

Unaudited Full Year Financial Statement And Dividend Announcement For The Year Ended 31 December 2014

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 year ended 31 December ("FY") 2014. These figures have not been audited or reviewed. Certain comparative figures for FY 2013 have been restated due to adoption of FRS 111 and reclassification of accounts.

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

1(a)(i) Income statement

	Group		+/- %
	FY 2014 \$'000	FY 2013 (restated) \$'000	
Revenue	4,560,004	4,515,000	1.0%
Cost of sales	(3,605,449)	(3,552,986)	1.5%
Gross profit	954,555	962,014	-0.8%
Other income	37,634	44,807	-16.0%
Selling and distribution expenses	(408,191)	(408,627)	-0.1%
Research and development costs	(114,465)	(108,725)	5.3%
General and administrative expenses	(194,856)	(178,297)	9.3%
Finance costs	(58,196)	(62,569)	-7.0%
Profit from operations	216,481	248,603	-12.9%
Share of results of associates and joint ventures, net of tax	1,504	(6,633)	NM
Gains arising from acquisitions	19,390	-	NM
Profit before income tax	237,375	241,970	-1.9%
Income tax expense	(62,749)	(60,010)	4.6%
Profit for the year	174,626	181,960	-4.0%
Attributable to:			
Owners of the Company	26,929	45,572	-40.9%
Non-controlling interests	147,697	136,388	8.3%
	174,626	181,960	-4.0%

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

	Group		
	FY 2014	FY 2013	+/-
	(restated)		
	\$'000	\$'000	%
Profit before income tax include the following:			
(Loss)/gain on disposal of property, plant and equipment and land use rights ⁽¹⁾	(1,165)	659	NM
Impairment losses on property, plant and equipment and intangible assets ⁽²⁾	(20,278)	(7,773)	160.9%
Impairment losses (recognised)/written back for trade and other receivables, net ⁽³⁾	(2,769)	2,522	NM
Allowance (made)/written back for inventories obsolescence, net ⁽⁴⁾	(1,690)	1,640	NM
Depreciation and amortisation	(131,865)	(116,740)	13.0%
Foreign exchange loss, net ⁽⁵⁾	(1,358)	(614)	121.2%
Fair value loss on derivatives ⁽⁶⁾	(1,773)	(312)	468.3%
Waiver of trade payables ⁽⁷⁾	7,333	-	NM
Gains arising from acquisitions ⁽⁸⁾	19,390	-	NM

NM: Not meaningful

(1) Loss on disposal of property, plant and equipment in FY2014 were attributed mainly to the Group's diesel engines unit ("Yuchai") and the consumer products unit ("Xinfei"), as a result of the write-off of property, plant and equipment no longer in use. The gain on disposal of property, plant and equipment in FY2013 (restated) was mainly related to the sale of equipment by the Group's discontinued green packaging unit ("GPac").

(2) Impairment losses in FY2014 were mainly related to intangible assets in Yuchai and plant and equipment in Xinfei.

FY2013 (restated) impairment losses arose mainly from the impairment of intangible assets by the Group's air-conditioning systems unit ("Airwell").

(3) In FY2014, Airwell and Xinfei made additional impairment losses for trade and other receivables. This was partially offset by write-back of allowance for impairment losses upon successful collection of doubtful debts by Yuchai.

In FY2013 (restated), the write-back of impairment losses for trade and other receivables was mainly due to Yuchai upon successful collection of doubtful debts.

(4) In FY2014, additional allowance for inventories write-down was mainly due to Xinfei which was partially offset by allowance written-back for inventories by Yuchai.

In FY2013 (restated), allowance written-back for inventories arose from Yuchai and Xinfei in respect of old stocks which were subsequently sold while Airwell made allowance for inventories write-down.

(5) The net foreign exchange loss in FY2014 arose mainly from weakening of the Singapore dollar ("SGD") vis-a-vis the Renminbi ("RMB") and realised exchange loss upon settlement of Japanese Yen ("JPY") denominated loan in Yuchai.

The weakening of the Malaysian ringgit ("MYR") vis-a-vis SGD and the weakening of SGD vis-a-vis the United States dollar ("USD") and RMB resulted in unrealised exchange loss in FY2013 (restated).

(6) Fair value loss on derivatives in FY2014 and FY2013 (restated) were mainly related to Yuchai and Xinfei.

- (7) Gain in FY2014 arose from waiver of trade payables in Yuchai. There was no such gain in FY2013 (restated).
- (8) Gains arising from acquisitions in FY2014 were due to Yuchai increasing its shareholding interest in Yuchai Remanufacturing Services (Suzhou) Co., Ltd, a jointly-controlled entity from 51% to 100%. The acquisition resulted in a fair value gain and negative goodwill of \$13.2 million (RMB64.8 million). The balance gain of \$6.2 million was due to HL Global Enterprises Limited (“HLGE”) increasing its shareholding interest in a hotel property company from 45% to 100%. There was no such gain in FY2013 (restated).

