990	235,887	702,990	235,887
Comprising:				
Fixed deposit, bank and cash balances			714,404	272,397
Less: Bank overdraft			(11,129)	(30,388)
Fixed deposits pledged			(285)	(6,122)
			702,990	235,887

The attributable net assets of subsidiaries acquired during the period are as follows:

	2Q 2009 $'000	2Q 2008 $'000	1H 2009 $'000	1H 2008 $'000
Acquisitions				
Non-current assets	10,946	-	257,975	-
Net current assets	(3,190)	-	174,679	-
Non-current liabilities	(1,337)	-	(20,872)	-
Minority Interest	(1,605)	-	(98,889)	-
Amount previously accounted for as associate	-	-	(164,406)	-
Goodwill/(Negative goodwill)	(2,273)	-	5,253	-
Currency translation differences	15	-	15	-
Total consideration	2,556	-	153,755	-
Less: Consideration to be settled by debts set-off	-	-	(54,155)	-
Less: Cash & cash equivalents of subsidiary acquired	(27)	-	(110,170)	-
Acquisition of subsidiary, net of cash acquired	2,529	-	(10,570)	-
Disposals				
Net current liabilities	460	-	460	-
Profit on disposal	7	-	7	-
Total cash consideration	467	-	467	-
Less: Cash and bank balances of subsidiary disposed	(3)	-	(3)	-
Disposal of subsidiary, net of cash disposed	464	-	464	-

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity	Share Capital	Capital Reserves	Statutory Reserves	Own Share Reserves	Fair Value Reserves	Equity Compen-sation Reserves	Translation Reserves	Revenue Reserves	Total	Minority Interests	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group											
At 1 January 2008	278,415	(34,684)	19,956	17,433	43,085	958	(29,820)	297,960	593,303	737,860	1,331,163
Share issues during the period	214	-	-	-	-	-	-	-	214	-	214
Cost of share-based payment	-	-	-	-	-	34	-	-	34	3	37
Transfer from statutory reserves	-	-	5,021	-	-	-	-	(5,021)	-	-	-
Capital contribution by minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	4,888	4,888
Dividends paid/payable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(2,361)	(2,361)
Total comprehensive income for the period	-	-	-	(12,076)	(4,861)	-	(3,940)	30,155	9,278	43,489	52,767
At 31 March 2008	**278,629**	**(34,684)**	**24,977**	**5,357**	**38,224**	**992**	**(33,760)**	**323,094**	**602,829**	**783,879**	**1,386,708**
At 1 April 2008	278,629	(34,684)	24,977	5,357	38,224	993	(33,760)	323,094	602,830	783,878	1,386,708
Share issues during the period	35	-	-	-	-	-	-	-	35	-	35
Cost of share-based payment	-	-	-	-	-	153	-	-	153		153
Purchase of additional shareholding in a subsidiary	-	-	-	-	-	-	-	-	-	920	920
Dividends paid to shareholders	-	-	-	-	-	-	-	(22,881)	(22,881)	-	(22,881)
Dividends paid/payable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(1,037)	(1,037)
Total comprehensive income for the period	-	-	-	(4,086)	(612)	-	(352)	23,689	18,639	39,774	58,413
At 30 June 2008	**278,664**	**(34,684)**	**24,977**	**1,271**	**37,612**	**1,146**	**(34,112)**	**323,902**	**598,776**	**823,535**	**1,422,311**
At 1 January 2009	278,664	(34,684)	22,267	(11,440)	34,104	1,805	(13,135)	303,304	580,885	895,322	1,476,207
Share issues during the period	-	-	-	-	-	-	-	-	-	-	-
Cost of share-based payment	-	-	-	-	-	99	-	-	99	-	99
Transfer to capital reserves	-	(77)	-	-	-	-	-	77	-	-	-
Acquisition of business combination	-	-	-	-	-	-	-	-	-	97,284	97,284
Total comprehensive income for the period	-	-	-	(726)	(2,112)	-	26,016	23,229	46,407	49,511	95,918
At 31 March 2009	**278,664**	**(34,761)**	**22,267**	**(12,166)**	**31,992**	**1,904**	**12,881**	**326,610**	**627,391**	**1,042,117**	**1,669,508**
At 1 April 2009	278,664	(34,761)	22,267	(12,166)	31,992	1,904	12,881	326,610	627,391	1,042,117	1,669,508
Cost of share-based payment	-	-		-	-	54	-	-	54	-	54
Transfer to statutory reserves	-	-	3,204	-	-	-	-	-	3,204	-	3,204
Purchase of additional shareholding in a subsidiary	-	-	-	-	-	-	-	-	-	9,799	9,799
Dividends paid to shareholders	-	-	-	-	-	-	-	(7,628)	(7,628)	-	(7,628)
Dividends paid/payable to minority shareholders of subsidiaries		-	-	-	-	-	-	-	-	(2,645)	(2,645)
Total comprehensive income for the period	-	-	-	8,262	4,554	-	(18,728)	25,766	19,854	(15,049)	4,805
At 30 June 2009	**278,664**	**(34,761)**	**25,471**	**(3,904)**	**36,546**	**1,958**	**(5,847)**	**344,748**	**642,875**	**1,034,222**	**1,677,098**

