

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

**Unaudited Third Quarter And Nine-Month Financial Statement For The Period Ended 30 September 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 third quarter ("3Q") and nine-month ended 30 September ("YTD 3Q") 2009. These figures have not been audited. Certain comparative figures for 3Q 2008 and YTD 3Q 2008 have been reclassified to be consistent with the classification in 3Q 2009 and YTD 3Q 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					
	3Q 2009	3Q 2008	Change	YTD 3Q 2009	YTD 3Q 2008	Change
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Revenue</b>	<b>1,169,186</b>	<b>837,950</b>	<b>40%</b>	<b>3,503,146</b>	<b>2,956,640</b>	<b>18%</b>
Cost of sales	(906,192)	(674,603)	34%	(2,750,844)	(2,315,215)	19%
<b>Gross profit</b>	<b>262,994</b>	<b>163,347</b>	<b>61%</b>	<b>752,302</b>	<b>641,425</b>	<b>17%</b>
Other income/(expenses)	22,535	5,140	338%	50,625	7,351	589%
Selling and distribution expenses	(127,862)	(90,421)	41%	(386,915)	(268,243)	44%
General and administrative expenses	(33,089)	(35,209)	-6%	(162,879)	(121,387)	34%
Research and development costs	(24,636)	(12,511)	97%	(59,799)	(34,810)	72%
<b>Profit from operations</b>	<b>99,942</b>	<b>30,346</b>	<b>229%</b>	<b>193,334</b>	<b>224,336</b>	<b>-14%</b>
Finance costs	(6,614)	(12,981)	-49%	(22,089)	(43,096)	-49%
Share of profit of associates, net of tax	5,224	3,399	54%	9,914	6,913	43%
<b>Profit before taxation</b>	<b>98,552</b>	<b>20,764</b>	<b>375%</b>	<b>181,159</b>	<b>188,153</b>	<b>-4%</b>
Taxation	(12,950)	(4,344)	198%	(23,772)	(25,788)	-8%
<b>Profit after taxation</b>	<b>85,602</b>	<b>16,420</b>	<b>421%</b>	<b>157,387</b>	<b>162,365</b>	<b>-3%</b>

**Net Profit Attributable to :**

<b>Shareholders of the Company</b>	<b>44,708</b>	<b>3,740</b>	<b>1095%</b>	<b>93,700</b>	<b>57,585</b>	<b>63%</b>
Minority Interests	40,894	12,680	223%	63,687	104,780	-39%
	<b>85,602</b>	<b>16,420</b>	<b>421%</b>	<b>157,387</b>	<b>162,365</b>	<b>-3%</b>

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

	Group			Group		
	3Q 2009 \$'000	3Q 2008 \$'000	Change %	YTD 3Q 2009 \$'000	YTD 3Q 2008 \$'000	Change %
Profit from operations include the following:						
(Loss)/gain on disposal of investment, property, plant and equipment	(664)	252	NM	(1,112)	431	NM
Impairment loss on property, plant and equipment and intangibles	-	-	NM	(13,851)	-	NM
Allowance written back/made for trade and other receivables/(bad debts written off)	488	(4,511)	NM	(7,977)	(11,362)	-30%
Allowance (made)/written back for stock obsolescence	(27)	500	NM	(7,752)	2,178	NM
Provisional negative goodwill on acquisition of subsidiary companies <sup>(1)</sup>	17,994	-	NM	37,124	-	NM
Depreciation and amortisation	(26,596)	(13,665)	95%	(76,233)	(43,533)	75%
Foreign exchange (loss)/gain	(1,475)	1,524	NM	(86)	(2,001)	-96%

NM: Not meaningful

(1) In accordance with FRS103, a purchase price allocation exercise has to be conducted before the end of this year. This exercise is now in progress. 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 3Q 2009 included an under provision of \$561,000 (3Q 2008: under provision of \$4,000) in respect of prior years. The Group's tax charge for YTD 3Q2009 included an over provision of \$5,306,000 (YTD 3Q 2008: over provision of \$6,831,000) in respect of prior years.