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

The Group’s tax charge for 2014 included an under provision of \$1,353,000 (2013 (restated): over provision of \$60,000) in respect of prior years.

1(a)(iv) Statement of Comprehensive Income

	FY 2014	Group FY 2013 (restated)	+/-
	\$'000	\$'000	%
Profit for the year	174,626	181,960	-4.0%
Other comprehensive income			
Items that may be subsequently reclassified to Income statement			
Exchange differences on translation of financial statements of foreign subsidiaries, joint ventures and associated corporations	35,006	102,492	-65.8%
Net fair value changes	54	(264)	NM
Total other comprehensive income for the year, net of tax	35,060	102,228	-65.7%
Total comprehensive income for the year	209,686	284,188	-26.2%
Attributable to:			
Owners of the Company	34,064	76,060	-55.2%
Non-controlling interests	175,622	208,128	-15.6%
Total comprehensive income for the year	209,686	284,188	-26.2%

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.

\$'000	Group		Company	
	31.12.2014	31.12.2013 (restated)	31.12.2014	31.12.2013
Non-current assets				
Property, plant and equipment	1,276,373	1,187,179	260	312
Land use rights	146,699	140,636	-	-
Intangible assets	99,543	107,974	240	275
Investment in subsidiaries	-	-	204,455	204,455
Interests in associates	62,055	60,196	13,726	13,726
Interests in joint ventures	57,692	64,654	-	-
Other investments	1,766	1,738	-	-
Deferred tax assets	101,683	104,694	11	11
Non-current receivables	7,741	9,190	-	-
Long-term bank deposits	-	38,647	-	-
	1,753,552	1,714,908	218,692	218,779
Current assets				
Other investments	4,878	5,923	1	6
Inventories	583,908	666,057	-	-
Development properties	7,108	8,215	-	-
Trade and other receivables	2,115,359	2,033,017	290,218	285,480
Cash and short-term deposits	796,775	1,017,226	1,968	2,010
Derivatives	12	571	-	-
	3,508,040	3,731,009	292,187	287,496
Current liabilities				
Trade and other payables	1,741,378	2,011,244	5,076	41,740
Provisions	80,102	79,215	-	-
Loans and borrowings	577,998	557,747	117,375	84,698
Current tax payable	17,599	32,612	54	374
Derivatives	1,426	962	-	-
	2,418,503	2,681,780	122,505	126,812
Net current assets	1,089,537	1,049,229	169,682	160,684
Non-current liabilities				
Loans and borrowings	371,709	392,161	60,000	60,000
Deferred tax liabilities	47,159	50,240	1,890	1,837
Deferred grants	69,675	68,371	-	-
Other non-current payables	28,042	24,408	-	-
Retirement benefits	283	564	-	-
	516,868	535,744	61,890	61,837
Net assets	2,326,221	2,228,393	326,484	317,626
Capital and reserves				
Share capital	266,830	266,830	266,830	266,830
Reserves	600,545	575,062	59,654	50,796
	867,375	841,892	326,484	317,626
Non-controlling interests	1,458,846	1,386,501	-	-
Total Equity	2,326,221	2,228,393	326,484	317,626

Explanatory Notes to Statement of Financial Position

Group

- The increase in non-current assets was mainly due to additional capital expenditure incurred (which resulted in higher depreciation expense) by Yuchai. This was partially offset by impairment of intangible assets in Yuchai and reclassification of long-term bank deposits to short-term bank deposits.
- The decrease in current assets was mainly due to lower inventories and cash and short-term deposits but was partially offset by the increase in trade and bill receivables in Yuchai.
- Current liabilities decreased mainly due to reduction in trade and other payables by Yuchai.
- Non-current liabilities decreased mainly due to settlement of loans and borrowings by the building materials unit ("BMU") which was partially offset by additional loans and borrowings in Yuchai.

Company

- Trade and other payables decreased due to settlement of inter-company payables in FY2014.
- Loans and borrowings increased due to additional loans taken up in FY2014 for working capital and capital investments.

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

Amount repayable in one year or less, or on demand

As at 31.12.2014		As at 31.12.2013 (restated)	
Secured	Unsecured	Secured	Unsecured
\$14,718,792	\$563,279,380	\$154,030,485	\$403,716,461

Amount repayable after one year

As at 31.12.2014		As at 31.12.2013 (restated)	
Secured	Unsecured	Secured	Unsecured
\$92,704,509	\$279,004,131	\$124,379,149	\$267,781,639

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 31 December 2014 of \$111,024,000 (31 December 2013 (restated): \$413,537,000).

