

**KUCHAI DEVELOPMENT BERHAD (7573-V)**

(Incorporated in Malaysia)

**Condensed Income Statement****For the Year Ended 30 June 2010****(The figures have not been audited)**

	Note	Individual Quarter 3 months ended		Period-To-Date 12 months ended	
		30.06.2010 RM'000	30.06.2009 RM'000	30.06.2010 RM'000	30.06.2009 RM'000
<b>Revenue</b>	3	2,759	1,412	3,942	3,064
Direct costs		(20)	(9)	(71)	(82)
<b>Gross profit</b>		2,739	1,403	3,871	2,982
Other income					
- Fair value gain / (loss)		13,448	13,759	49,623	(68,171)
Administrative expenses		(166)	(183)	(711)	(770)
Other expenses					
- Foreign exchange gain / (loss)		12	(88)	315	(112)
<b>Profit / (Loss) from operations</b>	3	16,033	14,891	53,098	(66,071)
Share of gain / (loss) of associate		1,626	7,383	16,033	(14,539)
<b>Profit / (Loss) before tax</b>		17,659	22,274	69,131	(80,610)
Income tax expense	17	(31)	(113)	(78)	(188)
<b>Profit / (Loss) for the year</b>		17,628	22,161	69,053	(80,798)
<b>Profit / (Loss) per share attributable to equity holders of the Company:</b>					
Basic (Sen)	25(a)	14.6	18.4	57.2	(66.9)
Diluted (Sen)	25(b)	14.6	18.4	57.2	(66.9)

The condensed income statement should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

**KUCHAI DEVELOPMENT BERHAD (7573-V)**  
(Incorporated in Malaysia)

**Condensed Balance Sheet**  
**As at 30 June 2010**

		(Unaudited)	(Audited)
	Note	As at 30.06.2010 RM'000	As at 30.06.2009 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties		12,218	11,232
Investment in associate		105,382	92,715
Investments at fair value through profit or loss	19	144,240	101,903
		<u>261,840</u>	<u>205,850</u>
<b>Current assets</b>			
Sundry receivables		133	212
Cash and bank balances		23,067	20,908
		<u>23,200</u>	<u>21,120</u>
<b>TOTAL ASSETS</b>		<u>285,040</u>	<u>226,970</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders to the Company</b>			
Share capital		60,352	60,352
Reserves		223,703	165,572
		<u>284,055</u>	<u>225,924</u>
<b>Current liabilities</b>			
Sundry payables		962	999
Tax payable		23	47
		<u>985</u>	<u>1,046</u>
<b>Total liabilities</b>		<u>985</u>	<u>1,046</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>285,040</u>	<u>226,970</u>

The condensed balance sheet should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

**KUCHAI DEVELOPMENT BERHAD (7573-V)**

(Incorporated in Malaysia)

**Condensed Statement of Changes in Equity****For the Year Ended 30 June 2010**

(The figures have not been audited)

	← Non-Distributable →			← Distributable →			
	Share Capital RM'000	Share of Associated Company Reserves RM'000	Foreign Exchange Reserve RM'000	Property and Investment Reserves RM'000	General Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
<b>At 1 July 2009</b>	60,352	32,599	15,074	12,611	6,000	99,288	225,924
Foreign currency translation	-	-	(7,248)	-	-	-	(7,248)
Share of associated companies reserve	-	(3,131)	-	-	-	-	(3,131)
Net income/(expense) recognised directly in equity	-	(3,131)	(7,248)	-	-	-	(10,379)
Profit for the year	-	-	-	-	-	69,053	69,053
Total recognised income and expense for the year	-	(3,131)	(7,248)	-	-	69,053	58,674
Dividends	-	-	-	-	-	(543)	(543)
<b>At 30 June 2010</b>	60,352	29,468	7,826	12,611	6,000	167,798	284,055

**KUCHAI DEVELOPMENT BERHAD (7573-V)**

(Incorporated in Malaysia)