## 1(a)(iv) Statement of Comprehensive Income

The Group applies revised FRS 1 *Presentation of Financial Statements (2008)*, which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

	Group			Group		
	3Q 2009 \$'000	3Q 2008 \$'000	Change %	YTD 3Q 2009 \$'000	YTD 3Q 2008 \$'000	Change %
Profit for the period	85,602	16,420	421%	157,387	162,365	-3%
Other comprehensive income:						
Exchange differences on translation of financial statements of foreign subsidiaries and associated corporations	(45,570)	51,518	NM	(26,856)	47,968	NM
Increase/(Decrease) in own share reserve	3,904	(9,443)	NM	11,440	(25,605)	NM
Increase/(Decrease) in fair value reserve	12,634	(963)	NM	15,322	(16,016)	NM
<b>Total comprehensive income</b>	<b>56,570</b>	<b>57,532</b>	<b>-2%</b>	<b>157,293</b>	<b>168,712</b>	<b>-7%</b>
Attributable to:						
<b>Shareholders of the Company</b>	42,216	9,788	331%	108,477	37,704	188%
Minority interests	14,354	47,744	-70%	48,816	131,008	-63%
	<b>56,570</b>	<b>57,532</b>	<b>-2%</b>	<b>157,293</b>	<b>168,712</b>	<b>-7%</b>

**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	
	30/09/09	31/12/08	30/09/09	31/12/08
<b>Non-current assets</b>				
Property, plant and equipment	1,130,470	868,708	554	723
Prepaid operating leases	116,280	52,838	-	-
Intangibles	71,484	66,786	914	1,099
Investment in subsidiaries	-	-	260,776	239,628
Investment in associates	108,830	253,350	35,980	52,295
Investment in jointly controlled entity	-	-	15,000	15,000
Investment properties	7,011	7,222	-	-
Other investments	22,831	2,145	-	-
Other non-current receivables	5,695	5,827	-	-
Amounts due from subsidiaries	-	-	146,956	55,674
Deferred tax assets	78,859	38,299	-	-
	1,541,460	1,295,175	460,180	364,419
<b>Current assets</b>				
Other financial assets	516	633	35	-
Inventories and work-in-progress	568,861	724,781	-	-
Development properties	19,306	20,366	-	-
Trade and other receivables	1,251,865	975,126	158,733	136,883
Cash and bank	834,395	271,178	21,368	10,495
	2,674,943	1,992,084	180,136	147,378
<b>Current liabilities</b>				
Bank overdrafts	10,870	32,868	-	-
Trade and other payables	1,792,802	1,135,023	36,123	17,350
Provisions	63,744	59,697	-	-
Interest-bearing borrowings	384,195	498,164	267,749	167,338
Provision for taxation	40,597	25,767	-	-
	2,292,208	1,751,519	303,872	184,688
<b>Net current assets/(liabilities)</b>	382,735	240,565	(123,736)	(37,310)
<b>Non-current liabilities</b>				
Interest-bearing borrowings	158,921	56,838	-	-
Amount due to a subsidiary	-	-	10,400	10,400
Deferred tax liabilities	30,487	2,111	457	457
Deferred grants	258	276	-	-
Retirement benefits	290	308	-	-
	189,956	59,533	10,857	10,857
	1,734,239	1,476,207	325,587	316,252
<b>Capital and reserves</b>				
Share capital	278,776	278,664	278,776	278,664
Reserves	409,605	302,221	46,811	37,588
	688,381	580,885	325,587	316,252
Minority interests	1,045,858	895,322	-	-
Total Equity	1,734,239	1,476,207	325,587	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"), fair value adjustments to non-current assets relating to further acquisition of Tasek shares and capacity expansion by one of the Group's China subsidiaries as well as increased cash holdings. 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, total financial liabilities (including bank overdrafts and long term loans) were lower as at 30 September 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 financial liabilities as at 30 September 2009.
- The decrease in the carrying amount of investments in associates for the Group was due primarily to Tasek being treated as a subsidiary with effect from January 2009. It was an associate prior to January 2009.

