

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

Statement Of Comprehensive Income
For the Financial Period Ended 30 September 2010
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Period-To-Date 3 months ended	
		30.09.2010 RM'000	30.09.2009 RM'000	30.09.2010 RM'000	30.09.2009 RM'000
Revenue	3	920	600	920	600
Direct costs		(20)	(15)	(20)	(15)
Gross profit		900	585	900	585
Other income					
- Fair value (loss) / gain		(15,629)	31,478	(15,629)	31,478
Administrative expenses		(180)	(179)	(180)	(179)
Other expenses					
- Foreign exchange loss		(50)	(85)	(50)	(85)
(Loss) / Profit from Operations	3	(14,959)	31,799	(14,959)	31,799
Share of profit of associate		4,961	8,063	4,961	8,063
(Loss) / Profit before tax		(9,998)	39,862	(9,998)	39,862
Income tax expense	17	(20)	(19)	(20)	(19)
(Loss) / Profit after tax		(10,018)	39,843	(10,018)	39,843
<u>Other comprehensive income</u>					
Foreign currency translation		1,865	1,584	1,865	1,584
Share of other comprehensive expense of associate		(2,339)	(571)	(2,339)	(571)
Other comprehensive (loss) / income for the period, net of tax		(474)	1,013	(474)	1,013
Total comprehensive (loss) income for the period		(10,492)	40,856	(10,492)	40,856
(Loss) / Earnings per share attributable to equity holders of the Company:					
Basic (Sen)	25(a)	(8.3)	33.0	(8.3)	33.0
Diluted (Sen)	25(b)	(8.3)	33.0	(8.3)	33.0

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

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

Statement of Financial Position
As at 30 September 2010

	(Unaudited) As at 30.09.2010 RM'000	(Audited) As at 30.06.2010 RM'000
ASSETS		
Non-current assets		
Investment properties	12,302	12,218
Investment in associate	108,746	105,382
Investments at fair value through profit or loss	129,492	144,240
	<u>250,540</u>	<u>261,840</u>
Current assets		
Sundry receivables	84	133
Tax recoverable	21	-
Cash and bank balances	23,949	23,067
	<u>24,054</u>	<u>23,200</u>
TOTAL ASSETS	<u>274,594</u>	<u>285,040</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders to the Company		
Share capital	60,352	60,352
Reserves	213,211	223,703
	<u>273,563</u>	<u>284,055</u>
Current liabilities		
Sundry payables	1,031	962
Tax payable	-	23
	<u>1,031</u>	<u>985</u>
Total liabilities	<u>1,031</u>	<u>985</u>
TOTAL EQUITY AND LIABILITIES	<u>274,594</u>	<u>285,040</u>

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

KUCHAI DEVELOPMENT BERHAD (7573-V)

(Incorporated in Malaysia)

Statement of Changes in Equity**For the Financial Period Ended 30 September 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
Opening balance at 1 July 2010	60,352	29,468	7,826	12,611	6,000	167,798	284,055
Total comprehensive income for the period	-	(2,339)	1,865	-	-	(10,018)	(10,492)
Closing balance at 30 September 2010	<u>60,352</u>	<u>27,129</u>	<u>9,691</u>	<u>12,611</u>	<u>6,000</u>	<u>157,780</u>	<u>273,563</u>
Opening balance at 1 July 2009	60,352	32,599	15,074	12,611	6,000	99,288	225,924
Total comprehensive income for the period	-	(572)	1,585	-	-	39,843	40,856
Closing balance at 30 September 2009	<u>60,352</u>	<u>32,027</u>	<u>16,659</u>	<u>12,611</u>	<u>6,000</u>	<u>139,131</u>	<u>266,780</u>

The 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)

Statement of Cash Flows
For the Financial Period Ended 30 September 2010
(The figures have not been audited)