**Condensed Statement of Changes in Equity (Cont'd)****For the Year Ended 30 June 2010**

(The figures have not been audited)

	← Non-Distributable →			← Distributable →			
	Share Capital RM'000	Share of Associated Company Reserves RM'000	Foreign Exchange Reserve RM'000	Property and Investment Reserves RM'000	General Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
<b>At 1 July 2008</b>	60,352	29,227	13,227	12,611	6,000	181,082	302,499
Foreign currency translation	-	-	1,847	-	-	-	1,847
Share of associated companies reserve	-	3,372	-	-	-	-	3,372
Net income recognised directly in equity	-	3,372	1,847	-	-	-	5,219
Loss for the year	-	-	-	-	-	(80,798)	(80,798)
Total recognised income and expense for the year	-	3,372	1,847	-	-	(80,798)	(75,579)
Dividends	-	-	-	-	-	(996)	(996)
<b>At 30 June 2009</b>	60,352	32,599	15,074	12,611	6,000	99,288	225,924

The condensed statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

**KUCHAI DEVELOPMENT BERHAD (7573 V)**  
**(Incorporated in Malaysia)**

**Condensed Cash Flow Statement**  
**For the Year Ended 30 June 2010**

(The figures have not been audited)

	<b>12 months ended</b>	
	<b>30.06.2010</b>	<b>30.06.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	69,131	(80,610)
Adjustments for:		
Dividend income	(3,053)	(2,053)
Unrealised foreign exchange (gain) / loss	(315)	112
Interest income	(142)	(264)
Share of results of associated company	(16,033)	14,539
Fair value (gain) / loss of fair value through profit or loss investments	(48,108)	66,280
Fair value (gain) / loss of investment properties	(1,514)	1,891
	<hr/>	<hr/>
Operating loss before working capital changes	(34)	(105)
Receivables	(2)	-
Payables	5	36
	<hr/>	<hr/>
Cash used in operations	(31)	(69)
Taxes paid	(98)	(134)
Taxes refunded	-	139
Retirement benefit paid	-	(100)
	<hr/>	<hr/>
Net cash used in operating activities	(129)	(164)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received	3,289	2,593
Interest received	216	286
	<hr/>	<hr/>
Net cash generated from investing activities	3,505	2,879
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Dividends paid	(543)	(996)
	<hr/>	<hr/>
Net cash used in financing activity	(543)	(996)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	2,833	1,719
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>		
	(674)	185
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>		
	20,908	19,004
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<b>23,067</b>	<b>20,908</b>
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(The Condensed Cash Flow Statement should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.)

**KUCHAI DEVELOPMENT BERHAD (7573-V)**  
**(Incorporated in Malaysia)**

**Part A - Explanatory Notes Pursuant to FRS 134**

**1. Basis of Preparation**

The interim financial statements have been prepared on a historical cost basis except for investment properties and investments at fair value through profit or loss that have been measured at their fair values.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 30 June 2009. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the year ended 30 June 2009.

Except as described below, the significant accounting policies adopted in the unaudited interim financial statements are consistent with those adopted in the Group's audited financial statements for the financial year ended 30 June 2009.

Change in accounting policy - FRS 8: Operating Segments

FRS 8 sets out the requirements for disclosure of information on an entity's operating segment, products and services, the geographical areas in which it operates and its customers. The adoption of this Standard does not result in significant change in the Group's accounting policies and only impact the form and content of disclosures presented in the financial statements.

