

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

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

	Note	Individual Quarter 3 months ended		Period-To-Date 6 months ended	
		31.12.12 RM'000	31.12.11 RM'000	31.12.12 RM'000	31.12.11 RM'000
Revenue	4	387	319	1,308	1,288
Direct costs		(27)	(24)	(51)	(49)
Gross profit		360	295	1,257	1,239
Other income					
- Fair value gain		4,094	1,251	22,170	-
- Foreign exchange gain		-	41	-	31
Administrative expenses		(279)	(200)	(469)	(387)
Other expenses					
- Fair value loss		-	-	-	(16,270)
- Foreign exchange loss		(9)	-	(18)	-
Profit / (Loss) from Operations	4	4,166	1,387	22,940	(15,387)
Share of profit / (loss) of associate		1,964	(233)	8,449	(9,581)
Profit / (Loss) before tax		6,130	1,154	31,389	(24,968)
Income tax expense	21	(4)	(1)	(22)	(23)
Profit / (Loss) after tax		6,126	1,153	31,367	(24,991)
<u>Other comprehensive income</u>					
Foreign currency translation		(1,066)	(1,046)	487	(915)
Share of other comprehensive income of associate		(62)	(43)	(1,855)	2,141
Other comprehensive income for the period, net of tax		(1,128)	(1,089)	(1,368)	1,226
Total comprehensive income for the period		4,998	64	29,999	(23,765)
Earnings / (Loss) per share attributable to equity holders of the Company:					
Basic (Sen)	26(a)	5.1	1.0	26.0	(20.7)
Diluted (Sen)	26(b)	5.1	1.0	26.0	(20.7)

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 2012

	(Unaudited) As at 31.12.12 RM'000	(Audited) As at 30.06.2012 RM'000
ASSETS		
Non-current assets		
Investment properties	17,721	17,672
Investment in associate	116,879	110,579
Investments at fair value through profit or loss	139,065	116,537
	<u>273,665</u>	<u>244,788</u>
Current assets		
Sundry receivables	654	180
Prepayments	113	52
Tax recoverable	49	7
Cash and bank balances	29,993	30,083
	<u>30,809</u>	<u>30,322</u>
TOTAL ASSETS	<u>304,474</u>	<u>275,110</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	60,352	60,352
Reserves	242,912	213,592
	<u>303,264</u>	<u>273,944</u>
Current liabilities		
Sundry payables	1,210	1,166
	<u>1,210</u>	<u>1,166</u>
Total liabilities	<u>1,210</u>	<u>1,166</u>
TOTAL EQUITY AND LIABILITIES	<u>304,474</u>	<u>275,110</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 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 2012	60,352	28,803	19,599	12,611	6,000	146,579	273,944
Total comprehensive income for the period	-	(1,855)	487	-	-	31,367	29,999
Dividends	-	-	-	-	-	(679)	(679)
Closing balance at 31 December 2012	60,352	26,948	20,086	12,611	6,000	177,267	303,264
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	-	2,141	(915)	-	-	(24,991)	(23,765)
Dividends	-	-	-	-	-	(679)	(679)
Closing balance at 31 December 2011	60,352	28,543	16,237	12,611	6,000	135,941	259,684

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 2012
(The figures have not been audited)

	6 months ended	
	31.12.12	31.12.11
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit / (Loss) before taxation	31,389	(24,968)
Adjustments for:		
Dividend income	(852)	(848)
Unrealised foreign exchange loss / (gain)	18	(31)
Interest income	(66)	(60)
Share of (profit) / loss of associated company	(8,449)	9,581
Fair value (gain) / loss of fair value through profit or loss investments	(22,170)	16,270
	<hr/>	<hr/>
Operating cash flows before working capital changes	(130)	(56)
Receivables	(184)	(1)
Prepayments	(61)	(49)
Payables	40	111
	<hr/>	<hr/>
Cash flows (used in) / from operations	(335)	5
Taxes paid	(61)	(54)
	<hr/>	<hr/>
Net cash flows used in operating activities	<u>(396)</u>	<u>(49)</u>
INVESTING ACTIVITIES		
Interest received	108	76
Dividends received	816	920
Acquisition of fair value through profit or loss investments	-	(1,220)
	<hr/>	<hr/>
Net cash flows from / (used in) investing activities	<u>924</u>	<u>(224)</u>
FINANCING ACTIVITY		
Dividends paid	(679)	(679)
	<hr/>	<hr/>
Net cash flow used in financing activity	<u>(679)</u>	<u>(679)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(151)	(952)
EFFECTS OF EXCHANGE RATE CHANGES	61	(122)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	30,083	28,458
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>29,993</u>	<u>27,384</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 2012. 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 2012.

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 2012.

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

FRSs, Amendments to FRS and IC Interpretations

Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7: Transfers of Financial Assets
Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets
FRS 124 Related Party Disclosures
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

The adoption of the new FRSs, Amendments to FRSs and IC Interpretations that are effective for the financial statements commencing on 1 July 2012 does not result in any significant financial position, results and presentation of financial statements 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
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 10, FRS 11 and FRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guideline	1 January 2013
Improvement to FRSs (2012)	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 2012 was not qualified.

4. Segmental Information

	6 months ended	
	31.12.12	31.12.11
	RM'000	RM'000
Segment Revenue		
Investment	852	848
Interest income	66	60
Rental income	390	380
Total	<u>1,308</u>	<u>1,288</u>
Segment results		
Investment	23,020	(15,424)
Interest income	66	60
Rental income	339	331
	<u>23,425</u>	<u>(15,033)</u>
Unallocated corporate expenses	(485)	(354)
Profit / (Loss) from operations	<u>22,940</u>	<u>(15,387)</u>
Segment assets		
Investment	263,938	228,915
Interest income	25,113	18,435
Rental income	15,095	13,507
	<u>304,146</u>	<u>260,857</u>
Unallocated corporate asset	328	47
Total assets	<u>304,474</u>	<u>260,904</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 gain of RM22.17 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 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 20 December 2012 were as follows:

In respect of the financial year ended 30 June 2012, 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	588,423	0.48
	<u>678,951</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.

