

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

Statement Of Comprehensive Income
For the Financial Period Ended 31 March 2012
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Period-To-Date 9 months ended	
		31.03.12 RM'000	31.03.11 RM'000	31.03.12 RM'000	31.03.11 RM'000
Revenue	4	213	252	1,501	1,505
Direct costs		(24)	(25)	(73)	(66)
Gross profit		189	227	1,428	1,439
Other income					
- Fair value gain		9,900	-	-	-
- Foreign exchange gain		8	-	39	-
Administrative expenses		(233)	(245)	(620)	(678)
Other expenses					
- Fair value loss		-	(5,041)	(6,370)	(20,147)
- Foreign exchange loss		-	(26)	-	(221)
Profit / (Loss) from Operations	4	9,864	(5,085)	(5,523)	(19,607)
Share of profit / (loss) of associate		7,571	(1,516)	(2,010)	8,610
Profit / (Loss) before tax		17,435	(6,601)	(7,533)	(10,997)
Income tax expense	20	(7)	(9)	(30)	(42)
Profit / (Loss) after tax		17,428	(6,610)	(7,563)	(11,039)
<u>Other comprehensive income</u>					
Foreign currency translation		(398)	658	(1,313)	5,266
Share of other comprehensive income of associate		(1,561)	(809)	580	(3,026)
Other comprehensive income for the period, net of tax		(1,959)	(151)	(733)	2,240
Total comprehensive income for the period		15,469	(6,761)	(8,296)	(8,799)
Earnings / (Loss) per share attributable to equity holders of the Company:					
Basic (Sen)	25(a)	14.4	(5.5)	(6.3)	(9.1)
Diluted (Sen)	25(b)	14.4	(5.5)	(6.3)	(9.1)

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 March 2012

	(Unaudited) As at 31.03.12 RM'000	(Audited) As at 30.06.2011 RM'000
ASSETS		
Non-current assets		
Investment properties	15,441	15,546
Investment in associate	110,393	112,235
Investments at fair value through profit or loss	122,670	128,859
	<u>248,504</u>	<u>256,640</u>
Current assets		
Sundry receivables	208	138
Tax recoverable	32	7
Cash and bank balances	27,493	28,458
	<u>27,733</u>	<u>28,603</u>
TOTAL ASSETS	<u>276,237</u>	<u>285,243</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	60,352	60,352
Reserves	214,801	223,776
	<u>275,153</u>	<u>284,128</u>
Current liabilities		
Sundry payables	1,084	1,115
	<u>1,084</u>	<u>1,115</u>
Total liabilities	<u>1,084</u>	<u>1,115</u>
TOTAL EQUITY AND LIABILITIES	<u>276,237</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 March 2012**

(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 2011	60,352	26,402	17,152	12,611	6,000	161,611	284,128
Total comprehensive income for the period	-	580	(1,313)	-	-	(7,563)	(8,296)
Dividends	-	-	-	-	-	(679)	(679)
Closing balance at 31 March 2012	60,352	26,982	15,839	12,611	6,000	153,369	275,153
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	-	(3,026)	5,266	-	-	(11,039)	(8,799)
Dividends	-	-	-	-	-	(769)	(769)
Closing balance at 31 March 2011	60,352	26,442	13,092	12,611	6,000	155,990	274,487

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 March 2012
(The figures have not been audited)

	9 months ended	
	31.03.12	31.03.11
	RM'000	RM'000
OPERATING ACTIVITIES		
Loss before taxation	(7,533)	(10,997)
Adjustments for:		
Dividend income	(857)	(859)
Unrealised foreign exchange (gain) / loss	(39)	221
Interest income	(88)	(92)
Share of loss / (profit) of associated company	2,010	(8,610)
Fair value loss of fair value through profit or loss investments	6,370	20,147
	<hr/>	<hr/>
Operating cash flows before working capital changes	(137)	(190)
Receivables	(57)	(84)
Payables	(23)	62
	<hr/>	<hr/>
Cash flows used in operations	(217)	(212)
Taxes paid	(52)	(76)
Net cash flows used in operating activities	<hr/> <u>(269)</u>	<hr/> <u>(288)</u>
INVESTING ACTIVITIES		
Interest received	106	117
Dividends received	1,239	1,095
Acquisition of fair value through profit or loss investments	(1,220)	-
Net cash flows from investing activities	<hr/> <u>125</u>	<hr/> <u>1,212</u>
FINANCING ACTIVITY		
Dividends paid	(679)	(769)
Net cash flow used in financing activity	<hr/> <u>(679)</u>	<hr/> <u>(769)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(823)	155
EFFECTS OF EXCHANGE RATE CHANGES	(142)	496
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	28,458	23,067
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<hr/> <u>27,493</u>	<hr/> <u>23,718</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 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.

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:

	Effective date for financial periods beginning on or after
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)
(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 (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

	9 months ended	
	31.03.12 RM'000	31.03.11 RM'000
Segment Revenue		
Investment	857	859
Interest income	88	92
Rental income	556	554
Total	<u>1,501</u>	<u>1,505</u>
Segment results		
Investment	(5,517)	(19,292)
Interest income	88	92
Rental income	482	488
	<u>(4,947)</u>	<u>(18,712)</u>
Unallocated corporate expenses	(576)	(895)
Loss from operations	<u>(5,523)</u>	<u>(19,607)</u>
Segment assets		
Investment	244,283	246,571
Interest income	18,422	18,102
Rental income	13,465	10,854
	<u>276,170</u>	<u>275,527</u>
Unallocated corporate asset	67	14
Total assets	<u>276,237</u>	<u>275,541</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 RM6.37 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 March 2012.