### **Company**

- The higher negative working capital as at 30 September 2009 was due to 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**

<b>As at 30/09/2009</b>		<b>As at 31/12/2008</b>	
<b><u>Secured</u></b>	<b><u>Unsecured</u></b>	<b><u>Secured</u></b>	<b><u>Unsecured</u></b>
\$43,130,813	\$351,934,000	\$5,398,064	\$525,634,162

##### **Amount repayable after one year**

<b>As at 30/09/2009</b>		<b>As at 31/12/2008</b>	
<b><u>Secured</u></b>	<b><u>Unsecured</u></b>	<b><u>Secured</u></b>	<b><u>Unsecured</u></b>
\$11,239,653	\$147,681,693	\$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 September 2009 of \$55,491,000 (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.**

	3Q 2009 \$'000	3Q 2008 \$'000	YTD 3Q 2009 \$'000	YTD 3Q 2008 \$'000
<b>Operating Activities</b>				
Profit before income tax	98,552	20,764	181,159	188,153
Adjustment for :				
Dividend and interest income	(4,187)	(889)	(7,459)	(2,608)
Finance costs	6,614	12,981	22,089	43,096
Depreciation and amortisation	26,596	13,665	76,233	43,533
Share of profit of associated companies	(5,224)	(3,399)	(9,914)	(6,913)
Loss/(gain) on disposal of property, plant and equipment	664	(252)	1,112	(431)
Cost of share-based payment	(2)	150	151	337
Allowance for Impairment loss	-	-	13,851	-
Negative goodwill for acquisition of subsidiaries & associates	(17,994)	-	(20,267)	-
Gain on disposal/redemption of share in subsidiaries & related business	-	-	(7)	-
Provision for warranties and other costs, net	21,730	27,416	67,806	28,556
Operating profit before working capital changes	126,749	70,436	324,754	293,723
Changes in working capital:				
Inventories and work-in-progress	27,985	(888)	201,732	(66,990)
Trade and other receivables	39,907	105,762	(260,279)	(341,813)
Trade and other payables	73,635	(42,776)	630,044	353,537
Provisions utilised	(19,231)	(23,678)	(62,730)	(35,036)
	249,045	108,856	833,521	203,421
Income tax paid	(3,941)	(22,129)	(15,420)	(41,443)
Cash flows from operating activities	245,104	86,727	818,101	161,978
<b>Investing Activities</b>				
Interest and dividends received	22,174	4,468	25,923	7,739
Proceeds from disposal of subsidiaries, net of cash disposed	-	-	464	-
Proceeds from disposal of property, plant and equipment	2,992	4,966	4,747	8,280
Acquisition of subsidiaries and businesses, net of cash acquired	-	-	10,570	-
Purchase of additional shareholding in a subsidiary	(21,150)	-	(21,150)	(1,138)
Investments in associates and joint ventures	-	-	(460)	(125)
Purchase of property, plant and equipment	(59,771)	(35,611)	(137,503)	(92,848)
Payment of prepaid operating leases	(27,696)	-	(33,388)	-
Purchase of intangible assets	-	-	(79)	-
Purchase of other investments	-	-	(41)	-
Repayment by/(to) related corporations	(1,789)	(1,118)	(1,340)	(4,723)
Cash flows from investing activities	(85,240)	(27,295)	(152,257)	(82,815)
<b>Financing Activities</b>				
Proceeds from share issue	112	-	112	249
Capital contribution by minority shareholders of a subsidiary	-	3,920	8,194	9,192
Proceeds from bank borrowings	94,859	275,290	300,766	706,580
Repayment of bank borrowings	(95,769)	(330,080)	(312,067)	(701,719)
Dividends paid to shareholders of the Company	(11,442)	(11,438)	(19,070)	(34,319)
Dividends paid to minority shareholders of subsidiaries	(4,617)	(11,222)	(7,262)	(14,620)
Release of fixed deposits pledged with banks	42	1,808	41	25,956
Interest paid	(6,801)	(17,789)	(24,895)	(51,362)
Cash flows from financing activities	(23,616)	(89,511)	(54,181)	(60,043)
<b>Net increase / (decrease) in cash and cash equivalents</b>	136,248	(30,079)	611,663	19,120