1(d)(i) Statement of changes in equity for the periods ended 30 June (cont'd)

Statement of Changes In Equity	Share Capital $'000	Capital Reserves $'000	Fair Value Reserves $'000	Equity Compensation Reserves $'000	Revenue Reserves $'000	Total Equity $'000
The Company						
At 1 January 2008	278,415	9,199	-	838	31,291	319,743
Share issues during the period	214	-	-	-	-	214
Cost of share-based payment	-	-	-	34	-	34
Total comprehensive income for the period	-	-	(25)	-	18,856	18,831
At 31 March 2008	278,629	9,199	(25)	872	50,147	338,822
At 1 April 2008	278,629	9,199	(25)	872	50,147	338,822
Share issues during the period	35	-	-	-	-	35
Cost of share-based payment	-	-	-	153	-	153
Dividends	-	-	-	-	(22,881)	(22,881)
Total comprehensive income for the period	-	-	28	-	(342)	(314)
At 30 June 2008	278,664	9,199	3	1,025	26,924	315,815
At 1 January 2009	278,664	9,199	-	1,289	27,100	316,252
Cost of share-based payment	-	-	-	99	-	99
Total comprehensive income for the period	-	-	(2)	-	(2,107)	(2,109)
At 31 March 2009	278,664	9,199	(2)	1,388	24,993	314,242
At 1 April 2009	278,664	9,199	(2)	1,388	24,993	314,242
Cost of share-based payment	-	-	-	54	-	54
Dividends	-	-	-	-	(7,628)	(7,628)
Total comprehensive income for the period	-	-	5		(4,764)	(4,759)
At 30 June 2009	278,664	9,199	3	1,442	12,601	301,909

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

1(d)(ii)(A) Movements in issued and paid-up capital

The Company did not hold any treasury shares as at 30 June 2009 and 30 June 2008.

There was no change in the Company's issued share capital during the three months ended 30 June 2009

1(d)(ii)(B) Share Options

There was no option exercised pursuant to the terms of the Hong Leong Asia Share Option Scheme 2000 (the "Scheme") during the three months ended 30 June 2009.

As at 30 June 2009, there were a total of 2,583,200 (30 June 2008: 2,530,500) unissued shares under options granted pursuant to the Scheme. Details are as follows:

Year of Grant	Exercise Price	Number of Outstanding Options
2004	$1.51	160,000
2005	$1.28	35,000
2007	$1.88	938,200
2008	$2.36	1,350,000
2009	$1.42	100,000
Total		2,583,200

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The Company did not hold any treasury shares as at 30 June 2009 and 31 December 2008.

