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

Unaudited Second Quarter and Half Year Financial Statement Announcement for the Period Ended 30 June 2012

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") 2012. These figures have not been audited. Certain comparative figures for 2Q 2011 and 1H 2011 have been restated to be consistent with the classification for 2Q 2012 and 1H 2012.

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					
	2Q 2012 $'000	2Q 2011 (restated) $'000	+/- %	1H 2012 $'000	1H 2011 (restated) $'000	+/- %
Continuing operations						
Revenue	1,087,963	1,236,995	-12.0%	2,186,331	2,482,634	-11.9%
Cost of sales	(850,829)	(974,747)	-12.7%	(1,705,139)	(1,928,420)	-11.6%
Gross profit	**237,134**	**262,248**	**-9.6%**	**481,192**	**554,214**	**-13.2%**
Other income	7,075	10,530	-32.8%	25,686	16,455	56.1%
Selling and distribution expenses	(130,358)	(137,643)	-5.3%	(241,443)	(279,056)	-13.5%
Research and development costs	(22,180)	(20,307)	9.2%	(42,366)	(38,863)	9.0%
General and administrative expenses	(40,926)	(42,618)	-4.0%	(84,213)	(94,833)	-11.2%
Finance costs	(19,733)	(11,001)	79.4%	(43,157)	(25,348)	70.3%
Profit from continuing operations	**31,012**	**61,209**	**-49.3%**	**95,699**	**132,569**	**-27.8%**
Share of profit of associates and jointly-controlled entity, net of tax	1,947	2,371	-17.9%	3,877	4,545	-14.7%
Profit before income tax from continuing operations	**32,959**	**63,580**	**-48.2%**	**99,576**	**137,114**	**-27.4%**
Income tax expense	(10,943)	(11,279)	-3.0%	(23,930)	(23,222)	3.0%
Profit from continuing operations, net of tax	**22,016**	**52,301**	**-57.9%**	**75,646**	**113,892**	**-33.6%**
Discontinued operations						
Loss from discontinued operations, net of tax	-	(197)	NM	-	(163)	NM
Profit for the period	**22,016**	**52,104**	**-57.7%**	**75,646**	**113,729**	**-33.5%**
Attributable to:						
Owners of the Company						
Profit from continuing operations, net of tax	4,980	18,503	-73.1%	18,905	37,015	-48.9%
Loss from discontinued operations, net of tax	-	(33)	NM	-	(27)	NM
	4,980	**18,470**	**-73.0%**	**18,905**	**36,988**	**-48.9%**
Non-controlling interests						
Profit from continuing operations, net of tax	17,036	33,798	-49.6%	56,741	76,877	-26.2%
Loss from discontinued operations, net of tax	-	(164)	NM	-	(136)	NM
	17,036	**33,634**	**-49.3%**	**56,741**	**76,741**	**-26.1%**

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

	Group					
	2Q 2012	**2Q 2011**	**+/-**	**1H 2012**	**1H 2011**	**+/-**
Profit from operations include the following:	**$'000**	**$'000**	**%**	**$'000**	**$'000**	**%**
Loss on disposal of property, plant and equipment	(1,633)	(1,074)	52.0%	(2,158)	(1,230)	75.4%
Impairment losses written back/(recognised)on property, plant and equipment, development properties and assets classified as held-for-sale [(1)]	-	258	NM	(599)	2,569	NM
Impairment losses (recognised)/written back for trade and other receivables	(659)	2,459	NM	(884)	(1,631)	-45.8%
Allowance written back/(made) for inventories write down	76	(239)	NM	1,317	3,219	-59.1%
Depreciation and amortisation	(29,033)	(26,767)	8.5%	(57,322)	(61,466)	-6.7%
Foreign exchange (loss)/gain [(2)]	(3,770)	(293)	1186.7%	652	1,657	-60.7%

NM: Not meaningful

(1) Impairment losses in 1H 2012 mainly related to the Group's hospitality business in China. Impairment losses written back in 1H 2011 related to property, plant and equipment of the steel fabrication unit and the Group's development properties in Malaysia.

(2) Foreign exchange loss in 2Q 2012 mainly arose from translation of monetary assets following weakening of Singapore dollar vis-à-vis United States dollar at the end of 2Q 2012.

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 2012 included an overprovision of $751,000 (2Q 2011: over provision of $200,000) in respect of prior years. The Group's tax charge for 1H 2012 included under provision of $831,000 (1H 2011: over provision of $4,328,000) in respect of prior years.