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

	FY 2014 \$'000	FY 2013 \$'000 (restated)
Operating activities		
Profit before tax	237,375	241,970
Adjustments for:		
Share of results of associates and joint ventures, net of tax	(1,504)	6,633
Cost of share-based payments	482	43
Depreciation and amortisation	131,865	117,808
Allowance recognised/(written back) for inventories obsolescence	1,690	(1,640)
Impairment losses recognised/(written back) for trade and other receivables	2,769	(2,522)
Impairment losses on property, plant and equipment and intangible assets	20,278	7,773
Property, plant and equipment written off	170	185
Intangible assets written off	-	15
Finance costs	58,196	62,569
Dividend income from other investments	(250)	(259)
Interest income	(15,912)	(23,707)
(Gain)/loss on disposal of:		
- subsidiaries	-	74
- property, plant and equipment	1,205	1,675
- land use rights	(40)	(2,334)
- assets held-for-sale	-	253
- other investments	-	(712)
Fair value loss on investments	1,080	585
Fair value loss on derivatives	1,773	312
Waiver of trade payables	(7,333)	-
Gains arising from acquisition of subsidiaries	(19,390)	-
Provision for warranties and other costs, net	93,492	91,611
Operating profit before working capital changes	505,946	500,332
Changes in working capital:		
Inventories	92,199	(37,780)
Trade and other receivables	(52,532)	(238,397)
Trade and other payables	(292,250)	97,965
Provisions utilised	(93,810)	(85,980)
Cash flows from operations	159,553	236,140
Income tax paid	(69,978)	(57,530)
Cash flows from operating activities	89,575	178,610
Investing activities		
Acquisition of subsidiaries, net of cash acquired	(3,405)	-
Acquisition of non-controlling interests in subsidiaries	(10,786)	-
Investment in associates	(95)	(4,024)
Dividends received from:		
- associates and joint ventures	4,236	2,785
- other investments	250	259
Interest received	16,866	23,833
Release/(placement) of fixed deposits	21,294	(60,841)
Release/(placement) of restricted deposits with banks	134,764	(90,482)
Purchase of:		
- property, plant and equipment (including capitalisation of borrowing costs)	(171,671)	(119,996)
- land use rights	(2,011)	(18,616)
- intangible assets	(5,573)	(2,723)
Proceeds from disposal of:		
- subsidiaries, net of cash disposed	-	1,940
- property, plant and equipment	4,693	8,397
- land use rights	518	4,039
- assets held-for-sale	-	16,217
- other investments	22	4,317
Net cash flows used in investing activities	(10,898)	(234,895)
Financing activities		
Dividend paid to:		
- non-controlling interests of subsidiaries	(92,599)	(58,816)
- shareholders of the Company	(14,956)	(11,217)
Interest paid	(58,058)	(64,487)
Proceeds from borrowings	571,457	616,276
Proceeds from issuance of bonds	-	202,821
Repayment to related company	-	(2,942)
Release of restricted deposits with banks	-	-
Capital contribution by non-controlling interests of subsidiaries	3,469	-
Grant received from government	4,183	9,371
Repayment in respect of borrowings	(599,701)	(557,927)
Repayment of obligation under finance leases	(1,194)	(1,110)
Redemption of bonds	-	(204,067)
Net cash flows used in financing activities	(187,399)	(72,098)
Net decrease in cash and cash equivalents	(108,722)	(128,383)
Cash and cash equivalents at beginning of the year	854,219	942,652
Effect of exchange rate changes on balances held in foreign currencies	4,998	39,950
Cash and cash equivalents at end of the year	750,495	854,219
Comprising:		
Cash and short-term deposits	796,775	1,017,226
Less: Short-term investment and restricted deposits	(46,280)	(163,007)
	750,495	854,219

The attributable net assets of subsidiaries acquired/disposed during the year are as follows:

	FY 2014 \$'000	FY 2013 \$'000 (restated)
Acquisitions		
Non-current assets	46,605	-
Net current liabilities	(18,670)	-
Non-current liabilities	(1,286)	-
Revaluation reserves	(9,453)	-
Negative goodwill	(8,098)	-
Total consideration	<u>9,098</u>	-
Less: Amount previously accounted for as interest in joint ventures	(2,674)	-
Less: Cash and cash equivalents of subsidiaries acquired	<u>(3,019)</u>	-
Acquisition of subsidiaries, net of cash acquired	<u><u>3,405</u></u>	-
Disposals		
Net current assets	-	3,237
Loss on disposal of subsidiaries	-	<u>(74)</u>
Total cash consideration	-	3,163
Less: Cash and cash equivalents of subsidiaries disposed	-	<u>(1,223)</u>
Disposal of subsidiaries, net of cash disposed	<u><u>-</u></u>	<u>1,940</u>