The total number of issued ordinary shares as at 30 June 2009 and 31 December 2008 remains unchanged at 381,392,018.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the three months ended 30 June 2009.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not Applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation as in the Group's audited financial statements for the year ended 31 December 2008.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted the new/revised FRS and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2009. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new and amended FRS that are relevant to the Group:

FRS 1 (Revised)	Presentation of Financial Statements
FRS 108	Operating Segments

The adoption of the above FRS did not result in any change to the Group's accounting policies or any significant impact on the financial statements.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group			
Earnings per ordinary share based on net profit attributable to shareholders	2Q 2009	2Q 2008	1H 2009	1H 2008
(i) Based on the weighted average number of ordinary shares on issue (cts)	6.76	6.21	12.85	14.12
(ii) On a fully diluted basis (cts)	6.76	6.21	12.85	14.10

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
	30/6/2009	31/12/2008	30/6/2009	31/12/2008
Net Asset Value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares, if any, of the issuer as at 30 June 2009 and as at 31 December 2008 (cts)	169.31	152.31	79.14	82.92

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

2nd Quarter (2Q) – 2009 versus 2008

2Q 2009 net profit attributable to shareholders, at $25.8 million, was 9% above that achieved for 2Q 2008.

Revenue improved largely on account of the strength of the Chinese Renminbi against the Singapore Dollar, increased sales of diesel engines at higher average selling prices and the inclusion of Tasek Corporation Berhad ("Tasek") as a subsidiary of the Group effective January 2009.

Gross profit improved in line with higher revenue and proportionately lower raw material costs *vis-à-vis* average selling prices in the Group's Consumer Products Unit ("Xinfei") and Industrial Packaging Unit ("Rex"). On the strength of these factors, gross profit margin rose from 21.8% in 2Q 2008 to 23.0% in the quarter under review.

Other income rose due primarily to the recognition of about $2.3 million in provisional negative goodwill on acquisition of a subsidiary company by the Group's Diesel Engines Unit ("Yuchai") and the absence of about $2 million in exchange loss which was incurred in 2Q 2008.

Increased spending in sales and marketing activities to protect the market shares of the Group's China businesses, discounts given to encourage early payment of trade debts and higher warranty expenses (in line with sharply higher diesel engine sales), collectively accounted for a large part of the higher selling and distribution expenses.

General and administrative expenses were affected by further impairments made to two properties recently acquired by Yuchai. These expenses were also affected by impairment on plant and machinery, provision for stock obsolescence, increased staff cost incurred by the Group's China operations. Yuchai also reversed bonus provision in 2Q 2008.

As part of its strategy to keep ahead of its competitors, Yuchai continues to invest resources in enhancing its current product lines and to develop new products with higher emission standards. This was the primary factor for the higher research and development expenses in 2Q 2009.

A common factor for the increase in operating expenses, except for research and development expenses, was the inclusion of Tasek as a subsidiary company effective January 2009.

The sharp increase in operating expenses, incurred more particularly by Yuchai, caused a dip in profit from operations to $47.1 million. Finance costs however declined as cash flow of the Group continues to improve, total bank borrowings fell, interest rates eased and cheaper trade financing being increasingly used.

Despite the exclusion of Tasek as an associate in 2009, share of profits of associates improved due to improved earnings from an associated company of China Yuchai International Limited.

The effective tax rate of the Group declined to 5.8% largely as a result of write-back of overprovision of taxation by Yuchai.

Although the number of qualified distributors under the Chinese government's program to encourage ownership of electrical appliances in the rural provinces has increased, domestic sales of white goods by Xinfei had increased to 983,369 units compared to 960,364 units in 2Q 2008. In line with the global economic climate and as a result of a shift in focus by Xinfei to concentrate more on the large Chinese domestic market, export sales fell to about 18,000 units in 2Q 2009 compared to about 42,000 units in 2Q 2008.

Diesel engines sales were further boosted by new incentive programs introduced by the Chinese government which took effect in late April 2009. Diesel engine sales reached close to 130,000 units, which translated to a 12% growth over 2Q 2008.

With the continued growth of the Chinese economy, sales of Rex's packaging products remained encouraging although revenue was affected by falling selling prices, a factor of falling resin prices compared to large part of 2008. Rex made a profit in 2Q 2009, a turnaround from the loss incurred in the same quarter last year.

Losses in GPac, the green technology arm of the Group specializing in pallets, declined as unprofitable lines were eliminated.

The inclusion of Tasek as a subsidiary of the Group with effect from January 2009 gave a positive push to the revenue of the Building Materials Unit ("BMU"). Falling raw material prices and excess capacity combined to put pressure on prices and margins. Nonetheless, during 2Q 2009, the Group continued to be one of the leading players in this business segment with a strong market share in ready mix concrete, precast concrete and cement.