<b>Cash and cash equivalents at beginning of the period</b>	702,990	235,886	238,017	186,681
Effects of exchange rate changes on cash and cash equivalents	(15,956)	7,963	(26,398)	7,969
<b>Cash and cash equivalents at end of the period</b>	823,282	213,770	823,282	213,770
Comprising:				
Fixed deposit, bank and cash balances			834,395	249,937
Less: Bank overdraft			(10,870)	(31,620)
Fixed deposits pledged			(243)	(4,547)
			823,282	213,770
<b>The attributable net assets of subsidiaries acquired during the period are as follows:</b>				
	3Q 2009 \$'000	3Q 2008 \$'000	YTD 3Q 2009 \$'000	YTD 3Q 2008 \$'000
<b>Acquisitions</b>				
Non-current assets	48,445	-	306,420	-
Net current assets	-	-	174,679	-
Non-current liabilities	(4,449)	-	(25,321)	-
Minority Interest	(12,042)	-	(110,931)	-
Revaluation reserves	(13,960)	-	(13,960)	-
Amount previously accounted for as associate	-	-	(164,406)	-
Goodwill/(Negative goodwill)	(17,994)	-	(12,741)	-
Currency translation differences	-	-	15	-
Total consideration	-	-	153,755	-
Less: Consideration to be settled by debts set-off	-	-	(54,155)	-
Less: Cash & cash equivalents of subsidiary acquired	-	-	(110,170)	-
Acquisition of subsidiary, net of cash acquired	-	-	(10,570)	-
<b>Disposals</b>				
Net current liabilities	-	-	460	-
Profit on disposal	-	-	7	-
Total cash consideration	-	-	467	-
Less: Cash and bank balances of subsidiary disposed	-	-	(3)	-
Disposal of subsidiary, net of cash disposed	-	-	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 \$'000	Capital Reserves \$'000	Statutory Reserves \$'000	Own Share Reserves \$'000	Fair Value Reserves \$'000	Equity Compensation Reserves \$'000	Translation Reserves \$'000	Revenue Reserves \$'000	Total \$'000	Minority Interests \$'000	Total Equity \$'000
<b>The Group</b>											
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	-	-	-	-	-	-	-	-	-	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 July 2008	278,664	(34,684)	24,977	1,271	37,612	1,146	(34,112)	323,902	598,776	823,535	1,422,311
Cost of share-based payment	-	-	-	-	-	150	-	-	150	-	150
Dividends paid to shareholders	-	-	-	-	-	-	-	(11,438)	(11,438)	-	(11,438)
Dividends paid/payable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(11,222)	(11,222)
Shares issued to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	3,920	3,920
Total comprehensive income for the period	-	-	-	(9,443)	(1,288)	-	16,779	3,740	9,788	47,744	57,532
At 30 September 2008	278,664	(34,684)	24,977	(8,172)	36,324	1,296	(17,333)	316,204	597,276	863,976	1,461,252
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
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
At 1 July 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
Share issues during the period	112	-	-	-	-	-	-	-	112	-	112
Cost of share-based payment	-	-	-	-	-	(2)	-	-	(2)	-	(2)
Dividends paid to shareholders	-	-	-	-	-	-	-	(11,442)	(11,442)	-	(11,442)
Acquisition/disposal of business combination	-	10,717	23	-	-	-	-	3,882	14,622	1,899	16,521
Dividends paid/payable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(4,617)	(4,617)
Total comprehensive income for the period	-	-	-	3,904	10,129	-	(16,525)	44,708	42,216	14,354	56,570
At 30 September 2009	278,776	(24,044)	25,494	-	46,675	1,956	(22,372)	381,896	688,381	1,045,858	1,734,239

### 1(d)(i) Statement of changes in equity for the periods ended 30 September (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 July 2008	278,664	9,199	3	1,025	26,924	315,815
Cost of share-based payment	-	-	-	150	-	150
Dividends	-	-	-	-	(11,438)	(11,438)
Total comprehensive income for the period	-	-	(19)	-	(657)	(676)
At 30 September 2008	278,664	9,199	(16)	1,175	14,829	303,851