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 \$'000	Capital reserve \$'000	Statutory reserve \$'000	Fair value reserve \$'000	Equity compensation reserve \$'000	Translation reserve \$'000	Discount/ (Premium paid) on acquisition of non-controlling interests \$'000	Reserve of disposal group classified as held-for-sale \$'000	Accumulated profits \$'000	Total attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
The Group												
Closing balance as at 31 December 2012 (as previously stated)	266,830	(1,604)	34,217	45,789	2,347	(49,712)	13,173	(2,813)	466,004	774,231	1,237,469	2,011,700
Adjustment arising from change in accounting policy	-	-	-	-	-	323	-	-	8	331	590	921
At 1 January 2013 (restated)	266,830	(1,604)	34,217	45,789	2,347	(49,389)	13,173	(2,813)	466,012	774,562	1,238,059	2,012,621
Total comprehensive income for the year	-	-	-	(264)	-	30,752	-	-	45,572	76,060	208,128	284,188
Transactions with owners, recorded directly in equity												
<i>Contributions by and distributions to owners</i>												
Cost of share-based payments	-	-	-	-	43	-	-	-	-	43	-	43
Transfer to statutory reserve	-	-	724	-	-	-	-	-	(724)	-	-	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(11,217)	(11,217)	-	(11,217)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(58,816)	(58,816)
Reserve attributable to disposal group classified as held-for-sale	-	-	-	-	-	(359)	-	359	-	-	-	-
Realisation of reserve upon disposal of assets classified as held-for-sale	-	-	-	-	-	-	-	2,454	-	2,454	-	2,454
Realisation of reserves upon liquidation of subsidiaries	-	-	(45)	-	-	-	-	-	-	(45)	-	(45)
Changes in ownership interests in subsidiaries												
Acquisition of non-controlling interests	-	35	-	-	-	-	-	-	-	35	(870)	(835)
At 31 December 2013	266,830	(1,569)	34,896	45,525	2,390	(18,996)	13,173	-	499,643	841,892	1,386,501	2,228,393
Closing balance as at 31 December 2013 (as previously stated)	266,830	(1,569)	34,896	45,525	2,390	(19,313)	13,173	-	499,347	841,279	1,384,550	2,225,829
Adjustment arising from change in accounting policy	-	-	-	-	-	317	-	-	296	613	1,951	2,564
At 1 January 2014 (restated)	266,830	(1,569)	34,896	45,525	2,390	(18,996)	13,173	-	499,643	841,892	1,386,501	2,228,393
Total comprehensive income for the year	-	-	-	54	-	7,081	-	-	26,929	34,064	175,622	209,686
Transactions with owners, recorded directly in equity												
<i>Contributions by and distributions to owners</i>												
Cost of share-based payments	-	-	-	-	482	-	-	-	-	482	720	1,202
Transfer to statutory reserve	-	-	425	-	-	-	-	-	(425)	-	-	-
Shares issued to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	3,469	3,469
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(14,956)	(14,956)	-	(14,956)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(92,599)	(92,599)
Realisation of reserves on reclassification of joint ventures to subsidiary upon acquisition	-	-	-	-	-	-	-	-	-	-	(50)	(50)
Changes in ownership interests in subsidiaries												
Acquisition of non-controlling interests	-	1,862	-	-	-	-	4,031	-	-	5,893	(14,817)	(8,924)
At 31 December 2014	266,830	293	35,321	45,579	2,872	(11,915)	17,204	-	511,191	867,375	1,458,846	2,326,221

1(d)(i) Statement of changes in equity for the year ended 31 December (cont'd)

Statement of Changes in Equity	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Equity		Total equity \$'000
				compensation reserve \$'000	Accumulated profits \$'000	
The Company						
At 1 January 2013	266,830	9,199	-	2,294	27,100	305,423
Total comprehensive income for the year	-	-	2	-	23,375	23,377
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners</i>						
Cost of share-based payments	-	-	-	43	-	43
Dividends paid to shareholders	-	-	-	-	(11,217)	(11,217)
At 31 December 2013	266,830	9,199	2	2,337	39,258	317,626
At 1 January 2014	266,830	9,199	2	2,337	39,258	317,626
Total comprehensive income for the year	-	-	(2)	-	23,756	23,754
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners</i>						
Cost of share-based payments	-	-	-	60	-	60
Dividends paid to shareholders	-	-	-	-	(14,956)	(14,956)
At 31 December 2014	266,830	9,199	-	2,397	48,058	326,484

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 31 December 2014 and 31 December 2013.

There was no change in the Company's issued share capital during the year ended 31 December 2014.

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 year ended 31 December 2014.

As at 31 December 2014, there were a total of 1,470,000 (31 December 2013: 930,000) unissued shares under option granted pursuant to the Scheme. Details are as follows:

Year of Grant	Exercise Price	Number of Outstanding Options
2008	\$2.36	470,000
2011	\$3.17	460,000
2014	\$1.31	540,000
Total		1,470,000

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 total number of issued ordinary shares as at 31 December 2014 and 31 December 2013 was 373,908,559.

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 was no sale, transfer, disposal, cancellation and/or use of treasury shares during the year ended 31 December 2014.

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 2013 except for adoptions of new accounting standards that are effective from 1 January 2014.

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 following revised accounting standards that are effective for annual periods beginning on or after 1 January 2014. Changes to the Group's accounting policies have been made as required, in accordance with the respective FRS.