First Half Year – 2009 versus 2008

1H 2009 net profit attributable to shareholders, at $49.0 million, was 9% below that achieved for 1H 2008 largely due to lower profit contributions from Yuchai although this was partly compensated by the inclusion of Tasek as a subsidiary. Tasek was considered an associate prior to January 2009.

Increased engine sales at higher selling prices and the strength of the Chinese Renminbi against the Singapore Dollar combined with the inclusion of Tasek as a subsidiary were the key drivers of an improved revenue, which surged by 10% year-on-year to reach $2,334.0 million. Strong domestic sales of refrigerators and freezers by Xinfei also contributed to higher revenue.

Boosted by a stronger than expected 2Q 2009 performance, gross profit improved 3% year-on-year.

Other income included $16.9 million of provisional negative goodwill recognized in 1Q 2009 on acquisition of further shares in Tasek and another $2.3 million in provisional negative goodwill on acquisition of a subsidiary by Yuchai recognized in 2Q 2009. The swing from an exchange loss in 1H 2008 to an exchange gain in 1H 2009 was a secondary contributing factor for the increase in other income.

Operating overheads increased significantly year-on-year as resources were invested in protecting market shares, introducing new products, inducing early settlement of trade debts and ongoing research and development on existing product improvements and new products. Volume-related expenses and the inclusion of Tasek as a subsidiary also contributed to the increase.

Selling and distribution expenses registered a sharp increase from higher spending in sales and marketing activities to protect market shares in the Group's China businesses. Prompt payment discounts and volume-related higher warranty expenses on diesel engine sales also contributed to the sharp increase. A secondary factor was the write-back of excessive warranty provisions in 1H 2008 by one of the Group's China operations.

Further impairments made to two properties recently acquired by Yuchai, increased staff costs arising from a change in China labour insurance laws in 2Q 2008 as well as absence of reversal of bonus provision made in 2Q 2008 caused a year-on-year increase in general and administrative expenses. Other factors were impairment on fixed assets and stock obsolescence caused by the Group's China operations due to new product introductions.

In line with its strategy of keeping ahead of its competitors, Yuchai continues to spend on enhancements to its current product lines and development of new engines with higher emission standards. This resulted in considerably higher research and development spending in the current year.

The resulting sharp increase in operating overheads, caused largely by Yuchai, dampened profit from operations.

With the successful effort in inducing prompt settlement of trade debts, and with lower interest rates, lower bank borrowings and the switch to cheaper trade financing facilities, interest expenses fell by almost 49% year-on-year.

A turnaround in performance by a Singapore associated company of China Yuchai International Limited resulted in improvement in share of profits of associates despite the exclusion of Tasek as an associate effective January 2009.

The write-back of excessive tax provision by Yuchai combined with lower pre-tax profits reduced the tax expense of the Group for 1H 2009.

Despite slower economic growth and intense competition as Chinese manufacturers of electrical products shift their focus to the domestic market, a factor of falling exports and the Chinese government's incentive program, Xinfei achieved strong sales in 1H 2009. Domestic sales of Xinfei reached more than 1.75 million units, just 8 percent lower than the corresponding period a year ago. Export sales fell sharply as Xinfei sought to reduce its reliance on export sales, given that the domestic market remains resilient and the global economy has yet to recover from the recent financial crisis.

In addition to its earlier subsidy program encouraging the ownership of vehicles including buses, mini vans and farming vehicles, the Chinese government has introduced a new program to further boost domestic consumption. The new program, which rewards consumers with further subsidies when they purchase new vehicles and scrap their old vehicles, has fuelled sales of diesel engines. Yuchai achieved more than 3 percent growth on unit sales year-on-year and continues to be a dominant supplier of diesel engines in the Chinese market.

With a better product mix, better cost management and with the Chinese economy still growing, Rex's sales were encouraging in 1H 2009. Gross profit improved as prices of raw materials fell.

GPac relocated its operations to Senai, Malaysia in April this year but with the export markets yet to recover from the financial crisis, sales were weak in 1H 2009.

BMU benefitted from the inclusion of Tasek as a subsidiary. The ready mix and precast concrete business segments have remained strong albeit with lower average selling prices in the former, which depressed margins.

