

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

**Statement Of Comprehensive Income**  
**For the Financial Period Ended 31 December 2011**  
(The figures have not been audited)

		<b>Individual Quarter</b> <b>3 months ended</b>		<b>Period-To-Date</b> <b>6 months ended</b>	
	<b>Note</b>	<b>31.12.11</b> <b>RM'000</b>	<b>31.12.10</b> <b>RM'000</b>	<b>31.12.11</b> <b>RM'000</b>	<b>31.12.10</b> <b>RM'000</b>
<b>Revenue</b>	4	319	333	1,288	1,253
Direct costs		(24)	(21)	(49)	(41)
<b>Gross profit</b>		295	312	1,239	1,212
Other income					
- Fair value gain		1,251	523	-	-
- Foreign exchange gain		41	-	31	-
Administrative expenses		(200)	(253)	(387)	(433)
Other expenses					
- Fair value loss		-	-	(16,270)	(15,106)
- Foreign exchange loss		-	(145)	-	(195)
<b>Gain / (Loss) from Operations</b>	4	1,387	437	(15,387)	(14,522)
Share of (loss) / profit of associate		(233)	5,165	(9,581)	10,126
<b>Profit / (Loss) before tax</b>		1,154	5,602	(24,968)	(4,396)
Income tax expense	20	(1)	(13)	(23)	(33)
<b>Profit / (Loss) after tax</b>		1,153	5,589	(24,991)	(4,429)
<b><u>Other comprehensive income</u></b>					
Foreign currency translation		(1,046)	2,743	(915)	4,608
Share of other comprehensive (loss) / income of associate		(43)	122	2,141	(2,217)
<b>Other comprehensive (loss) / income for the period, net of tax</b>		(1,089)	2,865	1,226	2,391
<b>Total comprehensive income / (loss) for the period</b>		64	8,454	(23,765)	(2,038)
<b>Earnings / (Loss) per share attributable to equity holders of the Company:</b>					
Basic (Sen)	25(a)	1.0	4.6	(20.7)	(3.7)
Diluted (Sen)	25(b)	1.0	4.6	(20.7)	(3.7)

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 2011**

	(Unaudited) As at <b>31.12.11</b> RM'000	(Audited) As at <b>30.06.2011</b> RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment properties	15,467	15,546
Investment in associate	104,382	112,235
Investments at fair value through profit or loss	113,117	128,859
	<u>232,966</u>	<u>256,640</u>
<b>Current assets</b>		
Sundry receivables	513	138
Tax recoverable	41	7
Cash and bank balances	27,384	28,458
	<u>27,938</u>	<u>28,603</u>
<b>TOTAL ASSETS</b>	<u>260,904</u>	<u>285,243</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	60,352	60,352
Reserves	199,332	223,776
	<u>259,684</u>	<u>284,128</u>
<b>Current liabilities</b>		
Sundry payables	1,220	1,115
	<u>1,220</u>	<u>1,115</u>
<b>Total liabilities</b>	<u>1,220</u>	<u>1,115</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>260,904</u>	<u>285,243</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 2011**

(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>Opening balance at 1 July 2011</b>	60,352	26,402	17,152	12,611	6,000	161,611	284,128
Total comprehensive income / (loss) for the period	-	2,141	(915)	-	-	(24,991)	(23,765)
Dividends	-	-	-	-	-	(679)	(679)
<b>Closing balance at 31 December 2011</b>	<b>60,352</b>	<b>28,543</b>	<b>16,237</b>	<b>12,611</b>	<b>6,000</b>	<b>135,941</b>	<b>259,684</b>
<b>Opening balance at 1 July 2010</b>	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)
<b>Closing balance at 31 December 2010</b>	<b>60,352</b>	<b>27,251</b>	<b>12,434</b>	<b>12,611</b>	<b>6,000</b>	<b>162,600</b>	<b>281,248</b>

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 2011**

(The figures have not been audited)

	<b>6 months ended</b>	
	<b>31.12.11</b>	<b>31.12.10</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Loss before taxation	(24,968)	(4,396)
Adjustments for:		
Dividend income	(848)	(820)
Unrealised foreign exchange (gain) / loss	(31)	195
Interest income	(60)	(65)
Share of loss / (profit) of associated company	9,581	(10,126)
Fair value loss of fair value through profit or loss investments	16,270	15,106
Operating cash flows before working capital changes	(56)	(106)
Receivables	(50)	(38)
Payables	111	185
Cash flows generated from operations	5	41
Taxes paid	(54)	(73)
Net cash flows used in operating activities	(49)	(32)
<b>INVESTING ACTIVITIES</b>		
Interest received	76	95
Dividends received	920	786
Acquisition of fair value through profit or loss investments	(1,220)	-
Net cash flows (used in) / from investing activities	(224)	881
<b>FINANCING ACTIVITY</b>		
Dividends paid	(679)	(769)
Net cash flow used in financing activity	(679)	(769)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(952)	80
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	(122)	431
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	28,458	23,067
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	27,384	23,578

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 Economic Entity for the year ended 30 June 2011. 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 2011.

