

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

Statement Of Comprehensive Income
For the Financial Year Ended 30 June 2012
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Period-To-Date 12 months ended	
		30.06.12 RM'000	30.06.11 RM'000	30.06.12 RM'000	30.06.11 RM'000
Revenue	4	2,201	2,048	3,702	3,553
Direct costs		(25)	(24)	(98)	(90)
Gross profit		2,176	2,024	3,604	3,463
Other income					
- Fair value gain		-	2,741	-	-
Administrative expenses		(223)	(219)	(843)	(897)
Other expenses					
- Fair value loss		(6,961)	-	(13,331)	(17,406)
- Foreign exchange loss		(121)	(128)	(82)	(349)
(Loss) / Profit from Operations	4	(5,129)	4,418	(10,652)	(15,189)
Share of (loss) / profit of associate		(1,634)	1,663	(3,644)	10,273
(Loss) / Profit before tax		(6,763)	6,081	(14,296)	(4,916)
Income tax expense	20	(27)	(7)	(57)	(49)
(Loss) / Profit after tax		(6,790)	6,074	(14,353)	(4,965)
<u>Other comprehensive income</u>					
Foreign currency translation		3,761	4,060	2,448	9,326
Share of other comprehensive income of associate		1,820	(40)	2,400	(3,066)
Other comprehensive income for the period, net of tax		5,581	4,020	4,848	6,260
Total comprehensive income for the period		(1,209)	10,094	(9,505)	1,295
(Loss)/Earnings per share attributable to equity holders of the Company:					
Basic (Sen)	25(a)	(5.6)	5.0	(11.9)	(4.1)
Diluted (Sen)	25(b)	(5.6)	5.0	(11.9)	(4.1)

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 30 June 2012

	(Unaudited)	(Audited)
	As at	As at
	30.06.12	30.06.2011
	RM'000	RM'000
ASSETS		
Non-current assets		
Investment properties	17,672	15,546
Investment in associate	110,579	112,235
Investments at fair value through profit or loss	116,537	128,859
	<u>244,788</u>	<u>256,640</u>
Current assets		
Sundry receivables	232	138
Tax recoverable	7	7
Cash and bank balances	30,083	28,458
	<u>30,322</u>	<u>28,603</u>
TOTAL ASSETS	<u>275,110</u>	<u>285,243</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	60,352	60,352
Reserves	213,592	223,776
	<u>273,944</u>	<u>284,128</u>
Current liabilities		
Sundry payables	1,166	1,115
	<u>1,166</u>	<u>1,115</u>
Total liabilities	<u>1,166</u>	<u>1,115</u>
TOTAL EQUITY AND LIABILITIES	<u>275,110</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 Year Ended 30 June 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 year	-	2,400	2,448	-	-	(14,353)	(9,505)
Dividends	-	-	-	-	-	(679)	(679)
Closing balance at 30 June 2012	60,352	28,802	19,600	12,611	6,000	146,579	273,944
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 year	-	(3,066)	9,326	-	-	(4,965)	1,295
Dividends	-	-	-	-	-	(1,222)	(1,222)
Closing balance at 30 June 2011	60,352	26,402	17,152	12,611	6,000	161,611	284,128

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 Year Ended 30 June 2012
(The figures have not been audited)

	12 months ended	
	30.06.12	30.06.11
	RM'000	RM'000
OPERATING ACTIVITIES		
Loss before taxation	(14,296)	(4,916)
Adjustments for:		
Dividend income	(2,835)	(2,689)
Unrealised foreign exchange loss	82	348
Interest income	(119)	(120)
Share of loss / (profit) of associated company	3,644	(10,273)
Fair value loss of fair value through profit or loss investments	15,120	19,987
Fair value gain of investment properties	(1,789)	(2,581)
	<hr/>	<hr/>
Operating cash flows before working capital changes	(193)	(244)
Receivables	(88)	4
Prepayments	1	(10)
Payables	33	100
	<hr/>	<hr/>
Cash flows used in operations	(247)	(150)
Taxes paid	(54)	(74)
Net cash flows used in operating activities	<hr/> <u>(301)</u>	<hr/> <u>(224)</u>
INVESTING ACTIVITIES		
Interest received	114	128
Dividends received	3,249	3,042
Proceeds from capital reduction of investment	-	3,869
Acquisition of fair value through profit or loss investments	(1,220)	(1,160)
	<hr/>	<hr/>
Net cash flows from investing activities	<u>2,143</u>	<u>5,879</u>
FINANCING ACTIVITY		
Dividends paid	(679)	(1,222)
	<hr/>	<hr/>
Net cash flow used in financing activity	<u>(679)</u>	<u>(1,222)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,163	4,433
EFFECTS OF EXCHANGE RATE CHANGES	462	958
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	<hr/> <u>28,458</u>	<hr/> <u>23,067</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	<hr/> <u><u>30,083</u></u>	<hr/> <u><u>28,458</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 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 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
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 9 Financial Instruments	1 January 2015

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 two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

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 2015. 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

	12 months ended	
	30.06.12	30.06.11
	RM'000	RM'000
Segment Revenue		
Investment	2,835	2,689
Interest income	119	120
Rental income	748	744
Total	<u>3,702</u>	<u>3,553</u>
Segment results		
Investment	(12,289)	(17,306)
Interest income	119	120
Rental income	2,438	3,235
	<u>(9,732)</u>	<u>(13,951)</u>
Unallocated corporate expenses	(920)	(1,238)
Loss from operations	<u>(10,652)</u>	<u>(15,189)</u>
Segment assets		
Investment	235,004	253,276
Interest income	24,993	18,417
Rental income	15,012	13,537
	<u>275,009</u>	<u>285,230</u>
Unallocated corporate asset	101	13
Total assets	<u>275,110</u>	<u>285,243</u>

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

Other than the significant fair value loss of RM15.12 million and fair value gain of RM1.79 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 2012.