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Revised FRS 27 Separate Financial Statements	1 January 2014
Revised FRS 28 Investments in Associates and Joint Ventures	1 January 2014
FRS 110 Consolidated Financial Statements	1 January 2014
FRS 111 Joint Arrangements	1 January 2014
FRS 112 Disclosure of Interests in Other Entities	1 January 2014
Amendments to FRS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 36 Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Improvements to FRSs	1 January 2014

Except for FRS 111, Revised FRS 28 and FRS 112, the Directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 111, Revised FRS 28 and FRS 112 are described below.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 Disclosure of Interests in Other Entities is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when applied in 2014.

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures are effective for financial periods beginning on or after 1 January 2014.

FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities of the arrangement whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The Revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

In accordance with FRS 111, this change in accounting policy was applied retrospectively.

In addition, long term bank deposits with terms of more than 12 months placed by Yuchai have been reclassified from cash and short-term deposits to long term bank deposits as at 31 December 2013.

Accordingly, the effects of the Group's financial statements from the adoption of FRS 111 and reclassification of accounts are as follows:

Income statement for FY 2013	As previously stated \$'000	Restatement \$'000	As restated \$'000
Revenue	4,550,381	(35,381)	4,515,000
Cost of sales	(3,581,918)	28,932	(3,552,986)
Gross profit	968,463	(6,449)	962,014
Other income	45,128	(321)	44,807
Selling and distribution expenses	(412,109)	3,482	(408,627)
Research and development costs	(108,725)	-	(108,725)
General and administrative expenses	(194,998)	16,701	(178,297)
Finance costs	(66,011)	3,442	(62,569)
Profit from operations	231,748	16,855	248,603
Share of results of associates and joint ventures, net of tax	8,643	(15,276)	(6,633)
Profit before income tax	240,391	1,579	241,970
Income tax expense	(60,078)	68	(60,010)
Profit for the year	180,313	1,647	181,960
Attributable to:			
Owners of the Company	45,284	288	45,572
Non-controlling interests	135,029	1,359	136,388
	180,313	1,647	181,960

Balance sheet as at 31.12.2013	As previously stated	Restatement	As restated
	\$'000	\$'000	\$'000
Non-current assets			
Property, plant and equipment	1,275,520	(88,341)	1,187,179
Land use rights	147,289	(6,653)	140,636
Intangible assets	107,987	(13)	107,974
Interests in associates	61,000	(804)	60,196
Interests in joint ventures	-	64,654	64,654
Other investments	1,738	-	1,738
Deferred tax assets	104,694	-	104,694
Non-current receivables	8,723	467	9,190
Long term bank deposits	-	38,647	38,647
	1,706,951	7,957	1,714,908
Current assets			
Other investments	5,923	-	5,923
Inventories	683,477	(17,420)	666,057
Development properties	8,215	-	8,215
Trade and other receivables	2,027,445	5,572	2,033,017
Cash and short-term deposits	1,068,246	(51,020)	1,017,226
Derivatives	571	-	571
	3,793,877	(62,868)	3,731,009
Current liabilities			
Trade and other payables	2,020,809	(9,565)	2,011,244
Provisions	80,128	(913)	79,215
Loans and borrowings	571,478	(13,731)	557,747
Current tax payable	32,579	33	32,612
Derivatives	962	-	962
	2,705,956	(24,176)	2,681,780
Net current assets	1,087,921	(38,692)	1,049,229
Non-current liabilities			
Loans and borrowings	424,789	(32,628)	392,161
Deferred tax liabilities	50,240	-	50,240
Deferred grants	69,042	(671)	68,371
Other non-current payables	24,408	-	24,408
Retirement benefits	564	-	564
	569,043	(33,299)	535,744
Net assets	2,225,829	2,564	2,228,393
Capital and reserves			
Share capital	266,830	-	266,830
Reserves	574,449	613	575,062
	841,279	613	841,892
Non-controlling interests	1,384,550	1,951	1,386,501
Total Equity	2,225,829	2,564	2,228,393

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	
	2014	2013 (restated)
Earnings per ordinary share based on net profit attributable to shareholders		
(i) Based on the weighted average number of ordinary shares in issue (cts)	7.20	12.19
(ii) On a fully diluted basis (cts)	7.20	12.19

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	
	31.12.2014	31.12.2013 (restated)	31.12.2014	31.12.2013
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 31 December 2014 and as at 31 December 2013 (cts)	231.98	225.00	87.32	84.95

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.

2014 vs 2013 (restated)*

(* all references to 2013 in this section are with reference to 2013 (restated))

Revenue for the Group in FY2014 increased marginally from \$4.515 billion in 2013 to \$4.560 billion, representing an increase of 1.0%. The increase was mainly due to higher revenues from the diesel engines unit ("Yuchai") and the building materials unit ("BMU") but offset by lower revenues from other business units. Profit attributable to the owners of the Company ("PATMI") was \$26.9 million in FY2014 as compared to \$45.6 million in FY2013. Lower PATMI was mainly due to higher losses incurred by the consumer products unit ("Xinfei") but offset by higher profits from Yuchai and BMU. Xinfei made a non-cash impairment of \$5 million on plant and equipment in FY2014 based on management's current assessment of the under-utilised capacity of the plant and also taking into consideration the slowdown of the China economy.