1(a)(iv) Statement of Comprehensive Income

	Group					
	2Q 2012	2Q 2011 (restated)	+/-	1H 2012	1H 2011 (restated)	+/-
	$'000	$'000	%	$'000	$'000	%
Profit for the period	**22,016**	**52,104**	**-57.7%**	**75,646**	**113,729**	**-33.5%**
Other comprehensive income						
Exchange differences on translation of financial statements of foreign subsidiaries and associates	6,357	(13,935)	NM	(28,884)	(53,750)	-46.3%
Net fair value changes	(70)	519	NM	(1,224)	1,899	NM
Total other comprehensive income for the period, net of tax	**6,287**	**(13,416)**	**NM**	**(30,108)**	**(51,851)**	**-41.9%**
Total comprehensive income for the period	**28,303**	**38,688**	**-26.8%**	**45,538**	**61,878**	**-26.4%**
Attributable to:						
Owners of the Company	5,029	9,118	-44.8%	10,923	15,201	-28.1%
Non-controlling interests	23,274	29,570	-21.3%	34,615	46,677	-25.8%
Total comprehensive income for the period	**28,303**	**38,688**	**-26.8%**	**45,538**	**61,878**	**-26.4%**
Attributable to:						
Owners of the Company						
Total comprehensive income from continuing operations, net of tax	5,029	9,151	-45.0%	10,923	15,228	-28.3%
Total comprehensive income from discontinued operations, net of tax	-	(33)	NM	-	(27)	NM
Total comprehensive income for the period attributable to owners of the Company	**5,029**	**9,118**	**-44.8%**	**10,923**	**15,201**	**-28.1%**

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	**30.6.2012**	**31.12.2011**	**30.6.2012**	**31.12.2011**
Non-current assets				
Property, plant and equipment	1,256,756	1,275,919	578	685
Land use rights	128,115	135,309	-	-
Intangible assets	91,698	72,117	444	603
Investment in subsidiaries	-	-	213,345	210,824
Interests in associates	61,675	61,449	13,726	13,726
Interests in jointly-controlled entities	22	23	-	-
Other investments	4,027	4,007	-	-
Deferred tax assets	100,284	101,352	7	7
Non-current receivables	8,005	5,684	-	-
	1,650,582	**1,655,860**	**228,100**	**225,845**
Current assets				
Other investments	9,516	9,265	16	16
Inventories	623,668	733,424	-	-
Development properties	10,544	11,390	-	-
Trade and other receivables	1,375,062	1,830,859	262,043	238,472
Cash and short-term deposits	1,535,196	1,208,450	13,863	1,913
Assets classified as held-for-sale	-	15,285	-	7,500
	3,553,986	**3,808,673**	**275,922**	**247,901**
Current liabilities				
Trade and other payables	1,900,947	1,936,819	25,657	19,030
Provisions	77,682	82,602	-	-
Loans and borrowings	830,192	964,080	169,479	142,993
Current tax payable	20,225	35,605	-	-
Liabilities classified as held-for-sale	-	7,635	-	-
	2,829,046	**3,026,741**	**195,136**	**162,023**
Net current assets	**724,940**	**781,932**	**80,786**	**85,878**
Non-current liabilities				
Loans and borrowings	216,390	233,656	-	-
Deferred tax liabilities	43,661	42,047	27	27
Deferred grants	62,831	65,404	-	-
Retirement benefits	202	233	-	-
	323,084	**341,340**	**27**	**27**
Net assets	**2,052,438**	**2,096,452**	**308,859**	**311,696**
Capital and reserves				
Share capital	266,830	266,830	266,830	266,830
Reserves	575,766	587,387	42,029	44,866
	842,596	854,217	308,859	311,696
Non-controlling interests	1,209,842	1,242,235	-	-
Total Equity	**2,052,438**	**2,096,452**	**308,859**	**311,696**

Explanatory Notes to Statement of Financial Position

Group

- Current assets as at 30 June 2012 declined due to decrease in inventories, trade and other receivables but partly offset by the increase in cash or cash equivalent. The decline was partly due to lower business volume and higher bills discounting.

- The drop in current liabilities was mainly due to lower business volume and repayment of short term bonds of Rmb1.0 billion. The repayment was partly funded by bank borrowings.

- The consolidated balance sheet as at 30 June 2012 included the financials of the newly acquired subsidiaries, Airwell and Fedders.

- Intangible assets as at 30 June 2012 increased by $19.6 million largely due to trademark, patent and development cost and provisional goodwill arising from the acquisition of Airwell and Fedders. In accordance with FRS 103, the provisional goodwill is subject to finalization of the purchase price allocation exercise within 12 months from the date of acquisition.