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

At 1 July 2009	278,664	9,199	3	1,442	12,601	301,909
Share issues during the period	112	-	-	-	-	112
Cost of share-based payment	-	-	-	(2)	-	(2)
Dividends	-	-	-	-	(11,442)	(11,442)
Total comprehensive income for the period	-	-	3	-	35,007	35,010
At 30 September 2009	278,776	9,199	6	1,440	36,166	325,587

**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**

	Number of Shares	Issued and Paid-Up Capital
Ordinary Shares		\$'000
Balance as at 1 July 2009	381,392,018	278,664
Shares issued for cash upon the exercise of options under the Hong Leong Asia Share Option Scheme 2000 (the "Scheme")	77,000	112
Balance as at 30 September 2009	381,469,018	278,776

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

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

During 3Q 2009, the following options were exercised pursuant to the terms of the Scheme:

Year of Grant	Exercise Price Per Share	3Q 2009	Cumulative To Date
2001	\$0.41	-	6,107,000
2002	\$1.00	-	1,153,800
2003	\$1.79	-	-
2004	\$1.51	60,000	709,000
2005	\$1.28	17,000	229,700
2007	\$1.88	-	110,200
2008	\$2.36	-	-
2009	\$1.42	-	-
Total		77,000	8,309,700

As at 30 September 2009, there were a total of 2,489,200 (30 September 2008: 2,510,400) 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	100,000
2005	\$1.28	18,000
2007	\$1.88	921,200
2008	\$2.36	1,350,000
2009	\$1.42	100,000
Total		2,489,200

**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 September 2009 and 31 December 2008.

The total number of issued ordinary shares as at 30 September 2009 and 31 December 2008 were 381,469,018 and 381,392,018 respectively.



**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 September 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			
	3Q 2009	3Q 2008	YTD 3Q 2009	YTD 3Q 2008
Earnings per ordinary share based on net profit attributable to shareholders				
(i) Based on the weighted average number of ordinary shares on issue (cts)	11.72	0.98	24.57	15.10
(ii) On a fully diluted basis (cts)	11.72	0.98	24.57	15.09

**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	
	30/9/2009	31/12/2008	30/9/2009	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 September 2009 and as at 31 December 2008 (cts)	180.46	152.31	85.35	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.**

### **3<sup>rd</sup> Quarter (3Q) – 2009 versus 2008**

The performance of the Group continued to be strong in 3Q 2009 despite the lingering effects of the financial crisis. Net profit attributable to shareholders reached \$44.7 million on the back of improved performance across all business units as well as the recognition of a further negative goodwill of \$18.0 million arising from further acquisition of shares in Tasek Corporation Berhad ("Tasek") late last year and early this year ("Tasek Acquisition"). This compares very favourably with the net profit attributable to shareholders of \$3.7 million achieved in 3Q 2008.

With a large part of its operations in China, the Group benefitted from the strength of the Chinese Renminbi against the Singapore Dollar as well as the Chinese government's stimulus program to encourage domestic consumption. Domestic sales of refrigerators by the Group grew 30 percent in 3Q 2009 compared to 3Q 2008. Diesel engine sales also grew strongly as the Group's Diesel Engines Unit ("Yuchai") achieved almost 50 percent surge in sales in 3Q 2009 compared to the same quarter last year. The inclusion of Tasek further contributed to the top line growth of the Group.

In line with the growth in revenue, gross profit also improved. Lower costs in key raw materials used in production also contributed to gross profit improvement, which rose by 61 percent in 3Q 2009 over 3Q 2008 to a high of \$263.0 million. Gross profit improvements were achieved by (i) the Group's Consumer Products Unit ("Xinfei") despite lower average selling prices from price caps imposed on the Chinese government's stimulus program; (ii) the Group's Industrial Packaging Unit ("Rex") on the strength of sharply lower resin costs; and (iii) Yuchai from increased sales volumes. Margins of the Group's Building Materials Unit ("BMU") continued to be dampened by pricing pressure.

In 3Q 2009, other income included \$18 million of additional provisional negative goodwill which arose from the Tasek Acquisition. This factor accounted largely for the increase in other income in 3Q 2009 compared to 3Q 2008.

