

**KUCHAI DEVELOPMENT BERHAD (7573-V)**

(Incorporated in Malaysia)

**Condensed Income Statement****For the Three-Month Period Ended 30 September 2007****(The figures have not been audited)**

	Note	Individual Quarter 3 months ended		Period-To-Date 3 months ended	
		30.09.2007 RM'000	30.09.2006 RM'000	30.09.2007 RM'000	30.09.2006 RM'000
<b>Revenue</b>	4	1,738	1,097	1,738	1,097
Direct costs		(19)	(19)	(19)	(19)
<b>Gross profit</b>		1,719	1,078	1,719	1,078
Other income		-	4,820	-	4,820
Administrative expenses		(153)	(164)	(153)	(164)
Other expenses		(3,778)	(5)	(3,778)	(5)
<b>(Loss) / Profit from operations</b>	4	(2,212)	5,729	(2,212)	5,729
Share of profit of associates		955	2,954	955	2,954
<b>(Loss) / Profit before tax</b>		(1,257)	8,683	(1,257)	8,683
Income tax expense	18	(408)	(228)	(408)	(228)
<b>(Loss) / Profit for the period</b>		(1,665)	8,455	(1,665)	8,455
<b>Earnings per share attributable to equity holders of the Company:</b>					
Basic (Sen)	26(a)	(1.4)	7.0	(1.4)	7.0
Diluted (Sen)	26(b)	(1.4)	7.0	(1.4)	7.0

The condensed income statement should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

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

**Condensed Balance Sheet**  
**As at 30 September 2007**

		(Unaudited)	(Audited)
	Note	As at 30.09.2007 RM'000	As at 30.06.2007 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties		12,377	12,168
Investment in associate		104,150	103,648
Investments at fair value through profit or loss	20	145,788	146,947
		<u>262,315</u>	<u>262,763</u>
<b>Current assets</b>			
Sundry receivables		127	170
Current tax recoverable		710	677
Cash and bank balances		16,656	15,665
		<u>17,493</u>	<u>16,512</u>
<b>TOTAL ASSETS</b>		<u>279,808</u>	<u>279,275</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders to the Company</b>			
Share capital		60,352	60,352
Reserves		218,339	217,525
		<u>278,691</u>	<u>277,877</u>
<b>Current liabilities</b>			
Sundry payables		1,117	1,398
		<u>1,117</u>	<u>1,398</u>
<b>Total liabilities</b>		<u>1,117</u>	<u>1,398</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>279,808</u>	<u>279,275</u>

The condensed balance sheet should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

**KUCHAI DEVELOPMENT BERHAD (7573-V)**

(Incorporated in Malaysia)

**Condensed Statement of Changes in Equity****For the Three-Month Period Ended 30 September 2007**

(The figures have not been audited)

	← Non-Distributable →			← Distributable →			
	Share Capital RM'000	Share of Associated Company Reserves RM'000	Foreign Exchange Reserves RM'000	Property and Investment Reserves RM'000	General Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
<b>At 1 July 2007</b>	60,352	31,310	1,473	12,611	6,000	166,131	277,877
Foreign currency translation	-	-	2,932	-	-	-	2,932
Share of associated companies reserve	-	(453)	-	-	-	-	(453)
Net income/(expense) recognised directly in equity	-	(453)	2,932	-	-	-	2,479
Loss for the period	-	-	-	-	-	(1,665)	(1,665)
Total recognised income and expense for the period	-	(453)	2,932	-	-	(1,665)	814
<b>At 30 September 2007</b>	60,352	30,857	4,405	12,611	6,000	164,466	278,691

**KUCHAI DEVELOPMENT BERHAD (7573-V)**

(Incorporated in Malaysia)

**Condensed Statement of Changes in Equity (Cont'd)  
For the Three-Month Period Ended 30 September 2007**

(The figures have not been audited)