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

Part A - Explanatory Notes Pursuant to FRS 134

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	90,526	0.08
Bonus dividend of 1.3% less 25% taxation	588,424	0.48
	<u>678,950</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 12 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 30 June 2012.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 30 June 2012.

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

Part A - Explanatory Notes Pursuant to FRS 134

13. Related Party Transactions

Transactions with related parties are as follows:

	3 months ended		12 months ended	
	30.06.12	30.06.11	30.06.12	30.06.11
	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	192	186	748	744
Administration and support services payable to The Nyalas Rubber Estates Limited, a company in which a director, Lee Chung-Shih has an interest	50	40	181	172
Administration and support services and property management payable to Estate & Trust Agencies (1927) Limited, a company in which a director, Lee Chung-Shih has an interest	11	-	11	-

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
30.06.12				
Fair value through profit or loss financial assets	113,309	3,228	-	116,537
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 RM2.20 million for the current quarter and RM3.70 million for the current financial year ended 30 June 2012 were higher than last year's corresponding quarter and financial year by 7.5% and 4% respectively. These were mainly due to higher dividend income.

For the current quarter, the Company reported an after-tax loss of RM6.79 million which was a negative turnaround from last year's corresponding quarter's after-tax profit of RM6.07 million. This was due to:-

- 1) The revaluation of its long-term investment in securities for the current quarter was a fair value loss of RM8.75 million after offsetting the fair value gain of RM1.79 million arising from the revaluation of the Company's investment properties as compared to the fair value gain of RM160,000 and RM2.58 million from the revaluations of its long-term investment in securities and investment properties respectively for the corresponding quarter a year ago.
- 2) Share of associate's financial results was a loss of RM1.63 million while last year's corresponding quarter was a profit of RM1.66 million.

The Company posted an after-tax loss of RM14.35 million for the financial year ended 30 June 2012 which was higher than the loss of RM4.97 million a year ago despite the fair value loss from the revaluation of long-term investment in securities and investment properties totalling RM13.33 million was significantly lower than the fair value loss of RM17.41 million a year ago. This was mainly due to the share of associate's financial results of a loss of RM3.64 million while last year was a profit of RM10.27 million.

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

The Company suffered a pre-tax loss of RM6.76 million for the current quarter ended 30 June 2012 as compared to the immediate preceding quarter's pre-tax profit of RM17.44 million despite higher revenue and fair value gain of RM1.79 million from the revaluation of the Company's investment properties were reported for the current quarter. This was due to:-

- 1) The revaluation of its long-term investment in securities was a loss of RM8.75 million for the current quarter while the immediate preceding quarter was a gain of RM9.9 million.
- 2) Share of associate's financial results was a loss of RM1.63 million while the immediate preceding quarter was a profit of RM7.57 million.

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 next financial year ending 30 June 2013 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	(31)	(119)
Other income including investment income	(1,978)	(2,835)
Fair value (gain) / loss	6,961	13,331
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	121	82
(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		12 months ended	
	30.06.12	30.06.11	30.06.12	30.06.11
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	15	11	4	12
Foreign tax	15	15	56	56
	<u>30</u>	<u>26</u>	<u>60</u>	<u>68</u>
Over provision in prior years:				
Malaysian Tax	(3)	(7)	(3)	(7)
Foreign tax	-	(12)	-	(12)
	<u>27</u>	<u>7</u>	<u>57</u>	<u>49</u>

The effective tax rates for the current quarter and financial year ended 30 June 2012 and financial year ended 30 June 2011 were higher than the statutory tax rate applicable in Malaysia as certain expenses were not deductible for tax purposes. However, the effective tax rate for last year's corresponding quarter was lower as certain income was not subject to tax.

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 30 June 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. (Loss)/Earnings Per Share

(a) Basic

Basic (loss) / earnings per share amounts are calculated by dividing (loss) / profit 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		12 months ended	
	30.06.12	30.06.11	30.06.12	30.06.11
(Loss) / Earnings attributable to ordinary equity holders (RM'000)	<u>(6,790)</u>	<u>6,074</u>	<u>(14,353)</u>	<u>(4,965)</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>(5.6)</u>	<u>5.0</u>	<u>(11.9)</u>	<u>(4.1)</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 June 2012.

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**

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 30 June 2012, pursuant to the format prescribed by Bursa Malaysia, is as follows:

	As at 30.06.12 RM'000	As at 30.06.11 RM'000
Total retained (losses) / profits of the Company:		
- Realised	(32,629)	(35,070)
- Unrealised	109,399	122,812
	76,770	87,742
Total share of retained profits from associated company:		
- Realised	40,575	38,534
- Unrealised	33,182	38,867
	73,757	77,401
	150,527	165,143
Less: Consolidation adjustments	(3,948)	(3,532)
	<u>146,579</u>	<u>161,611</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 28 August 2012.