Company

- Increase in current assets was due largely to advances granted to its subsidiaries to acquire interest and additional capital injection in Airwell.

- The increase in borrowings was used largely to fund the acquisition of Airwell and Fedders.

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

Amount repayable in one year or less, or on demand

As at 30.6.2012		As at 31.12.2011	
Secured	Unsecured	Secured	Unsecured
$192,057,311	$638,134,269	$181,258,962	$782,821,008

Amount repayable after one year

As at 30.6.2012		As at 31.12.2011	
Secured	Unsecured	Secured	Unsecured
$182,452,832	$33,936,896	$181,284,993	$52,371,133

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 of $424,959,000 as at 30 June 2012 (31 December 2011: $408,755,000).

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 2012 $'000	2Q 2011 (restated) $'000	1H 2012 $'000	1H 2011 (restated) $'000
Operating activities				
Profit before tax from continuing operations	32,959	63,580	99,576	137,114
Loss before tax from discontinued operations	-	(192)	-	(152)
Profit before tax, total	32,959	63,388	99,576	136,962
Adjustments for:				
Share of profit of associates and jointly-controlled entities, net of tax	(1,947)	(2,371)	(3,877)	(4,545)
Cost of share-based payments	83	238	166	486
Depreciation and amortisation	29,033	26,767	57,322	61,466
Allowance (written back)/made for inventories written down	(76)	239	(1,317)	(3,219)
Impairment losses recognised/(written back) for trade and other receivables	659	(2,459)	884	1,631
Impairment losses recognised/(written back) on property, plant and equipment, development property and assets classified as held-for-sale	-	(258)	599	(2,569)
Finance costs	19,733	11,001	43,157	25,348
Dividend income	(355)	(363)	(355)	(363)
Interest income	(6,407)	(3,271)	(11,465)	(6,979)
(Gain)/loss on disposal of:				
- subsidiaries	(296)	469	(296)	469
- associates	-	-	-	682
- property, plant and equipment	1,633	2,954	2,158	3,110
- land use rights	-	(1,880)	-	(1,880)
Fair value loss/(gain) on investments	379	(35)	(761)	1,312
Provision for warranties and other costs, net	21,171	23,712	40,256	41,679
Operating profit before working capital changes	96,569	118,131	226,047	253,590
Changes in working capital:				
Inventories	150,733	110,991	115,031	57,922
Trade and other receivables	214,085	(312,249)	418,322	(540,507)
Trade and other payables	(81,095)	79,949	(25,956)	125,334
Provisions utilised	(25,964)	(30,135)	(44,154)	(48,301)
Cash flows from/(used in) operations	354,328	(33,313)	689,290	(151,962)
Income tax paid	(22,321)	(47,207)	(36,547)	(49,779)
Cash flows from/(used in) operating activities	332,007	(80,520)	652,743	(201,741)
Investing activities				
Acquisition of subsidiaries and businesses, net of cash acquired	(7,088)	-	(7,088)	-
Acquisition of non-controlling interests in a subsidiary	-	(34,300)	-	(34,300)
Purchase of treasury shares in a subsidiary from non-controlling interests	-	-	(8,482)	-
Dividends received from:				
- associates	2,657	1,500	2,657	1,500
- other investments	355	363	355	363
Interest received	7,187	4,231	13,048	8,584
Purchase of:				
- property, plant and equipment	(39,627)	(58,197)	(64,374)	(98,856)
- land use rights	(3,520)	(89)	(3,520)	(13,436)
- intangible assets	(758)	(669)	(1,103)	(1,721)
- other investments	-	-	(5)	-
Proceeds from disposal of:				
- subsidiaries, net of cash disposed	3,510	-	3,510	-
- associates	-	-	-	867
- property, plant and equipment	1,555	14,707	2,467	15,093
- land use rights	-	3,478	-	3,845
- assets held-for-sale	-	7,650	7,650	7,650
Net cash flows used in investing activities	(35,729)	(61,326)	(54,885)	(110,411)
Financing activities				
Dividend paid to:				
- non-controlling interests of subsidiaries	(50,473)	(85,605)	(50,473)	(85,605)
- shareholders of the Company	(18,695)	(26,167)	(18,695)	(26,167)
Interest paid	(12,798)	(12,181)	(47,674)	(27,767)
Proceeds from borrowings	293,284	29,824	323,972	69,670
Proceeds from issuance of bonds	-	-	-	193,733
(Placement)/release of fixed deposits pledged with banks	-	(22)	22	5
Proceeds from share issues	-	57	-	606
Grant received from government	2,077	1,315	2,838	15,349
Repayment in respect of borrowings	(131,910)	(4,870)	(266,455)	(52,601)
Repayment of obligation under finance leases	(3)	(4,846)	(6)	(9,911)
Redemption of short-term bonds	-	-	(199,467)	-
Net cash flows from/(used in) financing activities	81,482	(102,495)	(255,938)	77,312
Net increase/(decrease) in cash and cash equivalents	377,760	(244,341)	341,920	(234,840)
Cash and cash equivalents at beginning of the period	1,152,327	1,155,487	1,208,271	1,167,479
Effect of exchange rate changes on balances held in foreign currencies	5,064	(9,346)	(15,040)	(30,839)
Cash and cash equivalents at end of the period	1,535,151	901,800	1,535,151	901,800
Comprising:				
Cash and short-term deposits			1,535,196	902,822
Less: Bank overdraft			(45)	(1,000)
Fixed deposits pledged			-	(22)
			1,535,151	901,800

