

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

Statement Of Comprehensive Income
For the Financial Period Ended 31 December 2010
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Period-To-Date 6 months ended	
		31.12.2010 RM'000	31.12.2009 RM'000	31.12.2010 RM'000	31.12.2009 RM'000
Revenue	3	333	326	1,253	926
Direct costs		(21)	(15)	(41)	(30)
Gross profit		312	311	1,212	896
Other income					
- Fair value gain / (loss)		523	(5,508)	(15,106)	25,970
Administrative expenses		(253)	(171)	(433)	(350)
Other expenses					
- Foreign exchange (loss) / gain		(145)	61	(195)	(24)
Profit / (Loss) from Operations	3	437	(5,307)	(14,522)	26,492
Share of profit of associate		5,165	1,748	10,126	9,811
Profit / (Loss) before tax		5,602	(3,559)	(4,396)	36,303
Income tax expense	17	(13)	(14)	(33)	(33)
Profit / (Loss) after tax		5,589	(3,573)	(4,429)	36,270
<u>Other comprehensive income</u>					
Foreign currency translation		2,743	(992)	4,608	592
Share of other comprehensive income / (loss) of associate		122	(648)	(2,217)	(1,219)
Other comprehensive income / (loss) for the period, net of tax		2,865	(1,640)	2,391	(627)
Total comprehensive income / (loss) for the period		8,454	(5,213)	(2,038)	35,643
Earnings / (Loss) per share attributable to equity holders of the Company:					
Basic (Sen)	25(a)	4.6	(3.0)	(3.7)	30.0
Diluted (Sen)	25(b)	4.6	(3.0)	(3.7)	30.0

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 31 December 2010

	(Unaudited) As at 31.12.2010 RM'000	(Audited) As at 30.06.2010 RM'000
ASSETS		
Non-current assets		
Investment properties	12,546	12,218
Investment in associate	113,055	105,382
Investments at fair value through profit or loss	132,809	144,240
	<u>258,410</u>	<u>261,840</u>
Current assets		
Sundry receivables	413	133
Tax recoverable	20	-
Cash and bank balances	23,578	23,067
	<u>24,011</u>	<u>23,200</u>
TOTAL ASSETS	<u>282,421</u>	<u>285,040</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders to the Company		
Share capital	60,352	60,352
Reserves	220,896	223,703
	<u>281,248</u>	<u>284,055</u>
Current liabilities		
Sundry payables	1,173	962
Tax payable	-	23
	<u>1,173</u>	<u>985</u>
Total liabilities	<u>1,173</u>	<u>985</u>
TOTAL EQUITY AND LIABILITIES	<u>282,421</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 31 December 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 / (loss) for the period	-	(2,217)	4,608	-	-	(4,429)	(2,038)
Dividends						(769)	(769)
Closing balance at 31 December 2010	60,352	27,251	12,434	12,611	6,000	162,600	281,248
Opening balance at 1 July 2009	60,352	32,599	15,074	12,611	6,000	99,288	225,924
Total comprehensive income / (loss) for the period	-	(1,219)	592	-	-	36,270	35,643
Dividends						(543)	(543)
Closing balance at 31 December 2009	60,352	31,380	15,666	12,611	6,000	135,015	261,024

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 31 December 2010
(The figures have not been audited)

	6 months ended	
	31.12.2010	31.12.2009
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(4,396)	36,303
Adjustments for:		
Dividend income	(820)	(473)
Unrealised foreign exchange loss	195	24
Interest income	(65)	(75)
Share of profit of associated company	(10,126)	(9,811)
Fair value loss / (gain) of fair value through profit or loss investments	15,106	(25,970)
Operating loss before working capital changes	(106)	(2)
Receivables	(38)	(26)
Payables	185	81
Cash generated from operations	41	53
Taxes paid	(73)	(82)
Net cash used in operating activities	<u>(32)</u>	<u>(29)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	786	463
Interest received	95	179
Net cash generated from investing activities	<u>881</u>	<u>642</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid	(769)	(543)
Net cash used in financing activity	<u>(769)</u>	<u>(543)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	80	70
EFFECTS OF EXCHANGE RATE CHANGES	431	44
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	<u>23,067</u>	<u>20,908</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u><u>23,578</u></u>	<u><u>21,022</u></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 freehold land included within property, plant and equipment, investment properties and available-for-sale investments 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 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 Group 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 Group'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

Amendments to FRS 132: Classification of Rights Issue

FRS 1(revised): First-time Adoption of Financial Reporting Standards

FRS 3 (revised): Business Combinations

FRS 127 (revised): Consolidated & Separate Financial Statements

Amendments to FRS 2: Share-based Payment

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

Part A - Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation (cont'd)

Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138: Intangible Assets
IC Interpretation 12: Service Concession Arrangements
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17: Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives

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 Group.

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 labelled 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 Group.