- Xinfei's revenue in FY2014 declined by \$121.2 million or 19.6% as compared to FY2013. This was due to decline in growth for the white goods industry, intensified competition and the weaker property market in China which led to lower consumer demand for Xinfei's products during the year.

Xinfei completed about 25 new refrigerator and freezer models in FY2014 which were showcased in the December 2014 National Distributor Conference in Zhengzhou, China. Higher sales discounts were also offered to the distributors to promote sales during the Conference. With the appointment of a brand ambassador in the television advertising, other media and online marketing activities which started since October 2014 till March 2015, Xinfei is well positioned to increase its brand awareness and to promote its new products to the customers.

- Yuchai's revenue in FY2014 increased by \$135.4 million or 4.2% compared to FY2013 despite lower units of engines sold. The decrease in units sold was mainly due to a drop in engines sales to the truck and industrial engine markets but offset by higher engines sales in agriculture application.

The number of engines sold in FY2014 was 483,825 units as compared with 500,756 units sold in FY2013, representing a decline of 3.4%. This decrease compared favorably against the commercial vehicle industry decline of 10.8% in units sales of commercial vehicles (excluding gasoline-powered vehicles) in 2014, as reported by the China Association of Automobile Manufacturers.

- BMU's revenue in FY2014 increased by \$67.9 million or 12.8% as compared to FY2013. The increase was contributed by all divisions including Tasek Corporation Berhad ("Tasek") except the trading division.
- Revenue of the industrial packaging unit ("Rex") in FY2014 declined by \$22.0 million or 26.7% as compared to FY2013. The decrease was mainly due to keen competition and lower demand from existing customers.
- Revenue of the air-conditioning systems unit ("Airwell") in FY2014 decreased by \$14.9 million or 41.0% as compared to FY2013 mainly due to lower domestic and export sales.

Airwell participated in a trade exhibition which roused some interest from the domestic distributors in China. Airwell is in the process of appointing more distributors to broaden its customer base. Amidst challenges arising from the China property cooling measures and lower customer demand, the overall air-conditioning market in China reported aggressive price reduction initiated by the larger air-conditioning manufacturers.

Gross profit margin for the Group in FY2014 was 20.9% as compared to 21.3% in FY2013. It was mainly due to increase of 0.4% in overall raw material costs as a percentage of sales for the Group as compared to the same period last year. Yuchai's gross margin declined by 0.7% due to a change in the sales mix to higher engine sales for light-duty engines and a more competitive vehicle market. Gross margins of BMU and Xinfei remained the same for both years. Gross margins of Rex and Airwell deteriorated due to higher material costs and lower sales.

Other income for the Group in FY2014 decreased by \$7.2 million. This was mainly due to a decrease in interest income and government grant. However, this was offset by waiver of trade payables in Yuchai in FY2014 and the absence of impairment of intangible assets incurred by Airwell in FY2013.

Selling and distribution expenses were \$408.2 million in FY2014, representing a decrease of \$0.4 million or 0.1% as compared to FY2013. This was mainly due to lower promotional expenses incurred by Xinfei but offset by impairment of trade receivables by Airwell.

Research and development expenses were \$114.5 million in FY2014, representing an increase of \$5.7 million or 5.3% as compared to FY2013. This was mainly due to Yuchai's ongoing research and development of new and existing engine products as well as continued initiatives to improve engine quality.

General and administrative expenses were \$194.9 million in FY2014, representing an increase of \$16.6 million or 9.3% as compared to FY2013. This was mainly due to the impairment losses on intangible assets by a subsidiary in Yuchai of \$12.3 million and impairment losses on plant and equipment in Xinfei of \$5.0 million but partially offset by lower staff costs incurred by Yuchai.

Finance costs were \$58.2 million in FY2014, representing a decrease of \$4.4 million or 7.0% as compared to FY2013. This was mainly due to lower interest costs from the outstanding short-term and medium-term notes and less bills discounting by Yuchai in FY2014, as compared to FY2013.

Share of results of associates and joint ventures (net of tax) improved from a loss of \$6.6 million in FY2013 to a profit of \$1.5 million in FY2014. This was mainly due to lower losses from associates and joint ventures of Yuchai.

Gains arising from acquisitions were \$19.4 million from Yuchai (including HLGE). These were mainly due to Yuchai increasing its shareholding interest in Yuchai Remanufacturing Services (Suzhou) Co., Ltd, a jointly-controlled entity from 51% to 100%, which resulted in a fair value gain and negative goodwill of \$13.2 million. The balance gain of \$6.2 million was due to HLGE increasing its shareholding interest in a hotel property company from 45% to 100%. There was no such gain in the same period in 2013.

The income tax expenses were \$62.7 million in FY2014, representing an increase of \$2.7 million or 4.6% as compared to FY2013. This was mainly due to higher profits from BMU.