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

	2Q 2012 $'000	2Q 2011 $'000	1H 2012 $'000	1H 2011 $'000
Acquisitions				
Non-current assets	26,119	-	26,119	-
Net current liabilities	(11,995)	-	(11,995)	-
Non-controlling interests	(5,105)	-	(5,105)	-
Goodwill	2,476	-	2,476	-
Currency translation differences	(211)	-	(211)	-
Total consideration	11,284	-	11,284	-
Less: Cash and cash equivalents of subsidiaries acquired	(4,196)	-	(4,196)	-
Acquisition of subsidiaries, net of cash acquired	7,088	-	7,088	-
Disposals				
Non-current assets	22,077	-	22,077	-
Net current liabilities	(4,268)	-	(4,268)	-
Non-controlling interests	(13,075)	(205)	(13,075)	(205)
Capital reserves	-	711	-	711
Realisation of translation differences	-	(37)	-	(37)
Gain/(loss) on disposal/liquidation of subsidiaries	296	(469)	296	(469)
Currency translation differences	(33)	-	(33)	-
Total cash consideration	4,997	-	4,997	-
Less: Consideration not received yet				
Less: Cash and cash equivalents of subsidiaries disposed/liquidated	(1,487)	-	(1,487)	-
Disposal/liquidation of subsidiaries, net of cash disposed	3,510	-	3,510	-