	3 months ended	
	30.09.2010	30.09.2009
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(9,998)	39,862
Adjustments for:		
Dividend income	(705)	(371)
Unrealised foreign exchange loss	50	85
Interest income	(34)	(38)
Share of profit of associated company	(4,961)	(8,063)
Fair value loss / (gain) of fair value through profit or loss investments	15,629	(31,478)
Operating loss before working capital changes	(19)	(3)
Receivables	11	23
Payables	62	38
Cash generated from operations	54	58
Taxes paid	(63)	(18)
Net cash (used in) / generated from operating activities	<u>(9)</u>	<u>40</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	705	371
Interest received	73	139
Net cash generated from investing activities	<u>778</u>	<u>510</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	769	550
EFFECTS OF EXCHANGE RATE CHANGES	113	141
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	23,067	20,908
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>23,949</u>	<u>21,599</u>

The statement of cash flows 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 Economic Entity for the year ended 30 June 2010. 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 Economic Entity since the year ended 30 June 2010.

Except as described below, the significant accounting policies adopted in the unaudited interim financial statements are consistent with those adopted in the Economic Entity's audited financial statements for the financial year ended 30 June 2010.

(a) Adoption of New and Revised FRSs, IC Interpretations and Amendments to FRS

FRSs, Amendments to FRS and IC Interpretations

FRS 4: Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 101 Presentation of Financial Statements (revised)

FRS 123 Borrowing Costs

Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127:

Consolidated and Separate Financial Statements: Cost of Investment in Subsidiary Jointly Controlled Entity or Associate

Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations

Amendments to FRS 132 Financial Instruments: Presentation

Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7:

Financial Instruments: Disclosure and IC Interpretation 9: Reassessment of Embedded Derivatives.

Amendments to FRSs 'Improvement to FRS (2009)'

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

IC Interpretation 13: Customer Loyalty Programmes

IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding

Requirements and their Interaction

TR i – 3: Presentation of Financial Statements of Islamic Financial Institutions

Other than the application of FRS 101, the application of new FRSs, Amendments to FRSs and interpretations that are effective for the financial statements commencing on 1 July 2010 did not result in any significant changes in the accounting policies and presentation of financial results of the Economic Entity.

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

Part A - Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation (cont'd)

FRS101 Presentation of Financial Statements

FRS 101 requires the separation of owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity, if any, will be presented as a single line labeled as total comprehensive income. Comparative information have been re-presented in conformity with the relevant standard.

In addition, FRS 101 has introduced new title on the financial statements. Statement of Financial Position has replaced Balance Sheet, Statement of Comprehensive Income has replaced Income Statement and Statement of Cash Flows has replaced Cash Flow Statement. This Standard does not have any material impact on the financial position and results of the Economic Entity.

(b) Revised FRSs, IC Interpretations and Amendments to FRS issued and not yet effective

The Economic Entity has not early adopted the following revised FRSs, IC Interpretations and amendments to FRSs which have been issued as at the date of authorisation of these financial statements and will be effective for the financial periods as stated below:

	Effective date for financial periods beginning on or after
Amendments to FRS 132: Classification of Rights Issue	1 March 2010
FRS 1(revised): First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (revised): Business Combinations	1 July 2010
FRS 127 (revised): Consolidated & Separate Financial Statements	1 July 2010
Amendments to FRS 2: Share-based Payment 1 July 2010	1 July 2010
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138: Intangible Assets	1 July 2010
IC Interpretation 12: Service Concession Arrangements	1 July 2010
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17: Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
Amendments to FRS 1: Limited exception for comparative FRS 7: Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendment to FRS 1: Additional exemptions for First-Time Adopters	1 January 2011
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
IC Interpretation 4: Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18: Transfers of Assets from Customers	1 January 2011
IC Interpretation 4: Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18: Transfers of Assets from Customers	1 January 2011
TR 3 Guidance on Disclosures of Transaction to IFRSs	1 January 2011
TR i-4 Shariah Compliant Sale Contracts	1 January 2011
IC Interpretation 15: Agreements for the Construction of Real Estate	1 January 2012

KUCHAI DEVELOPMENT BERHAD (7573-V)
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Part A - Explanatory Notes Pursuant to FRS 134

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 30 June 2010 was not qualified.