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 2011.

**2. Significant accounting policies**

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 2011.

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

**FRSs, Amendments to FRS and IC Interpretations**

Amendments to FRS 1:	Limited exemption for comparatives FRS 7: Disclosures for First-time Adopters
Amendments to FRS 1:	Additional exemptions for First-time Adopters
Amendments to FRS 2:	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7:	Improving Disclosures about Financial Instruments
IC Interpretation 4:	Determining whether an Arrangement contains a Lease
IC Interpretation 18:	Transfers of Assets from Customers
Improvements to FRSs issued in 2010	
IC Interpretation 19:	Extinguishing Financial Liabilities with Equity Investments
Amendments to IC	
Interpretation 14:	Prepayments of a Minimum Funding Requirement

Except for the new disclosures required under the Amendments to FRS 7, the application of new FRSs, Amendments to FRSs and interpretations that are effective for the financial statements commencing on 1 July 2011 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**

**2. Significant Accounting Policies (cont'd)**

**(b) Revised FRS and IC Interpretation issued and not yet effective**

The Economic Entity has not early adopted the following revised FRS and IC Interpretation 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:

	<b>Effective date for financial periods beginning on or after</b>
Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Transfers of Financial Assets	1 January 2012
Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets	1 January 2012
FRS 124 Related Party Disclosures	1 January 2012
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 9 Financial Instruments	1 January 2013
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 Employee Benefits	1 January 2013
FRS 127 Separate Financial Statements	1 January 2013
FRS 128 Investment in Associate and Joint Ventures	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

**Malaysian Financial Reporting Standards (MFRS Framework)**

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

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

**2. Significant Accounting Policies (cont'd)**

**(b) Revised FRS and IC Interpretation issued and not yet effective (cont'd)**

**Malaysian Financial Reporting Standards (MFRS Framework) (cont'd)**

The Economic Entity falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30 June 2014. In presenting its first MFRS financial statements, the Economic Entity will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

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

The auditors' report on the financial statements for the year ended 30 June 2011 was not qualified.

**4. Segmental Information**

	<b>6 months ended</b>	
	<b>31.12.11</b>	<b>31.12.10</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Segment Revenue</b>		
Investment	848	820
Interest income	60	65
Rental income	380	368
Total	<u>1,288</u>	<u>1,253</u>
<b>Segment results</b>		
Investment	(15,424)	(14,288)
Interest income	60	65
Rental income	331	327
	<u>(15,033)</u>	<u>(13,896)</u>
Unallocated corporate expenses	(354)	(626)
Loss from operations	<u>(15,387)</u>	<u>(14,522)</u>
<b>Segment assets</b>		
Investment	228,915	253,564
Interest income	18,435	18,024
Rental income	13,507	10,813
	<u>260,857</u>	<u>282,401</u>
Unallocated corporate asset	47	20
Total assets	<u>260,904</u>	<u>282,421</u>

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

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

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

Other than the significant fair value loss of RM16.27 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 2011.

**6. Changes in Estimates**

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

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

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

**8. Dividends Paid**

The amount of dividends paid during the financial period ended 31 December 2011 were as follows:

In respect of the financial year ended 30 June 2011, 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 1.3% less 25% taxation	588,427	0.48
	<u>678,955</u>	<u>0.56</u>

**9. 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.

**10. 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**

**11. 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 2011.

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

There were no contingent liabilities or contingent assets as at 31 December 2011.

**13. Related Party Transactions**

Transactions with related parties are as follows:

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>31.12.11</b>	<b>31.12.10</b>	<b>31.12.11</b>	<b>31.12.10</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Rental income from Ice Cold Beer Pte. Ltd., a company in which a director, Lee Chung-Shih, has an interest	188	187	380	368
Administration and support services payable to The Nyalas Rubber Estates Limited, a company in which a director, Lee Chung-Shih has an interest	<u>38</u>	<u>57</u>	<u>86</u>	<u>97</u>

**14. Subsequent Events**

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

**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**

**15. Performance Review**

The Company's revenue of RM319,000 for the current quarter ended 31 December 2011 was slightly lower than last year's corresponding quarter of RM333,000. This was mainly due to lower dividend income. However, the fiscal first half's revenue of RM1.29 million was higher by 2.8% year-on-year, mainly attributed to higher dividend income.