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 compen-sation 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 at 31 December 2010 (as previously stated)	**266,143**	**(28,672)**	**32,568**	**48,395**	**1,477**	**(47,269)**	**(1,451)**	**2,353**	**494,852**	**768,396**	**1,187,999**	**1,956,395**
Adjustment arising from reclassification of assets classified as held-for-sale	-	-	-	-	-	(5)	-	-	10,663	10,658	4,282	14,940
At 1 January 2011 (restated)	266,143	(28,672)	32,568	48,395	1,477	(47,274)	(1,451)	2,353	505,515	779,054	1,192,281	1,971,335
Total comprehensive income for the period	-	-	-	1,380	-	(13,815)	-	-	18,518	6,083	17,107	23,190
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Shares issued during the period	549	-	-	-	-	-	-	-	-	549	-	549
Cost of share-based payments	-	-	-	-	248	-	-	-	-	248	-	248
Realisation of reserves upon disposal of assets	-	-	-	(2,978)	-	-	-	-	-	(2,978)	(2,568)	(5,546)
At 31 March 2011 (restated)	266,692	(28,672)	32,568	46,797	1,725	(61,089)	(1,451)	2,353	524,033	782,956	1,206,820	1,989,776
Closing balance at 1 April 2011 (as previously stated)	**266,692**	**(28,672)**	**32,568**	**46,797**	**1,725**	**(61,084)**	**(1,451)**	**2,353**	**523,321**	**782,249**	**1,206,557**	**1,988,806**
Adjustment arising from reclassification of assets classified as held-for-sale	-	-	-	-	-	(5)	-	-	712	707	263	970
At 1 April 2011 (restated)	266,692	(28,672)	32,568	46,797	1,725	(61,089)	(1,451)	2,353	524,033	782,956	1,206,820	1,989,776
Total comprehensive income for the period	-	-	-	519	-	(9,871)	-	-	18,470	9,118	29,570	38,688
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Shares issued during the period	57	-	-	-	-	-	-	-	-	57	-	57
Cost of share-based payments	-	-	-	-	238	-	-	-	-	238	-	238
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(26,167)	(26,167)	-	(26,167)
Reserves attributable to disposal group classified as held-for-sale	-	(860)	-	-	-	4,516	-	(3,656)	-	-	-	-
Realisation of reserves upon disposal of assets held-for-sale	-	-	-	-	-	-	-	(1,177)	-	(1,177)	-	(1,177)
Dividends paid/payable to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(85,605)	(85,605)
Realisation of reserves upon disposal of a subsidiary	-	711	-	-	-	(37)	-	-	-	674	(205)	469
Changes in ownership interests in subsidiaries												
Discount on acquisition of non-controlling interests	-	-	-	-	-	-	46	-	-	46	(34,346)	(34,300)
At 30 June 2011 (restated)	266,749	(28,821)	32,568	47,316	1,963	(66,481)	(1,405)	(2,480)	516,336	765,745	1,116,234	1,881,979
At 1 January 2012	266,830	(2,437)	33,802	46,760	2,047	(27,714)	11,146	-	523,783	854,217	1,242,235	2,096,452
Total comprehensive income for the period	-	-	-	(1,154)	-	(6,877)	-	-	13,925	5,894	11,341	17,235
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Cost of share-based payments	-	-	-	-	83	-	-	-	-	83	-	83
Transfer to statutory reserve	-	-	(3)	-	-	-	-	-	3	-	-	-
Effect of treasury shares in a subsidiary acquired from non-controlling interests	-	-	-	-	-	-	-	-	-	-	(8,482)	(8,482)
Realisation of reserves upon disposal of assets classified as held-for-sale	-	882	-	-	-	(4,695)	-	-	-	(3,813)	-	(3,813)
Premium paid on acquisition of non-controlling interests	-	-	-	-	-	-	(192)	-	-	(192)	192	-
At 31 March 2012	266,830	(1,555)	33,799	45,606	2,130	(39,286)	10,954	-	537,711	856,189	1,245,286	2,101,475
At 1 April 2012	266,830	(1,555)	33,799	45,606	2,130	(39,286)	10,954	-	537,711	856,189	1,245,286	2,101,475
Total comprehensive income for the period	-	-	-	(70)	-	119	-	-	4,980	5,029	23,274	28,303
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Cost of share-based payments	-	-	-	-	83	-	-	-	-	83	-	83
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(18,695)	(18,695)	-	(18,695)
Transfer to statutory reserve	-	-	29	-	-	-	-	-	(29)	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	(8,416)	(8,416)
Shares issued during the year	-	-	-	-	-	-	-	-	-	-	171	171
Relisation of reserves on liquidation of subsidiary	-	-	(17)	-	-	-	-	-	-	(17)	-	(17)
Discount on acquisition of non-controlling interests	-	-	-	-	-	-	7	-	-	7	-	7
Changes in ownership interests in subsidiaries												
Dividends paid/payable to non-controllling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(50,473)	(50,473)
At 30 June 2012	266,830	(1,555)	33,811	45,536	2,213	(39,167)	10,961	-	523,967	842,596	1,209,842	2,052,438

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 reserve $'000	Fair value reserve $'000	Equity compensation reserve $'000	Accumulated profits $'000	Total equity $'000
The Company						
At 1 January 2011	266,143	9,199	8	1,424	28,988	305,762
Total comprehensive income for the period	-	-	(6)	-	28,779	28,773
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Shares issued during the period	549	-	-	-	-	549
Cost of share-based payments	-	-	-	248	-	248
At 31 March 2011	266,692	9,199	2	1,672	57,767	335,332
At 1 April 2011	266,692	9,199	2	1,672	57,767	335,332
Total comprehensive income for the period	-	-	-	-	2,596	2,596
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Shares issued during the period	57	-	-	-	-	57
Cost of share-based payments	-	-	-	238	-	238
Dividends paid to shareholders	-	-	-	-	(26,167)	(26,167)
At 30 June 2011	266,749	9,199	2	1,910	34,196	312,056
At 1 January 2012	266,830	9,199	-	1,994	33,673	311,696
Total comprehensive income for the period	-	-	-	-	719	719
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Cost of share-based payments	-	-	-	83	-	83
At 31 March 2012	266,830	9,199	-	2,077	34,392	312,498
At 1 April 2012	266,830	9,199	-	2,077	34,392	312,498
Total comprehensive income for the period	-	-	-	-	14,973	14,973
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Cost of share-based payments	-	-	-	83	-	83
Dividends paid to shareholders	-	-	-	-	(18,695)	(18,695)
At 30 June 2012	266,830	9,199	-	2,160	30,670	308,859

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 2012 and 30 June 2011.