A common factor in the increase in operating expenses was the inclusion of Tasek as a subsidiary effective from January 2009.

Selling and distribution expenses for 3Q 2009 increased as compared to the same quarter in 2008 as a result of the increase in the number of qualified distributors under the Chinese government's stimulus program on electrical appliances which necessitated higher expenditures on promotional activities, higher sales volumes in both white goods and diesel engines, rebates and incentives to dealers to retain leadership positions and early payment discounts.

General and administrative expenses fell largely on account of reclassification of labour insurance costs to cost of sales on account of these being related to the production floor.

Research and development expenditures nearly doubled the amount spent in 3Q 2008 due to increased mould costs to roll out new models of white goods, development expenditures on alternative technologies and higher emission standard engines, and increased staff costs in both Xinfei and Yuchai.

Share of after tax profits from associates was favourably affected by a gain from the sale of quoted shares, partly compensated by the exclusion of Tasek as an associate. Tasek was treated as an associate in 2008.

Despite the increase in operating expenses largely related to selling and distribution expenses as well as research and development expenses, profit from operations in 3Q 2009 rose to \$99.9 million, which was more than a two-fold increase over 3Q 2008. This improvement in operating profit combined with the negative goodwill and substantially lower finance costs, a factor of both improved cash flows and lower interest rates, boosted 3Q 2009's after tax profit to \$85.6 million, more than quadrupled the level achieved in the same quarter of last year.

## Year-to-date September (YTD September) - 2009 versus 2008

YTD September 2009 net profit attributable to shareholders rose by 63 percent from the same period last year to \$93.7 million despite lower after tax profit of \$157.4 million. This was the result of lower earnings of Yuchai in which the Group had a lower effective stake than the other business units. While the sales of diesel engines increased by more than 46,000 units for YTD September this year or 14 percent increase year-on-year, gross margin as a factor of sales fell by close to 4 percentage points. The reduced margin, despite a small rise in gross profit, was compounded by considerably higher expenditures on selling and marketing activities and research and development projects hurting the profits of Yuchai, which fell by more than 45 percent year-on-year.

On the positive side, the inclusion of Tasek as a subsidiary together with strong performances posted by Xinfei and Rex mitigated the lower profit of Yuchai, which limited the decline in after tax profit to just 3 percent.

Sales revenue increased 18 percent year-on-year. Diesel engine sales during the year continued to be resilient. Selling prices increased as Yuchai sold higher emission standard engines. Domestic sales of refrigerators by Xinfei stood at more than 2 million units representing a 5 percent year-on-year increase. The strength of the Chinese Renminbi against the Singapore Dollar also drove up revenue as did the inclusion of Tasek as a subsidiary. Only BMU (before the inclusion of Tasek) and GPac, the green technology arm of the Group, had lower revenues, the former due to pricing pressure and excess capacity while the latter continued to suffer from weak sales in the export markets.

Gross profit improved as lower costs of key raw materials contributed to stronger margins being earned by both Xinfei and Rex. The inclusion of Tasek as a subsidiary also contributed to the increase. Increased diesel engine sales were a secondary factor. Partly negating these improvements were impairments made to plant and equipment amounting to approximately \$6.1 million and \$9.2 million in stocks write-down made earlier this year.

Other income included \$37.2 million of negative goodwill which was the primary reason for the increase year-on-year. Higher interest income was a secondary factor.

As reported in previous quarters, operating overheads increased significantly year-on-year as resources were invested in protecting market share, 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 the sharpest increase in dollar terms as both Yuchai and Xinfei invested heavily in sales and marketing activities, including incentive schemes to protect or win market share, particularly in light of increased domestic competition as the export markets slumped. Delivery expenses rose in tandem with increased sales. Prompt payment discounts and higher volume-related warranty expenses on diesel engine sales also contributed to the sharp increase. A secondary factor was the write-back of excessive warranty provisions in YTD September 2008 by one of the Group's China operations.

General and administrative expenses rose largely on account of (i) increased staff costs due to higher bonus provision and the absence of reversal of bonus provision (made in 2Q 2008), (ii) impairments made earlier this year to two properties acquired by Yuchai, (iii) impairments to fixed assets caused by the Group's China operations due to new product introductions, and (iv) higher professional fees on merger and acquisition activities.