Working Capital and Cash Flow

The Group had cash and short-term deposits of \$796.8 million at the end of FY2014 compared with \$1,017.2 million at the end of FY2013, a decrease of \$220.4 million. A substantial portion of approximately \$534.4 million of the cash and short-term deposits are held by Yuchai.

During FY2014, the Group generated \$89.6 million cashflow from its operating activities. The cash generated was derived from operating profit. It was used to partially finance the increase trade and other receivables and pay down trade and other payables. This was offset by lower inventories holding at year-end.

The cash outflow from investing activities related mainly to purchase of property, plant and equipment amounting to \$171.7 million.

The Group had net cash outflow from financial activities of \$187.4 million. During the year, the Group raised borrowings to finance payments of dividend, interest and repayment of earlier borrowings.

9. Where a forecast, or 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.

China achieved GDP growth of 7.4% for the full year in 2014 as compared to 7.8% in year 2013. In 2015, China is expected to continue to achieve slower growth. Singapore's economy grew 2.9% in 2014 against 3.9% in 2013. Malaysia's economy grew 6.0% in 2014 against 4.7% in 2013.

China expects its growth to reduce to below 7.0% in 2015. It would continue to face structural risks well into 2015 as many sectors including steel, cement and glass are threatened by falling commodity prices, inherent overcapacity, slump in the property sector and credit risks. Singapore is projected to grow between 2% to 4% in 2015. Malaysia is projected to grow between 4% to 5% in 2015.

The commercial vehicle industry in China has seen a decline of 10.8% in unit sales volume of commercial vehicles (excluding gasoline-powered vehicles) for the year 2014, following the tapering off in sales from the pre-buy impact arising from the implementation of the National IV emission standards for diesel truck engines in China in July 2013. Yuchai's sales in the coming quarters will vary according to market demand, and its strategy of supplying advanced engines to multiple markets will enable Yuchai to counteract volatility across different segments. Yuchai has won the "Fuel efficient Heavy – Duty Truck of the Year 2014" at the China's largest annual commercial vehicle event. At its annual sales and marketing conference held on 24 January 2015, Yuchai has introduced 10 new engines for 2015. Its ability to develop engines with increased performance and industry-leading engine emissions should enhance its market share in the Chinese engine market.

The white goods industry in China relating to consumer appliances is expected to remain challenging amidst issues on overcapacity, intensified competition and low consumer demand. The sales of consumer appliances declined 9.3% in 2014. These challenges will continue to impact Xinefei's performance for the remainder of the current year. Xinefei has completed about 25 new refrigerator and freezer models in year 2014 that has been showcased at the National Distributor Conference in Zhengzhou, China in December 2014. A new Chief Operating Officer ("COO") for Xinefei has been appointed to focus on improving the operation. Since the fourth quarter of 2014, Xinefei has continued its television advertising with a brand ambassador which will continue until March 2015. This and other media and online marketing activities should help Xinefei to increase its brand awareness and to promote its new products to customers.

In Singapore, with the existing property cooling measures continuing to weigh down the property market, the construction industry was projected to grow only 3.0% in 2014 against 6.1% in year 2013. Public sector projects will be key demand drivers for the construction sector for 2015 as private sector projects take a back seat. Major infrastructure works such as the remaining contract for the upcoming MRT lines and Changi Airport Terminal 5 provide support for the construction sector which will generate more consumption of cement and other building materials. According to the Building and Construction Authority (BCA), the construction sector is still expected to secure \$29.0 billion to \$36.0 billion in 2015 as compared to \$37.7 billion in 2014. The outlook for the construction sector in Malaysia is expected to remain positive. The ongoing government MRT projects and LRT line extensions are expected to continue to lead the construction sector's growth for 2015 and this will be positive for our Tasek operations.

Rex shifted its focus towards developing its customer base for household chemicals and plastic pail business in 2014, and this is expected to improve sales revenue in 2015. Rex will continue to improve efficiency in plant operations, implement cost reduction and reorganization of activities.

For the domestic market, Airwell will continue to appoint new dealers to broaden its customers and to secure projects through its existing project consultants. As for the export market, it will continue to identify and secure orders from new OEM customers in Europe.

The Group will continue to monitor market movements closely and exercise cost discipline in all business areas. With prudent capital management and a healthy balance sheet, the Group is well-positioned to meet the challenges ahead. The Group continues to be exposed to currency fluctuation risk as the bulk of its businesses are located outside of Singapore.

11. Dividend

(a) Current Financial Period Reported On

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

Name of Dividend	Interim (Paid)	Proposed Final
Dividend Type	Cash	Cash
Dividend Amount per Share (in cents)	1 cent per ordinary share	2 cents per ordinary share
Tax Rate	Tax Exempt (1-tier)	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 (Paid)	Final (Paid)
Dividend Type	Cash	Cash
Dividend Amount per Share (in cents)	1 cent per ordinary share	3 cents per ordinary share
Tax Rate	Tax Exempt (1-tier)	Tax Exempt (1-tier)

(c) Date payable

26 May 2015

(d) Books closure date

5.00 p.m. on 15 May 2015

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

Not applicable.