There was no change in the Company's issued share capital during the three months ended 30 June 2012.

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 2012.

As at 30 June 2012, there were a total of 1,180,000 (30 June 2011: 1,647,000) unissued shares under options 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	510,000
2011	$2.62	200,000
Total		1,180,000

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 Company did not hold any treasury shares as at 30 June 2012 and 31 December 2011.

The total number of issued ordinary shares as at 30 June 2012 and 31 December 2011 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 three months ended 30 June 2012.

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 2011.

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 2012. Insofar as the Group is concerned, these revised accounting standards are effective on 1 January 2012 as 2012 is the first annual period for the Group subsequent to 1 January 2012. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

Description	Effective for annual periods beginning on or after
Amendments to FRS 107 Disclosures - Transfer of Financial Assets	1 July 2011

As the above is a disclosure standard, adoption of the standard will have no impact to the financial position and financial performance of the Group.

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 2012	2Q 2011 (restated)	1H 2012	1H 2011 (restated)
(i) Based on the weighted average number of ordinary shares in issue (cts)	1.33	4.94	5.06	9.90
(ii) On a fully diluted basis (cts)	1.33	4.94	5.06	9.89

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	
	30.6.2012	31.12.2011	30.6.2012	31.12.2011
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 2012 and as at 31 December 2011 (cts)	225.35	228.46	82.60	83.36

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) – 2012 versus 2011

Despite the loosening of liquidity and reduction in interest rate by the Chinese government, China's GDP growth in 2Q 2012 slowed further to 7.6% year-on-year compared to 1Q 2012's GDP growth of 8.1%. This is the slowest growth in 3 years and marked six straight quarters of easing growth. Inflation too had eased during the period. Singapore economy grew at 1.9% year-on-year in 2Q 2012 compared with 1.1% growth in 1Q 2012. Malaysia's GDP growth for 2Q 2012 will only be released on 15 August 2012 and is expected to grow at 4.7% year-on-year. Overall economic growth in Asia continued to be affected by events in Europe and the sluggish global economy.

Construction sectors in both Singapore and Malaysia continued to perform well this year as the Singapore government stepped up its building activities in the residential segment while Malaysia embarked on its new infrastructure program.

Overall revenue declined from $1,237.0 million in 2Q 2011 to $1,088.0 million for 2Q 2012 resulting in the decline in the profit for the quarter to $22.0 million this year.

Sales revenue for the Group declined by 12.0% for the quarter under review compared to 2Q 2011. Similar to 1Q 2012, this was caused primarily by lower sales from the Group's diesel engines unit ("Yuchai") and lower sales of refrigerators and freezers by the Group's white goods unit ("Xinfei") as a result of continuing slowdown in the diesel engine and white goods industries in 2Q 2012. The decline was partly compensated by higher sales of the Group's building materials unit ("BMU"). Sales of the Group's industrial packaging unit ("Rex") improved marginally.

The downturn in the white goods industry, keen competition and overcapacity continue to affect the sales of Xinfei. This was partly due to the slowdown in the real estate industry in China. As a result, demand for white goods in China declined in 2Q 2012 resulting in the decrease in sales in Xinfei for the quarter under review.

Overall diesel engines sales declined compared with the same quarter last year due to sluggish operating environment. The decline was across the board with the exception of marine engines. Engines used in trucks and industrial applications registered a bigger drop than the rest. Based on "China Automobile Industry Newsletter of Production & Sales" issued by China Association of Automobile Manufacturers, total demand for all types of trucks (including diesel trucks) in 2Q 2012 declined compared to the same period last year. Similar to 1Q 2012 the decline was mostly in respect of the heavy trucks (those weighing more than 20 tons).In contrast, demand for diesel buses had increased.

Construction industries in both Singapore and Malaysia continued to perform well resulting in better sales for BMU (including Tasek).

Gross profit fell by 9.6% due mainly to the decline in revenue. Gross margin, on the other hand, improved by 0.6% from 21.2% in 2Q 2011 to 21.8% in 2Q 2012. This was due largely to the reduction in raw material costs and costs improvement programmes in the China operations. The savings in raw material costs were partially offset by higher production cost per unit as a result of lower volume and higher labour cost in China for both Xinfei and Yuchai. Gross margin in Xinfei was also affected by lower average selling price while Yuchai had an improvement. In addition, Yuchai's gross margin was affected by a shift in sales mix to lower margin 4-cylinder engines. Rex's gross margin improved as result of lower resin cost but this savings was partially offset by the higher labour cost. BMU benefitted from the better sales volume but its cost of raw materials had increased.