Discussions are continuing with the Indonesian government authorities concerning the recommencement of operations of the Group's quarry in Karimun Island. At the same time, the Group is also evaluating other options with regard to this quarry.

Working Capital and Cash Flow

The Group generated cash of $93.2 million in 2Q 2009, well above $39.3 million generated in 2Q 2008. This brought cash generated during 1H 2009 to $473.4 million, substantially above $49.2 million generated in the same period of last year.

Cash flow from working capital management continued to be positive and remained a major contributor to the strong cash flow from operating activities. As part of its strategy to expand its market reach and to reduce production costs, Yuchai has invested in, *inter alia*, an assembly plant in Xiamen, plant and equipment, and computer hardware/software this year and this was the primary reason for the increase in fixed assets spending in the half year and quarter under review.

The Group made substantial loan repayments in 2Q 2009, which decreased net bank borrowings by $109.5 million compared to net repayment of $33.8 million in the same quarter last year. During 1H 2009, bank borrowings, excluding deposits pledged with banks, declined by a net $7.2 million, in contrast to a net increase of $59.7 million during 1H 2008.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

None.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The rebound of the Chinese economy which expanded by 7.9 percent in 2Q 2009, up from the 6.1 percent growth in GDP in the first quarter of 2009, has raised hopes that China will become the first major country to emerge from the worst global slump since the 1930s. Indeed, the IMF had in July, raised its forecast of China's 2009 growth by one percentage point to 7.5 percent. The World Bank boosted its forecast in June from 6.5 percent to 7.2 percent. This bullish view is supported by July data from China released on 11 August which showed industrial output, a key measure of economic growth, rose 10.8 percent from a year earlier. With a substantial part of the Group's revenue and profitability being China-sourced, these macroeconomic indicators are encouraging.

Already, the Group has seen the positive effect of the Chinese government's effort to reduce reliance on exports by boosting domestic consumption through its Rmb4 trillion stimulus program. This massive stimulus program and the huge increase in lending by state-controlled banks have insulated the Chinese economy from the negative effect of dampened demand for Chinese-made products overseas.

The Group remains hopeful that these stimulus programs, in particular those relating to purchases of vehicles and electrical appliances, will continue to drive the performance of its businesses in China.

The Singapore Ministry of Trade and Industry ("MTI") reported a second quarter growth of 20.7 percent. This brought year-on-year contraction to 3.5 percent compared to 9.5 percent in the first quarter. MTI has been quoted to say that "the economy has probably bottomed out and we are past the worst of the recession". Although the building materials industry in Singapore and Malaysia is experiencing excess capacity and declining raw material prices, we are cautiously hopeful that pricing pressure currently faced by the Group would gradually ease. The Group continues to have a healthy order book for its ready mix and precast concrete businesses.

Arising from the financial crisis, the Group has put increased emphasis on working capital management which has resulted in reduced bank borrowings. The Group expects its cash position to remain healthy.

Barring any unexpected adverse change in business climate or change in the Chinese government's policies to stimulate consumption and any unforeseen circumstances, the Group remains optimistic that it will operate profitably.

As part of the Group's efforts to grow its businesses and enhance shareholders' value, the Group will continue to explore investment and divestment opportunities. As and when these opportunities materialize, appropriate announcements will be made.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	3 cents per ordinary share
Tax Rate	Tax Exempt (1-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	3 cents per ordinary share
Tax Rate	Tax Exempt (1-tier)

(c) Date payable

25 September 2009.

(d) Books closure date

5.00 p.m. on 9 September 2009

12. If no dividend has been declared/recommended, a statement to that effect.

Not Applicable

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

15. A breakdown of sales.

Not applicable.

16. Interested persons transactions

No interested persons transactions ('IP') were concluded under the Company's IPT Mandate for the quarter ended 30 June 2009.

BY ORDER OF THE BOARD

Yeo Swee Gim, Joanne
Ng Siew Ping, Jaslin
Company Secretaries
14 August 2009

Confirmation Pursuant to Rule 705(5) of the Listing Manual

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited quarterly financial results of the Group for the quarter ended 30 June 2009 to be false or misleading in any material respect.

On behalf of the Board

Kwek Leng Beng
Chairman

Teo Tong Kooi
Director & CEO

14 August 2009