13. Interested person transactions

Name of Interested Person	Aggregate value of all interested person transactions for FY2014 conducted under IPT mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Hong Leong Investment Holdings Pte. Ltd. and its associates - Construction-related Transaction - Supply of raw materials by Interested Person	\$103,541

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

14. 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.

14 (a)(i). Business Segments

The Group determines and presents operating segments based on the information provided internally to the Group's chief operating decision maker (CODM).

\$' 000	Diesel engines ⁽¹⁾	Consumer products	Building materials	Industrial packaging	Air-conditioning systems	Others ⁽²⁾	Total
2014							
External revenue	3,370,469	498,640	599,400	60,136	21,492	10,034	4,560,171
Interest revenue	9,001	722	5,245	237	628	426	16,259
Interest expense	(29,556)	(10,932)	(349)	(703)	(3,621)	(2,668)	(47,829)
Depreciation and amortisation	(89,536)	(10,089)	(23,278)	(2,948)	(2,722)	(3,092)	(131,665)
Reportable segment profit/(loss) before income tax	238,262	(60,643)	92,166	(9,423)	(14,520)	4,509	250,351
Share of profit/(loss) of associates and joint ventures, net of tax	(5,174)	-	6,679	-	-	(1)	1,504
Reportable segment profit/(loss) after income tax	201,187	(64,373)	73,042	(8,907)	(14,505)	4,074	190,518
2013 (Restated)							
External revenue	3,238,621	619,895	531,539	82,142	36,401	6,502	4,515,100
Interest revenue	15,907	633	5,758	523	38	200	23,059
Interest expense	(31,398)	(10,625)	(544)	(732)	(2,849)	(1,497)	(47,645)
Depreciation and amortisation	(78,429)	(9,112)	(22,501)	(3,388)	(2,146)	(941)	(116,517)
Reportable segment profit/(loss) before income tax	245,484	(37,630)	82,251	(1,242)	(22,778)	(9,727)	256,358
Share of profit/(loss) of associates and joint ventures, net of tax	(10,715)	-	8,615	-	-	(4,533)	(6,633)
Reportable segment profit/(loss) after income tax	200,242	(40,066)	66,754	(1,617)	(22,270)	(10,258)	192,785

(1) Diesel engines relate to Yuchai (excluding hospitality and property development).

(2) Others relate to hospitality and property development.

14 (a)(i). Business Segments (Cont'd)

Reconciliation of reportable segment revenue and profit before income tax

	2014	2013
	\$'000	(restated) \$'000
Revenue		
Total revenue for reportable segments	4,550,137	4,508,598
Other revenue	10,034	6,502
Elimination of revenue	(167)	(100)
Consolidated revenue	<u>4,560,004</u>	<u>4,515,000</u>
Profit or loss		
Total profit before income tax for reportable segments	245,842	266,085
Other profit/(loss)	4,509	(9,727)
	<u>250,351</u>	<u>256,358</u>
Elimination of inter-segment profits		
Unallocated amounts:		
- Other corporate loss	(12,976)	(14,388)
Consolidated profit before income tax	<u>237,375</u>	<u>241,970</u>

14 (a)(ii). Geographical Segments

\$'000	China (including Hong Kong)	Singapore	Malaysia	Others	Consolidated
2014					
Total revenue from external customers	3,914,413	350,521	266,858	28,212	4,560,004
2013 (Restated)					
Total revenue from external customers	3,927,725	314,185	231,586	41,504	4,515,000

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

Please refer to section 8 above.

16. A breakdown of sales.

	Group		
	2014	2013 (restated)	Increase/ (Decrease)
	\$'000	\$'000	
Sales reported for first half	2,422,240	2,246,629	7.8%
Operating profit after tax before deducting non-controlling interests reported for first half year	94,434	92,623	2.0%
Sales reported for second half	2,137,764	2,268,371	-5.8%
Operating profit after tax before deducting non-controlling interests reported for second half year	80,192	89,337	-10.2%

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year (\$'000)	Previous Full Year (\$'000)
Ordinary	11,217	14,956
Preference	-	-
Total:	11,217	14,956

The figure under the latest full year comprises:

- (i) the net interim dividend for FY2014 that was paid on 12 September 2014; and
- (ii) the proposed final dividend for FY2014 which is subject to shareholders' approval at the forthcoming Annual General Meeting, and calculated based on 373,908,559 issued shares in the capital of the Company as at 27 February 2015.

The figure under the previous full year comprises net interim and final dividends paid in respect of FY2013.

18. Disclosure of person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(13) of the Listing Rules.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Kwek Leng Peck	58	Cousin of Mr Kwek Leng Beng, Chairman of Hong Leong Asia Ltd. ("HLA").	Executive Director of HLA since April 1998. - Responsible for strategic decision making and control of significant activities within the Group.	Nil

BY ORDER OF THE BOARD

Yeo Swee Gim, Joanne
Ng Siew Ping, Jaslin
Company Secretaries

27 February 2015