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

The Group 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 1: Limited exemption 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
Improvements to FRS issued in 2010	1 January 2011
IC Interpretation 19 : Extinguishing Financial Liabilities with Equity Instruments	1 July 2011

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

1. Basis of Preparation (cont'd)

	Effective date for financial periods beginning on or after
Amendments to IC interpretation 14: Prepayments of a minimum funding requirement	1 July 2011
IC Interpretation 15: Agreements for the Construction of Real Estate	1 January 2012
FRS 124 : Related Party Disclosures (Revised)	1 January 2012

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

	6 months ended	
	31.12.2010	31.12.2009
	RM'000	RM'000
Segment Revenue		
Investment	820	473
Interest income	65	75
Rental income	368	378
Total	<u>1,253</u>	<u>926</u>
Segment results		
Investment	(14,288)	26,441
Interest income	65	76
Rental income	327	348
	<u>(13,896)</u>	<u>26,865</u>
Unallocated corporate expenses	(626)	(373)
(Loss) / Profit from operations	<u>(14,522)</u>	<u>26,492</u>
Segment assets		
Investment	253,564	229,717
Interest income	18,024	21,079
Rental income	10,813	11,301
	<u>282,401</u>	<u>262,097</u>
Unallocated corporate asset	20	12
Total assets	<u>282,421</u>	<u>262,109</u>

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

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

Other than the significant fair value loss of RM15.11 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 31 December 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.

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 period ended 31 December 2010 were as follows:

In respect of the financial year ended 30 June 2010, as reported in the directors' report of that year:

	Amount RM	Net dividend 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	<u>678,957</u>	<u>0.56</u>
	<u><u>769,485</u></u>	<u><u>0.64</u></u>

8. Debt and Equity Securities

There were no issuance, repurchase and repayment of debts and equity securities in the current quarter and 6 months to-date.

9. Changes in Composition of the Company

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

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

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 31 December 2010.

11. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 31 December 2010.

12. Subsequent Events

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

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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 RM333,000 for the current quarter and RM1.25 million for the period ended 31 December 2010 were higher than last year's corresponding quarter and period ended 31 December 2009. This was attributed to higher dividend income.

For the current quarter, the Company reported after-tax profit of RM5.59 million as compared to last year's corresponding quarter's after-tax loss of RM3.57 million. This was due to the revaluation of its long-term investment in securities, resulting in a fair value gain of RM523,000 as compared to last year's corresponding quarter's fair value loss of RM5.51 million. Share of associate's profit of RM5.17 million was also higher than last year's corresponding quarter's of RM1.75 million.

The Company, however, suffered after-tax loss of RM4.43 million for the current period-to-date while after-tax profit of RM36.27 million was achieved a year ago. This was due to the revaluation of its long-term investment in securities, resulting in a fair value loss of RM15.11 million as compared to last year's corresponding period-to-date's fair value gain of RM25.97 million. This was partially offset by higher share of associate's profit of RM10.13 million as compared to RM9.81 million for last year's corresponding period-to-date.

**14. Comment on Material Change in Profit Before Taxation for the Current Quarter as
Compared with the Immediate Preceding Quarter**

The Company achieved a pre-tax profit of RM5.6 million for the current quarter ended 31 December 2010 while a pre-tax loss of RM10 million was suffered for the immediate preceding quarter ended 30 September 2010. This was due to the revaluation of its long-term investment in securities, resulting in a fair value gain of RM523,000 for the current quarter as compared to the fair value loss of RM15.63 million suffered during the immediate preceding quarter. Share of associate's profit for the current quarter was also higher by RM204,000.

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 plantation is expected to perform satisfactorily as the average FFB prices have strengthened substantially since the end of the previous financial year. They are expected to remain strong for the rest of the financial year ending 30 June 2011.

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		6 months ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	(1)	(2)	6	3
Foreign tax	14	16	27	30
Total income tax expense	<u>13</u>	<u>14</u>	<u>33</u>	<u>33</u>

The effective tax rates for the current quarter and last year's period-to-date ended 31 December 2009 were lower than the statutory tax rate applicable in Malaysia as certain income was not subject to tax. However, the effective tax rates for current period-to-date and last year's corresponding quarter were higher as certain expenses were not deductible for tax purposes.

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
	31.12.2010
	RM'000
At cost	5,922
At carrying value	128,810
At market value	<u>128,810</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 31 December 2010.

22. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 28 February 2011.

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 Board approved a special interim dividend of 1% less 25% taxation for the financial year ending 30 June 2011. The book closure date will be determined in due course.

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

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

25. Earnings Per Share

(a) Basic

Basic earnings/(loss) per share amounts are calculated by dividing profit/(loss) for the period 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		6 months ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Profit / (Loss) attributable to ordinary equity holders (RM'000)	<u>5,589</u>	<u>(3,573)</u>	<u>(4,429)</u>	<u>36,270</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>4.6</u>	<u>(3.0)</u>	<u>(3.7)</u>	<u>30.0</u>

(b) Diluted

Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as there is no dilutive potential ordinary shares outstanding as at 31 December 2010.

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

26. Disclosure of Realised and Unrealised Profits / (Losses)

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed companies to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses. On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirement, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits mentioned above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

The breakdown of retained profits of the Group as at 31 December 2010, pursuant to the format prescribed by Bursa Malaysia, is as follows:

	As at 31.12.10 RM'000	As at 30.09.10 RM'000
Total retained profits of the Company:		
- Realised	(36,508)	(36,021)
- Unrealised	125,265	124,886
	88,757	88,865
Total share of retained profits from associated company:		
- Realised	37,939	37,388
- Unrealised	39,316	34,701
	77,255	72,089
	166,012	160,954
Less: Consolidation adjustments	(3,412)	(3,174)
	<u>162,600</u>	<u>157,780</u>

27. 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 28 February 2011.