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 on 16 December 2011 were as follows:

In respect of the financial year ended 30 June 2011, 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 1.3% 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 9 months to-date.

10. Changes in Composition of the Company

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

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 March 2012.

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

Part A - Explanatory Notes Pursuant to FRS 134

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 31 March 2012.

13. Related Party Transactions

Transactions with related parties are as follows:

	3 months ended		9 months ended	
	31.03.12	31.03.11	31.03.12	31.03.11
	RM'000	RM'000	RM'000	RM'000
Rental income from Ice Cold Beer Pte. Ltd., a company in which a director, Lee Chung-Shih, has an interest	176	186	556	554
Administration and support services payable to The Nyalas Rubber Estates Limited, a company in which a director, Lee Chung-Shih has an interest	45	40	131	137

14. Subsequent Events

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

15. Fair Value Hierarchy

The Company uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31.03.12				
Fair value through profit or loss financial assets	118,860	3,810	-	122,670
30.06.11				
Fair value through profit or loss financial assets	124,990	3,869	-	128,859

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the current interim financial period and the comparative period. There were no change in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

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**

16. Performance Review

The Company's revenue of RM213,000 and RM1.50 million for the current quarter and period ended 31 March 2012 respectively were slightly lower than last year's corresponding quarter and period-to-date. These were mainly due to lower dividend and interest income.

Net profit attributable to shareholders for the three months ended 31 March 2012 was RM17.43 million which is a positive turnaround from the net loss of RM6.61 million reported a year ago. This was due to:-

- 1) The revaluation of its long-term investment in securities for the current quarter was fair value gain of RM9.9 million as compared to the fair value loss of RM5.04 million for the corresponding quarter a year ago.
- 2) Share of associate's financial results was a profit of RM7.57 million while last year's corresponding quarter was a loss of RM1.52 million.

The Company suffered after-tax loss of RM7.56 million for the current period ended 31 March 2012. This was significantly lower than the loss of RM11.04 million suffered a year ago despite share of associate's financial results was a loss of RM2.01 million as compared to the profit of RM8.61 million a year ago. This was mainly due to the fair value loss of RM6.37 million arising from the revaluation of its long-term investment in securities was significantly lower than the loss of RM20.15 million suffered a year ago.

**17. 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 RM17.44 million for the current quarter ended 31 March 2012 which was a significant improvement from the immediate preceding quarter's RM1.15 million despite lower revenue. This was due to:-

- 1) The fair value gain of RM9.9 million arising from the revaluation of its long-term investment in securities was higher than the immediate preceding quarter's gain of RM1.25 million.
- 2) Share of associate's financial results was a profit of RM7.57 million while the immediate preceding quarter was a loss of RM233,000.

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**

18. 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.

19. Profit Forecast or Profit Guarantee

There is no profit forecast or profit guarantee.

20. Loss before tax

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

	Current Quarter RM'000	Year- To-Date RM'000
Interest income	(28)	(88)
Other income including investment income	(9)	(857)
Fair value (gain) / loss	(9,900)	6,370
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	(8)	(39)
(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**

21. Income Tax Expense

	Individual Quarter		Period-To-Date	
	3 months ended		9 months ended	
	31.03.12	31.03.11	31.03.12	31.03.11
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	(6)	(5)	(11)	1
Foreign tax	13	14	41	41
Total income tax expense	<u>7</u>	<u>9</u>	<u>30</u>	<u>42</u>

The effective tax rate for the current quarter ended 31 March 2012 was lower than the statutory tax rate applicable in Malaysia as certain income was not subject to tax. However, the effective tax rates for the current period-to-date and last year's corresponding quarter and period-to-date were higher as certain expenses were not deductible for tax purposes.

22. Corporate Proposals

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

23. Borrowings

There were no borrowings and debt securities as at 31 March 2012.

24. Changes in Material Litigation

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

25. Dividend Payable

The directors do not recommend any dividend for the current quarter under review.

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**

26. 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.

	Individual Quarter		Period-To-Date	
	3 months ended		9 months ended	
	31.03.12	31.03.11	31.03.12	31.03.11
Earnings/(Loss) attributable to ordinary equity holders (RM'000)	<u>17,428</u>	<u>(6,610)</u>	<u>(7,563)</u>	<u>(11,039)</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>14.4</u>	<u>(5.5)</u>	<u>(6.3)</u>	<u>(9.1)</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 March 2012.

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**

27. 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 March 2012, pursuant to the format prescribed by Bursa Malaysia, is as follows:

	As at 31.03.12 RM'000	As at 31.03.11 RM'000
Total retained (losses) / profits of the Company:		
- Realised	(34,555)	(36,533)
- Unrealised	116,481	120,197
	81,926	83,664
Total share of retained profits from associated company:		
- Realised	40,466	38,650
- Unrealised	34,925	37,088
	75,391	75,738
	157,317	159,402
Less: Consolidation adjustments	(3,948)	(3,412)
	<u>153,369</u>	<u>155,990</u>

28. 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 May 2012.