**2. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 30 June 2009 was not qualified.

**KUCHAI DEVELOPMENT BERHAD (7573-V)**  
**(Incorporated in Malaysia)**

**Part A - Explanatory Notes Pursuant to FRS 134**

**3. Segmental Information**

	12 months ended	
	30.06.2010	30.06.2009
	RM'000	RM'000
<b>Segment Revenue</b>		
Investment	3,053	2,053
Interest income	142	264
Rental income	747	747
Total	<u>3,942</u>	<u>3,064</u>
<b>Segment results</b>		
Investment	51,157	(64,231)
Interest income	142	264
Rental income	2,191	(1,225)
	<u>53,490</u>	<u>(65,192)</u>
Unallocated corporate expenses	(392)	(879)
Gain / (Loss) from operations	<u>53,098</u>	<u>(66,071)</u>
<b>Segment assets</b>		
Investment	255,119	199,665
Interest income	19,420	17,803
Rental income	10,501	9,503
Total assets	<u>285,040</u>	<u>226,971</u>

**4. Unusual Items due to their Nature, Size or Incidence**

Other than the significant fair value gain of RM48.11 million and RM1.51 million resulting from the revaluation of the market value of the Company's long-term investment in securities and investment properties respectively, there were no other unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial year ended 30 June 2010.

**5. Changes in Estimates**

There were no changes in estimates that have had a material effect in the current quarter and year-to-date results.

**KUCHAI DEVELOPMENT BERHAD (7573-V)**  
**(Incorporated in Malaysia)**

**Part A - Explanatory Notes Pursuant to FRS 134**

**6. Comments about Seasonal or Cyclical Factors**

The principal business operations of the Company are not affected by seasonal or cyclical factors.

**7. Dividends Paid**

The amount of dividends paid during the financial year ended 30 June 2010 were as follows:

In respect of the financial year ended 30 June 2009, as reported in the directors' report of that year:

	<b>Amount RM</b>	<b>Net dividend per share Sen</b>
First and final dividend of 0.2% less 25% taxation	90,528	0.08
Bonus dividend of 1.0% less 25% taxation	452,638	0.37
	<u>543,166</u>	<u>0.45</u>

**8. Debt and Equity Securities**

There were no issuance, repurchase and repayment of debts and equity securities in the current quarter and 12 months to-date.

**9. Changes in Composition of the Company**

There were no changes in the composition of the Company during the current quarter.

**10. Capital Commitments**

There are no commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 June 2010.

**11. Changes in Contingent Liabilities and Contingent Assets**

There were no contingent liabilities or contingent assets as at 30 June 2010.

**12. Subsequent Events**

There were no material events subsequent to the end of the current quarter.



**KUCHAI DEVELOPMENT BERHAD (7573-V)**  
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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of  
Bursa Malaysia Securities Berhad**

**13. Performance Review**

The Company's revenue of RM2.76 million for the current quarter and RM3.94 million for the financial year ended 30 June 2010 were higher as compared to the corresponding quarter and financial year ended 30 June 2009. This was mainly due to higher dividend income partially offset by lower interest income.

The after-tax profit of RM17.63 million achieved for the current quarter was however lower than last year's corresponding quarter's RM22.16 million. This was due to lower fair value gain resulting from the revaluation of its long-term investment in securities and share of associate's profit was RM1.63 million as compared to last year's corresponding quarter's share of RM7.38 million.

The Company achieved after-tax profit of RM69.05 million for the current financial year ended 30 June 2010 as compared to the after-tax loss of RM80.8 million suffered last financial year. This was due to:-

- 1) Higher revenue achieved for the current financial year ended 30 June 2010.
- 2) Revaluation of its long-term investment in securities was a fair value gain of RM48.11 million as compared to last financial year's fair value loss of RM66.28 million.
- 3) Revaluation of its investment property was a fair value gain of RM1.51 million while the Company suffered a fair value loss of RM1.89 million last financial year.
- 4) Share of associate's financial results was a profit of RM16.03 million for the current financial year as compared to the share of associate's loss of RM14.54 million for the financial year ended 30 June 2009.

**14. Comment on Material Change in Profit Before Taxation**

The Company achieved a pre-tax profit of RM17.66 million for the current quarter ended 30 June 2010 which was higher than the immediate preceding quarter's RM15.16 million. This was due to higher dividend income and fair value gain arising from the revaluation of its long-term investment in securities. The Company also recorded a fair value gain of RM1.51 million from the revaluation of its investment property while there was none during the immediate preceding quarter ended 31 March 2010. These were partially offset by lower share of associate's profit.