	← Non-Distributable →			← Distributable →			Total Equity RM'000
	Share Capital RM'000	Share of Associated Company Reserves RM'000	Foreign Exchange Reserves RM'000	Property and Investment Reserves RM'000	General Reserve RM'000	Retained Earnings RM'000	
<b>At 1 July 2006</b>	1,312	34,378	7,076	12,611	6,000	181,083	242,460
Foreign currency translation	-	-	(973)	-	-	-	(973)
Share of associated companies reserve	-	(732)	-	-	-	-	(732)
Net income/(expense) recognised directly in equity	-	(732)	(973)	-	-	-	(1,705)
Profit for the period	-	-	-	-	-	8,455	8,455
Total recognised income and expense for the period	-	(732)	(973)	-	-	8,455	6,750
<b>At 30 September 2006</b>	1,312	33,646	6,103	12,611	6,000	189,538	249,210

The condensed 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)**

**Condensed Consolidated Cash Flow Statement**  
**For the Three-Month Period Ended 30 September 2007**

(The figures have not been audited)

	<b>3 months ended</b>	
	<b>30.09.2007</b>	<b>30.09.2006</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before taxation	(1,257)	8,683
Adjustments for:		
Dividend income	(1,500)	(850)
Unrealised foreign exchange loss	172	5
Interest income	(63)	(66)
Share of results of associated company	(955)	(2,954)
Fair value loss / (gain) of fair value through profit loss investments	3,607	(4,820)
	<hr/>	<hr/>
Operating profit / (loss) before working capital changes	4	(2)
Receivables	(49)	10
Payables	(300)	39
	<hr/>	<hr/>
Cash (used in) / generated from operations	(345)	47
Taxes paid	(29)	(2)
	<hr/>	<hr/>
Net cash (used in) / generated from operating activities	<u>(374)</u>	<u>45</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received	1,099	680
Interest received	156	37
Purchase of investments	-	-
	<hr/>	<hr/>
Net cash from investing activities	<u>1,255</u>	<u>717</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>881</b>	<b>762</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	<b>110</b>	<b>42</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>15,665</b>	<b>13,786</b>
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b><u>16,656</u></b>	<b><u>14,590</u></b>

(The Condensed Consolidated Cash Flow Statement 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 under the historical cost convention except for the assets and liabilities that are stated at fair values: financial assets at fair value through profit and loss and investment properties.

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.

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 Company since the 18-month financial period ended 30 June 2007.

**2. Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial period ended 30 June 2007 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) :

<b>FRS, Amendments to FRS and Interpretations</b>	<b>Effective for financial periods beginning on or after</b>
FRS 117: Leases	1 October 2006
FRS 124: Related Party Disclosures	1 October 2006
FRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2007
Amendment to FRS 119 <sub>2004</sub> : Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 107: Cash Flow Statements	1 July 2007
FRS 111: Construction Contracts	1 July 2007
FRS 112: Income Taxes	1 July 2007
FRS 118: Revenue	1 July 2007
FRS 120: Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134: Interim Financial Reporting	1 July 2007
FRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007

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

**2. Changes in Accounting Policies (Cont'd)**

<b>FRS, Amendments to FRS and Interpretations</b>	<b>Effective for financial periods beginning on or after</b>
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7: Applying the Restatement Approach under FRS 129 <sub>2004</sub> - Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007

The adoption of the above new/revised FRSs does not have any significant financial impact on the Company in the current and prior financial year.

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

The auditors' report on the financial statements for the 18-month financial period ended 30 June 2007 was not qualified.

**4. Segmental Information**

	<b>3 months ended</b>	
	<b>30.09.2007</b>	<b>30.09.2006</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Segment Revenue</b>		
Investment	1,500	850
Interest income	63	66
Rental income	175	181
Total	<u>1,738</u>	<u>1,097</u>
<b>Segment results</b>		
Investment	(2,107)	5,669
Interest income	63	66
Rental income	157	162
	<u>(1,887)</u>	<u>5,897</u>
Unallocated corporate expenses	(325)	(168)
Profit from operations	<u>(2,212)</u>	<u>5,729</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**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 September 2007.

**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**

No dividend was paid since the last quarter.

**9. Debt and Equity Securities**

There were no issuance, repurchase and repayment of debts and equity securities in the current quarter.