3. Segmental Information

	3 months ended	
	30.09.2010	30.09.2009
	RM'000	RM'000
Segment Revenue		
Investment	705	371
Interest income	34	38
Rental income	181	191
Total	<u>920</u>	<u>600</u>
Segment results		
Investment	(14,925)	31,849
Interest income	34	38
Rental income	161	176
	<u>(14,730)</u>	<u>32,063</u>
Unallocated corporate expenses	(229)	(264)
(Loss) / Gain from operations	<u>(14,959)</u>	<u>31,799</u>
Segment assets		
Investment	244,679	234,838
Interest income	19,335	21,658
Rental income	10,559	11,367
	<u>274,573</u>	<u>267,863</u>
Unallocated corporate asset	21	14
Total assets	<u>274,594</u>	<u>267,877</u>

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

Other than the significant fair value loss of RM15.63 million resulting from the revaluation of the market value of the Company's long-term investment in securities, there were no other unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 September 2010.

5. Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter results.

KUCHAI DEVELOPMENT BERHAD (7573-V)
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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

No dividend was paid since the last quarter.

8. Debt and Equity Securities

There were no issuance, repurchase and repayment of debts and equity securities in the current quarter.

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 September 2010.

11. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 30 September 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 RM920,000 for the current quarter ended 30 September 2010 was higher than last year's corresponding quarter of RM600,000. This was attributed to higher dividend income.

For the current quarter, the Company suffered a hefty after-tax loss of RM10.02 million as compared to last year's corresponding quarter's after-tax profit of RM39.84 million. This was due to the revaluation of its long-term investment in securities, resulting in a fair value loss of RM15.63 million as compared to last year's corresponding quarter's fair value gain of RM31.48 million. Share of associate's profit of RM4.96 million was also lower than last year's corresponding quarter's of RM8.06 million.

14. Comment on Material Change in Profit Before Taxation

The Company suffered a pre-tax loss of RM10 million for the current quarter ended 30 September 2010 while a pre-tax profit of RM17.66 million was recorded for the immediate preceding quarter ended 30 June 2010. This was due to lower dividend income and the revaluation of its long-term investment in securities, resulting in a fair value loss of RM15.63 million for the current quarter while fair value gain of RM13.45 million was posted for the immediate preceding quarter despite higher share of associate's profit by RM3.34 million.

15. Commentary on Prospects

The Company's results for the rest of the 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 rest of the financial year ending 30 June 2011 is not expected to improve significantly. The production for the 1st half of the current financial year may experience the effect of La Nina as heavier rainfall may hamper harvesting. However, this may be compensated by higher FFB prices if the current pricing trend continues.

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

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

16. Profit Forecast or Profit Guarantee

There is no profit forecast or profit guarantee.

17. Income Tax Expense

	Individual Quarter		Period-To-Date	
	3 months ended		3 months ended	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	7	5	7	5
Foreign tax	13	14	13	14
Total income tax expense	<u>20</u>	<u>19</u>	<u>20</u>	<u>19</u>

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

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.

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

	As at
	30.09.2010
	RM'000
At cost	5,922
At carrying value	126,049
At market value	<u>126,049</u>

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

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 September 2010.

22. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 29 November 2010.

23. Changes in Material Litigation

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

24. Dividend Payable

The following dividends in respect of the financial year ended 30 June 2010 on 120,703,494 ordinary shares have been approved by the shareholders at the Annual General Meeting on 29 November 2010.

	Amount	Net dividend
	RM	per share
		Sen
First and final dividend of 0.2% less 25% taxation	90,528	0.08
Bonus dividend of 1.5% less 25% taxation	678,957	0.56
	<u>769,485</u>	<u>0.64</u>

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**

25. Earnings Per Share

(a) Basic

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

	Individual Quarter		Period-To-Date	
	3 months ended		3 months ended	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
(Loss) / Profit attributable to ordinary equity holders (RM'000)	<u>(10,018)</u>	<u>39,843</u>	<u>(10,018)</u>	<u>39,843</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 (loss) / earnings per share (Sen)	<u>(8.3)</u>	<u>33.0</u>	<u>(8.3)</u>	<u>33.0</u>

(b) Diluted

Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share as there is no dilutive potential ordinary shares outstanding as at 30 September 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 29 November 2010.