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 2012.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 31 December 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:

	Individual Quarter		Year-To-Date	
	31.12.12 RM'000	31.12.11 RM'000	31.12.12 RM'000	31.12.11 RM'000
Rental income from Ice Cold Beer Pte. Ltd., a company in which a director, Lee Chung-Shih, has an interest	208	188	390	380
Administration and support services payable to The Nyalas Rubber Estates Limited, a company in which a director, Lee Chung-Shih has an interest	50	38	95	86
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	<u>2</u>	<u>-</u>	<u>4</u>	<u>-</u>

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 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30.09.12				
Fair value through profit or loss financial assets	<u>135,714</u>	<u>3,354</u>	<u>-</u>	<u>139,068</u>
30.06.12				
Fair value through profit or loss financial assets	<u>113,309</u>	<u>3,228</u>	<u>-</u>	<u>116,537</u>

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 RM387,000 for the current quarter and RM1.31 million for the period-to-date ended 31 December 2012 were higher than last year's corresponding quarter of RM319,000 and period-to-date of RM1.29 million. This was mainly due to the exchange difference arising from the conversion of the revenue in SGD functional currency to RM reporting currency. In term of the functional currency, current quarter's and period-to-date's dividend income were lower while interest and rental income remained the same level as last year's corresponding quarter and period-to-date.

For the current quarter, the Company achieved an after-tax profit of RM6.13 million which was higher than corresponding quarter a year ago by RM4.98 million. This was due to higher fair value gain from the revaluation of its long-term investment in securities and share of associate's financial results was a profit of RM1.96 million whilst the corresponding quarter a year ago was a loss of RM233,000.

For the fiscal first half, the Company also achieved an after-tax profit of RM31.37 million as compared to the loss of RM24.99 million suffered a year ago. This was due to:-

- 1) The revaluation of its long-term investment in securities for the current period-to-date was a fair value gain of RM22.17 million as compared to the fair value loss of RM16.27 million reported a year ago.
- 2) Share of associate's financial results was a profit of RM8.45 million while last year's corresponding period-to-date was a loss of RM9.58 million.

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

The Company posted a pre-tax profit of RM6.13 million for the current quarter ended 31 December 2012. This was however significantly lower than the immediate preceding quarter's RM25.26 million, mainly due to:-

- 1) Revenue for the current quarter of RM387,000 was lower than the immediate preceding quarter's RM921,000.
- 2) The fair value gain of RM4.09 million arising from the revaluation of its long-term investment in securities for the current quarter ended 31 December 2012 was lower than the gain of RM18.08 million reported for the immediate preceding quarter ended 30 September 2012.
- 3) Share of associate's profit of RM1.96 million was lower than the immediate preceding quarter's profit of RM6.49 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 rest of the 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 not expected to perform better than the last financial year due to the Government's implementation of minimum wage policy and over supply of CPO.

19. Profit Forecast or Profit Guarantee

There is no profit forecast or profit guarantee.

20. Profit / (Loss) before tax

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

	Individual Quarter		Year-To-Date	
	31.12.12 RM'000	31.12.11 RM'000	31.12.12 RM'000	31.12.11 RM'000
Interest income	(34)	(30)	(66)	(60)
Other income including investment income	(144)	(101)	(852)	(848)
Fair value (gain) / loss	(4,094)	(1,251)	(22,170)	16,270
Interest expense	n/a	n/a	n/a	n/a
Depreciation and amortization	n/a	n/a	n/a	n/a
Provision for and write off of receivables	n/a	n/a	n/a	n/a
Provision for and write off of inventories	n/a	n/a	n/a	n/a
Gain or loss on disposal of quoted or unquoted investments or properties	n/a	n/a	n/a	n/a
Impairment of assets	n/a	n/a	n/a	n/a
Foreign exchange (gain) / loss	9	(41)	18	(31)
(Gain) / Loss on derivatives	n/a	n/a	n/a	n/a
Exceptional items	n/a	n/a	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		6 months ended	
	31.12.12	31.12.11	31.12.12	31.12.11
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	(12)	(10)	(7)	(5)
Foreign tax	16	11	29	28
Total income tax expense	<u>4</u>	<u>1</u>	<u>22</u>	<u>23</u>

The effective tax rates for the current quarter and period-to-date ended 31 December 2012 and last year's corresponding quarter were lower than the statutory tax rates applicable in Malaysia as certain income were not subject to tax while the effective tax rate for last year's period-to-date was 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 December 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		6 months ended	
	31.12.12	31.12.11	31.12.12	31.12.11
Earnings / (Loss) attributable to ordinary equity holders (RM'000)	<u>6,126</u>	<u>1,153</u>	<u>31,367</u>	<u>(24,991)</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>5.1</u>	<u>1.0</u>	<u>26.0</u>	<u>(20.7)</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 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 December 2012, pursuant to the format prescribed by Bursa Malaysia, is as follows:

	As at 31.12.12 RM'000	As at 30.06.12 RM'000
Total retained (losses) / profits of the Company:		
- Realised	(32,244)	(32,629)
- Unrealised	131,550	109,399
	99,306	76,770
Total share of retained profits from associated company:		
- Realised	41,646	40,575
- Unrealised	40,561	33,182
	82,207	73,757
	181,513	150,527
Less: Consolidation adjustments	(4,246)	(3,948)
	<u>177,267</u>	<u>146,579</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 February 2013.