The reduction in other income was principally due to exchange loss in 2Q 2012.

Reduction in total operating expenses was mainly due to lower selling and distribution, general and administrative expenses resulting from lower sales in China.

Selling and distribution ("S&D") expenses fell primarily due to lower volume-related and promotional expenses in Xinfei and Yuchai, particularly in advertising and promotion, delivery and warranty costs.

The increase in research and development expenses of $1.9 million was incurred largely by Yuchai.

Both Yuchai and Xinfei recorded lower general and administrative expenses. The reduction in Yuchai was due largely to lower depreciation and staff costs while Xinfei's reduction came mainly from lower staff costs as a result of reduction in headcount.

Finance costs rose significantly by 79.4% mainly due to higher interest costs incurred by Xinfei and Yuchai arising from higher bills discounting and bank loans. Despite the recent lowering of interest rates and loosening of liquidity, the interest rates set by People's Bank of China (PBOC) was still higher in 2Q 2012 compared to the same period last year.

Share of profit from associates dropped by $0.4 million compared to the same period last year.

The higher effective tax rate in 2Q 2012 versus 2Q 2011 was mainly due to the losses in Xinfei and the deferred tax liabilities recognized in 2Q 2012 in respect of withholding tax for Yuchai's distributable profits in the quarter.

Profit for 2Q 2012 declined by 57.7% to $22.0 million mainly due to losses incurred by Xinfei and lower profit contribution from Yuchai as compared to the same period last year. This was mitigated by the improvement in profit from BMU.

First Half Year (1H) – 2012 versus 2011

The China economy was affected by the slowdown in the global economy, in particular, the Eurozone. This affected the overall performance of the Group in 1H 2012 resulting in the decline in revenue by 11.9% and in profit by 33.5% when compared against the same period in 2011.

Sales revenue for the Group declined by $296.3 million for 1H 2012 compared to 1H 2011. The decline was caused by the sluggish diesel engines and white goods industries as a result of the continuing slowdown in the Chinese economy. Both Xinfei and Yuchai registered lower sales volume while BMU and Rex had higher sales. The "China Automobile Industry Newsletter of Production & Sales" report issued by China Association of Automobile Manufacturers, showed that the demand for diesel engines in the auto industry declined more significantly in 2Q 2012 than in 1Q 2012.

Gross margin for 1H 2012 dropped slightly from 22.3% in 1H 2011 to 22.0% due largely to lower volume to leverage the fixed production costs and increase in labour costs. This decline was mitigated by the reduction in raw material costs in the China operations resulting from lower commodity prices and costs improvement programmes. Xinfei's average selling price declined slightly while those in Yuchai had increased. There was also a shift in sales mix to lower margin 4-cylinder engines in Yuchai due to the change in demand in the market. Lower resin cost helped to improve Rex's gross margin, which however was partially eroded by higher labour cost. Gross margin for BMU declined slightly due to the increase in direct labour cost.

The increase in other income was due mainly to higher bank interest earned, government grant, insurance compensation and fair value gain from investment in Thakral.

YTD overall reduction in operating expenses were mainly due to lower selling and distribution, general and administrative expenses resulting from lower sales in China.

The reduction in S&D expenses were due mainly to lower volume-related and promotional expenses in Xinfei and Yuchai, particularly in advertising & promotion, sales incentives & rebates, delivery and warranty costs.

The increase in research and development expenses of $3.5 million was incurred largely by Yuchai due to increase in staff and testing expenses.

The reduction in general and administrative expenses was due largely to lower depreciation and staff costs incurred by Yuchai and lower staff costs as a result of reduction in headcount in Xinfei.

The significant increase in finance costs was mainly due to higher interest costs incurred by Xinfei and Yuchai arising from higher bills discounting and bank loans. Liquidity in China was tight in 1Q 2012. During 2Q 2012, there was loosening of liquidity accompanied by some reduction in interest rates.

Share of profit from associates dropped by $0.7 million compared to the same period last year.

The higher effective tax rate in 1H 2012 versus 1H 2011 mainly arose from over provision amounting to $4.3 million in 1H 2011 and under provision of $0.8 million made in 1H 2012 in respect of prior years' taxation and the deferred tax liabilities recognized in 1H 2012 in respect of withholding tax for Yuchai's distributable profits in the period under review. The effective tax rate was also affected by the losses in Xinfei.