**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 September 2007.



**KUCHAI DEVELOPMENT BERHAD (7573-V)**  
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**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 30 September 2007.

**13. 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**

**14. Performance Review**

The Company's revenue of RM1.74 million for the current quarter was higher by RM641,000 as compared to the corresponding quarter ended 30 September 2006. This was mainly due to higher dividend income.

The Company suffered an after-tax loss of RM1.67 million for the current quarter while an after-tax profit of RM8.46 million was achieved during the corresponding quarter ended 30 September 2006. This was mainly due to the revaluation of its long-term investment in securities, resulting in fair value loss of RM3.61 million for the current quarter as compared to the fair value gains of RM4.82 million for the prior corresponding quarter ended 30 September 2006 and share of associate's profit of RM955,000 for the current quarter was significantly lower as compared to the corresponding quarter's RM2.95 million.

**15. Comment on Material Change in Profit Before Taxation**

The Company suffered a pre-tax loss of RM1.26 million for the current quarter ended 30 September 2007 as compared to the immediate preceding quarter's profit of RM511,000, mainly due to lower dividend income and share of profit of associate. However, the fair value loss of RM3.61 million arose from the Company's revaluation of its long-term investment in securities during the current quarter was significantly lower than the immediate preceding quarter's fair value loss of RM8.43 million.

**16. Commentary on Prospects**

The Company's results for the rest of the financial year ending 30 June 2008 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. Plantation contribution is expected to be good in view of the prevailing strong crude palm oil prices which are expected to be maintained.

**17. Profit Forecast or Profit Guarantee**

There is no profit forecast and profit guarantee.

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

**18. Income Tax Expense**

	<b>Individual Quarter</b>		<b>Period-To-Date</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>30.09.2007</b>	<b>30.09.2006</b>	<b>30.09.2007</b>	<b>30.09.2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax:				
Malaysian income tax	385	10	385	10
Foreign tax	23	218	23	218
Total income tax expense	<u>408</u>	<u>228</u>	<u>408</u>	<u>228</u>

The effective tax rate for the current quarter was higher than the statutory tax rate as certain expenses were not deductible for tax purposes while for the corresponding quarter, the effective tax rate was lower as certain income was not taxable for tax purposes.

**19. Sale of Unquoted Investments and Properties**

There were no sales of unquoted investments and properties.

**20. Quoted Securities**

There was no purchase or disposal of quoted securities for the current quarter.

Details of investments in quoted securities classified as financial assets at fair value through profit or loss:

	<b>As at</b>
	<b>30.09.2007</b>
	<b>RM'000</b>
At cost	9,375
At carrying value / market value	<u>145,788</u>

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

**21. Corporate Proposals**

**Status of 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 30 September 2007.

**23. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at 20 November 2007.

**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 following dividends in respect of the 18-month financial period ended 30 June 2007 on 120,703,494 ordinary shares have been approved by the shareholders at the annual general meeting on 29 October 2007:

	<b>Amount</b>	<b>Net dividend</b>
	<b>RM</b>	<b>per share</b>
		<b>Sen</b>
First and final dividend of 0.2% less 27% taxation	88,114	0.07
Bonus dividend of 4.3% less 27% taxation	1,894,441	1.57
	<u>1,982,555</u>	<u>1.64</u>

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

**26. Earnings Per Share**

**(a) Basic**

Basic earnings per share amounts are calculated by dividing profit 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>3 months ended</b>	
	<b>30.09.2007</b>	<b>30.09.2006</b>	<b>30.09.2007</b>	<b>30.09.2006</b>
Profit attributable to ordinary equity holders (RM'000)	<u>(1,665)</u>	<u>8,455</u>	<u>(1,665)</u>	<u>8,455</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 per share (Sen)	<u>(1.4)</u>	<u>7.0</u>	<u>(1.4)</u>	<u>7.0</u>

The comparative basic earnings per share has been restated to take into account the effect of the bonus issue.

**(b) Diluted**

Diluted earnings per share is the same as basic earnings per share as there is no dilutive potential ordinary shares outstanding as at 30 September 2007.

**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 20 November 2007.