With several new product introductions made during the year to meet market needs and regulatory requirements combined with the need to continuously design and develop new products, there has been an increase in research and development activities in Xinfei and Yuchai. These activities also involved the hiring of consultants and working in collaboration with universities in China. Accordingly, research and development expenses were higher year-on-year.

Resulting from better working capital management, improved performance, and lower borrowings and easing of interest rates, finance costs were considerably lower for YTD September 2009 compared to YTD September 2008.

A gain in the sale of quoted securities by an associate of the Company resulted in after tax share of profits from associates being higher, despite the exclusion of Tasek as an associate this year.

## **Working Capital and Cash Flow**

As in the first two quarters of the current year where cash were generated in the Group, 3Q 2009 continued this trend with a net cash generation of \$136.2 million in contrast to a net cash outflow of \$30.1 million in 3Q 2008. This brought cash generated for YTD September 2009 to \$611.7 million, substantially above \$19.1 million generated in the same period of last year. The inclusion of Tasek as a subsidiary effective from January 2009 has a positive impact on cash flow. Cash holdings rose from \$213.8 million a year ago to \$823.3 million at the end of 3Q 2009.

Cash flow from working capital management in 3Q 2009 continued to be strong and performance improved over 3Q 2008. With operating profit also sharply higher in 3Q 2009 compared to 3Q 2008, cash flow from operating activities reached a healthy \$245.1 million (3Q 2008: \$86.7 million) bringing the sum for YTD September 2009 to \$818.1 million. This represented a four-fold increase over the \$162.0 million generated for YTD September 2008.

In 3Q 2009, the Group made purchases of land in China for the production of diesel engines for passenger cars. Further investments were made in the expanded capacity assembly plant in Xiamen which incorporated a research and development institute. These were also the primary reasons for the increase in fixed assets spending for YTD September 2009.

The net cash flow outflow from financing activities was largely driven by payment of interim dividends by the Company as well as interest payment for loans taken up to finance acquisitions and for working capital needs. Interest payments fell due to lower bank borrowings and lower interest rates.

### **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.**

Latest economic figures released by the Chinese government continue to show growth in the country. GDP growth in 3Q 2009 accelerated to 8.9 percent, which translates to a growth of 7.7 percent for YTD September 2009. It has been reported that the Chinese government is confident that it will achieve growth rate of at least 8 percent for the whole of 2009, which means that the fourth quarter will see even stronger growth. There were discussions on whether the stimulus program should be curtailed in the light of improved business environment. The Group remains optimistic that its China operations will continue to perform well barring any major change in the policies of the Chinese government to encourage domestic consumption and bank lending.

While the Singapore Ministry of Trade and Industry announced that the economy grew 0.8% in 3Q 2009 from a year earlier, this growth was not contributed by the construction sector, which actually shrunk 0.6 percent. The Malaysian construction sector remains soft which resulted in an excess capacity situation suffered by manufacturers and suppliers of building materials. While we do not expect a recovery in the next 3 to 6 months, we are cautiously optimistic that the Malaysian government's stimulus program, the strong demand for residential properties and the building of infrastructure projects in Singapore will see demand picking up in 2010. Nonetheless, barring any unforeseen circumstances, the Group expects BMU to remain profitable.

The Group continues to put increased emphasis on working capital management and this has been demonstrated by its strong cash position. The Group expects its cash position to remain healthy.

In summary, barring unforeseen circumstances and any adverse change in business climate, the Group expects to continue to operate profitably in the next quarter and next twelve months.

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. In particular the Group is considering the sale of Karimun quarry. 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? No

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? No

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend is declared / recommended for the current financial period under review.

**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 ('IPT') were concluded under the Company's IPT Mandate for the quarter ended 30 September 2009.

**BY ORDER OF THE BOARD**

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

12 November 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 and nine-month ended 30 September 2009 to be false or misleading in any material respect.

On behalf of the Board

**Kwek Leng Beng**  
Chairman

**Teo Tong Kooi**  
Director & CEO

12 November 2009