Profit for 1H 2012 declined by 33.5% to $75.6 million largely due to losses incurred by Xinfei and lower profit contribution from Yuchai, mitigated by improvement in profit from BMU.

<u>Working Capital and Cash Flow</u>

As at the end of 2Q 2012, the Group had cash and short term deposit of $1.5 billion which was higher than the end of last year by $326.9 million.

The Group generated an operating cashflow of $332.0 million for 2Q 2012 compared with a negative cash flow of $80.5 million for the same period last year. The improvement came mainly from the reduction in working capital requirement following lower sales volume and maturity and discounting of bills receivable.

During the quarter under review, the Group incurred $43.1 million for the purchase of property, plant and equipment and land use rights mainly for on-going projects and a further $7.1 million (net of cash acquired) for the purchase of Airwell and Fedders.

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.

The global economic recovery has shown further signs of weakness in the past three months with the global economic growth rate now forecast at 3.5% for the whole of 2012. Downside risks to the global outlook continue to loom large. The situation in the euro zone remains precarious and the economy is expected to go into a recession in 2012. The growth of US economy is still anemic and is forecast to grow at 2%. As a result of the worsening external environment, the economic growth of the countries in Asia where the Group operates in will likely slow down compared to the previous year. China's economic growth slowed to 7.6% in 2Q this year compared to the same period last year, the slowest pace in three years. It is still expected to achieve a soft landing. Singapore's economy shrank 1.1% in 2Q 2012 compared to the first quarter ("1Q") this year. However, it grew 1.9% compared to 2Q last year. The construction sector grew 0.3% and 5.1% compared to 1Q 2012 and 2Q last year respectively. It is still forecast to grow at between 1.0% to 3.0% this year. Malaysia's economic growth is expected to grow between 4.0% to 5.0% this year.

As a result of concerns with the economic growth of China, the PRC government lowered the banks' reserve requirement ratio again to ease availability of credit. For the same reason, the interest rates too were lowered twice within a space of one month this year. The process of leadership change is currently in progress. But until the new leadership team comes on board, it is not likely that major policy changes will take place during the transition period.

Operating costs in China have been on the uptrend and, in particular, there has been an increase in minimum wage across the country in recent years. Operating costs are expected to further increase as China continues to bring up the wages of low income workers.

Demand within the diesel engine industry continues to moderate under the current economic environment despite the loosening of liquidity and lowering of interest rates again by the Chinese government recently. The shift in product mix to smaller engines is likely to continue into the year and it would continue to see weaknesses in the truck industry and in the industrial application engines. However, Yuchai continues to be one of the leading diesel engine manufacturers in China. The new incentive programme for energy saving white goods, which came into effect from 1 June 2012 for a period of one year with incentives ranging from RMB180 to RMB400 per unit granted to qualified manufacturers, will have some benefits but is likely to be limited as the white goods industry moves towards the low season. Impact from the new incentive programme is not evident so far and the details are still unclear. Singapore government's plan to increase the construction of more flats and Malaysia government's plan to construct a new mass rapid transit system will continue to positively impact BMU in both countries. The newly acquired subsidiaries (Airwell and Feeders) are in the process of laying the ground work to build distribution channels in Asia.

Barring any unforeseen circumstances including any change in policies of the Chinese government and any adverse change in the business climate, the Group expects to remain profitable in the current financial year. However, the next quarter may be challenging as there may be a potential tax exposure of up to $7.0 million as a result of the Chinese tax authority disagreeing with Xinfei on the application of the high tech tax incentive status granted for FY2009 and taking into consideration the continuing economic slowdown in China.

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)	1 cent 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

20 September 2012.

(d) Books closure date

5.00 p.m. on 5 September 2012.

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

Not applicable.

13. Interested persons transactions

Name of Interested Person	Aggregate value of all interested person transactions for the quarter ended 30 June 2012 conducted under IPT mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Hong Leong Investment Holdings Pte. Ltd. and its associates - General Transaction (renewal of lease/sub-lease of office premises by the Company for lease tenure of three years each)	$1,190,952

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.

Not applicable.

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.

Not applicable.

16. A breakdown of sales.

Not applicable.

BY ORDER OF THE BOARD

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

14 August 2012

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 interim financial results of the Group for the second quarter and half year ended 30 June 2012 to be false or misleading in any material respect.

On behalf of the Board

Kwek Leng Beng
Chairman

Francis Yuen Kin Pheng
Director & CEO

14 August 2012