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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of  
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**15. Commentary on Prospects**

The Company's results for the next financial year ending 30 June 2011 will be dependent on dividend income receivable from investments, the effect of exchange rate fluctuations and the market valuation of its investments.

The results of the associated company may be affected by the plantation contribution and market valuation of its investments. The prospect of the plantation's performance for the next financial year ending 30 June 2011 is not expected to improve significantly. For the 1st half of the next financial year, the effect of La Nina may have a major impact on oil palm production as heavier rainfall may hamper harvesting. Major palm oil traders are switching to soyabeans and its oil as profit margins from refining crude palm oil narrow. This may result in fall in FFB prices.

For the 2nd half of the financial year ending 30 June 2011, production is expected to increase while prices may remain stable.

**16. Profit Forecast or Profit Guarantee**

There is no profit forecast or profit guarantee.

**17. Income Tax Expense**

	<b>Individual Quarter</b>		<b>Period-To-Date</b>	
	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>30.06.2010</b>	<b>30.06.2009</b>	<b>30.06.2010</b>	<b>30.06.2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax:				
Malaysian income tax	16	18	19	35
Foreign tax	15	15	59	58
	<u>31</u>	<u>33</u>	<u>78</u>	<u>93</u>
Over provision in prior years:				
Malaysian Tax	-	80	-	95
Total income tax expense	<u>31</u>	<u>113</u>	<u>78</u>	<u>188</u>

The effective tax rates for the current quarter, financial year ended 30 June 2010 and last year's corresponding quarter ended 30 June 2009 were lower than the statutory tax rate applicable in Malaysia due to certain income not subject to tax. The effective tax rate of the corresponding financial year ended 30 June 2009 was higher as certain expenses were not deductible for tax purposes.

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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of  
Bursa Malaysia Securities Berhad**

**18. Sale of Unquoted Investments and Properties**

There were no sales of unquoted investments and properties.

**19. Quoted Securities**

There was no purchase or disposal of quoted securities for the current quarter and year-to-date.

Details of investments in quoted securities classified as financial assets at fair value through profit or loss:

	<b>As at 30.06.2010 RM'000</b>
At cost	9,375
At carrying value	144,240
At market value	<u>144,240</u>

**20. Corporate Proposals**

There was no corporate proposal announced by the Company as at the date of the issue of this quarterly report.

**21. Borrowings**

There were no borrowings and debt securities as at 30 June 2010.

**22. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at 26 August 2010.

**23. Changes in Material Litigation**

There was no pending material litigation as at the date of the issue of this quarterly report.

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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of  
Bursa Malaysia Securities Berhad**

**24. Dividend Payable**

No interim dividend has been declared for the financial year ended 30 June 2010.

**25. Earnings Per Share**

**(a) Basic**

Basic earnings / (loss) per share amounts are calculated by dividing profit / (loss) for the year attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the year.

	<b>Individual Quarter</b>		<b>Period-To-Date</b>	
	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>30.06.2010</b>	<b>30.06.2009</b>	<b>30.06.2010</b>	<b>30.06.2009</b>
Profit / (Loss) attributable to ordinary equity holders (RM'000)	<u>17,628</u>	<u>22,161</u>	<u>69,053</u>	<u>(80,798)</u>
Weighted average number of ordinary shares in issue	<u>120,703</u>	<u>120,703</u>	<u>120,703</u>	<u>120,703</u>
Basic earnings / (loss) per share (Sen)	<u>14.6</u>	<u>18.4</u>	<u>57.2</u>	<u>(66.9)</u>

**(b) Diluted**

Diluted earnings per share is the same as basic profit per share as there is no dilutive potential ordinary shares outstanding as at 30 June 2010.

**26. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 August 2010.