Net profit attributable to shareholders fell to RM1.15 million for the three months ended 31 December 2011, from RM5.59 million a year ago despite higher fair value gain from the revaluation of its long-term investments in securities. This was because the share of associate's financial results was a loss of RM233,000 whilst the corresponding quarter a year ago was a profit of RM5.17 million.

For the fiscal first half, the Company suffered after-tax loss of RM24.99 million which was significantly higher than the loss of RM4.40 million suffered a year ago. This was due to:-

- 1) The fair value loss of RM16.27 million arising from the revaluation of its long-term investment in securities was higher than last year's period-to-date's loss of RM15.11 million.
- 2) Share of associate's financial results was a loss of RM9.58 million while last year's corresponding period-to-date was a profit of RM10.13 million.

**16. 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 RM1.15 million for the current quarter ended 31 December 2011 while a pre-tax loss of RM26.12 million was suffered for the immediate preceding quarter ended 30 September 2011. This was due to:-

- 1) Revaluation of its long-term investment in securities was a fair value gain of RM1.25 million for the current quarter as compared to the fair value loss of RM17.52 million posted for the immediate preceding quarter.
- 2) Share of associate's loss was RM233,000 for the current quarter. This was lower than the immediate preceding quarter's loss of RM9.35 million.

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**(Incorporated in Malaysia)**

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

**17. Commentary on Prospects**

The Company's results for the rest of the financial year ending 30 June 2012 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 achieve satisfactory levels of profitability, barring unforeseen circumstances.

**18. Profit Forecast or Profit Guarantee**

There is no profit forecast or profit guarantee.

**19. (Loss)/Profit before tax**

(Loss)/Profit for the period is arrived after charging/(crediting):

	<b>Current Quarter RM'000</b>	<b>Year- To-Date RM'000</b>
Interest income	(30)	(60)
Other income including investment income	(101)	(848)
Fair value (gain) / loss	(1,251)	16,270
Interest expense	n/a	n/a
Depreciation and amortization	n/a	n/a
Provision for and write off of receivables	n/a	n/a
Provision for and write off of inventories	n/a	n/a
Gain or loss on disposal of quoted or unquoted investments or properties	n/a	n/a
Impairment of assets	n/a	n/a
Foreign exchange (gain)/loss	(41)	(31)
(Gain)/Loss on derivatives	n/a	n/a
Exceptional items	n/a	n/a

n/a : Not applicable

**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**

**20. Income Tax Expense**

	<b>Individual Quarter</b>		<b>Period-To-Date</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>31.12.11</b>	<b>31.12.10</b>	<b>31.12.11</b>	<b>31.12.10</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax:				
Malaysian income tax	(10)	(1)	(5)	6
Foreign tax	11	14	28	27
Total income tax expense	<u>1</u>	<u>13</u>	<u>23</u>	<u>33</u>

The effective tax rates for the current quarter ended 31 December 2011 and last year's corresponding quarter were lower than the statutory tax rates applicable in Malaysia as certain income was not subject to tax. However, the effective tax rates for the current and last year's period-to-date were higher as certain expenses were not deductible for tax purposes.

**21. Corporate Proposals**

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

**22. Borrowings**

There were no borrowings and debt securities as at 31 December 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 directors do not recommend any dividend for the current quarter under review.

**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/(Loss) 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.

	<b>Individual Quarter</b>		<b>Period-To-Date</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>31.12.11</b>	<b>31.12.10</b>	<b>31.12.11</b>	<b>31.12.10</b>
Earnings/(Loss) attributable to ordinary equity holders (RM'000)	<u>1,153</u>	<u>5,589</u>	<u>(24,991)</u>	<u>(4,429)</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>1.0</u>	<u>4.6</u>	<u>(20.7)</u>	<u>(3.7)</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 2011.

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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)**

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 Economic Entity as at 31 December 2011, pursuant to the format prescribed by Bursa Malaysia , is as follows:

	<b>As at 31.12.11 RM'000</b>	<b>As at 31.12.10 RM'000</b>
<b>Total retained (losses) / profits of the Company:</b>		
- Realised	(34,503)	(36,508)
- Unrealised	106,572	125,265
	72,069	88,757
<b>Total share of retained profits from associated company:</b>		
- Realised	39,119	37,939
- Unrealised	28,701	39,316
	67,820	77,255
	139,889	166,012
<b>Less: Consolidation adjustments</b>	(3,948)	(3,412)
	135,941	162,600

**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 29 February 2012.