

KUCHAI DEVELOPMENT BERHAD (7573-V)

(Incorporated in Malaysia)

Condensed Income Statement**For the Six-Month Period Ended 31 December 2007****(The figures have not been audited)**

	Note	Individual Quarter 3 months ended		Period-To-Date 6 months ended	
		31.12.2007 RM'000	31.12.2006 RM'000	31.12.2007 RM'000	31.12.2006 RM'000
Revenue	4	406	350	2,144	1,447
Direct costs		(20)	(20)	(39)	(39)
Gross profit		386	330	2,105	1,408
Other income		-	3,515	-	8,335
Administrative expenses		(204)	(181)	(356)	(344)
Other expenses		(9,924)	5	(13,702)	-
(Loss) / Profit from operations	4	(9,742)	3,669	(11,953)	9,399
Share of (loss) / profit of associates		(412)	2,965	543	5,919
(Loss) / Profit before tax		(10,154)	6,634	(11,410)	15,318
Income tax expense	18	49	(65)	(359)	(293)
(Loss) / Profit for the period		(10,105)	6,569	(11,769)	15,025
Earnings per share attributable to equity holders of the Company:					
Basic (Sen)	26(a)	(8.4)	5.4	(9.8)	12.4
Diluted (Sen)	26(b)	(8.4)	5.4	(9.8)	12.4

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 31 December 2007

		(Unaudited)	(Audited)
	Note	As at 31.12.2007 RM'000	As at 30.06.2007 RM'000
ASSETS			
Non-current assets			
Investment properties		12,388	12,168
Investment in associate		102,277	103,648
Investments at fair value through profit or loss	20	136,220	146,947
		<u>250,885</u>	<u>262,763</u>
Current assets			
Sundry receivables		348	170
Current tax recoverable		237	677
Cash and bank balances		15,270	15,665
		<u>15,855</u>	<u>16,512</u>
TOTAL ASSETS		<u>266,740</u>	<u>279,275</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders to the Company			
Share capital		60,352	60,352
Reserves		205,429	217,525
		<u>265,781</u>	<u>277,877</u>
Current liabilities			
Sundry payables		959	1,398
		<u>959</u>	<u>1,398</u>
Total liabilities		<u>959</u>	<u>1,398</u>
TOTAL EQUITY AND LIABILITIES		<u>266,740</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 Six-Month Period Ended 31 December 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
At 1 July 2007	60,352	31,310	1,473	12,611	6,000	166,131	277,877
Foreign currency translation	-	-	3,283	-	-	-	3,283
Share of associated companies reserve	-	(1,627)	-	-	-	-	(1,627)
Net income/(expense) recognised directly in equity	-	(1,627)	3,283	-	-	-	1,656
Loss for the period	-	-	-	-	-	(11,769)	(11,769)
Total recognised income and expense for the period	-	(1,627)	3,283	-	-	(11,769)	(10,113)
Dividends	-	-	-	-	-	(1,983)	(1,983)
At 31 December 2007	60,352	29,683	4,756	12,611	6,000	152,379	265,781

KUCHAI DEVELOPMENT BERHAD (7573-V)

(Incorporated in Malaysia)

Condensed Statement of Changes in Equity (Cont'd)**For the Six-Month Period Ended 31 December 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
At 1 July 2006	1,312	34,378	7,076	12,611	6,000	181,083	242,460
Foreign currency translation	-	-	(2,270)	-	-	-	(2,270)
Share of associated companies reserve	-	(2,315)	-	-	-	-	(2,315)
Net income/(expense) recognised directly in equity	-	(2,315)	(2,270)	-	-	-	(4,585)
Profit for the period	-	-	-	-	-	15,025	15,025
Total recognised income and expense for the period	-	(2,315)	(2,270)	-	-	15,025	10,440
Bonus issue	59,040	-	-	-	-	(59,040)	-
Bonus issue expenses	-	-	-	-	-	(279)	(279)
At 31 December 2006	60,352	32,063	4,806	12,611	6,000	136,789	252,621

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 Cash Flow Statement
For the Six-Month Period Ended 31 December 2007
(The figures have not been audited)

	6 months ended	
	31.12.2007	31.12.2006
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(11,410)	15,318
Adjustments for:		
Dividend income	(1,646)	(958)
Unrealised foreign exchange loss	204	(31)
Interest income	(137)	(127)
Share of results of associated company	(543)	(5,919)
Fair value loss / (gain) of fair value through profit loss investments	13,498	(8,303)
	<hr/>	<hr/>
Operating loss before working capital changes	(34)	(20)
Receivables	28	45
Payables	(455)	(4)
	<hr/>	<hr/>
Cash (used in) / generated from operations	(461)	21
Taxes paid	(29)	(7)
Taxes refunded	528	-
	<hr/>	<hr/>
Net cash generated from operating activities	<u>38</u>	<u>14</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	1,263	808
Interest received	190	68
Purchase of investments	-	-
	<hr/>	<hr/>
Net cash from investing activities	<u>1,453</u>	<u>876</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1,983)	-
Bonus issue expenses	-	(279)
	<hr/>	<hr/>
Net cash used in financing activities	<u>(1,983)</u>	<u>(279)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENT	(492)	611
EFFECTS OF EXCHANGE RATE CHANGES	97	(42)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	15,665	13,786
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>15,270</u>	<u>14,355</u>

(The Condensed 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”) :

FRS, Amendments to FRS and Interpretations	Effective for financial periods beginning on or after
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 ₂₀₀₄ : 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)
(Incorporated in Malaysia)

Part A - Explanatory Notes Pursuant to FRS 134

2. Changes in Accounting Policies (Cont'd)

FRS, Amendments to FRS and Interpretations	Effective for financial periods beginning on or after
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 ₂₀₀₄ - 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

	6 months ended	
	31.12.2007	31.12.2006
	RM'000	RM'000
Segment Revenue		
Investment	1,646	958
Interest income	137	127
Rental income	361	362
Total	<u>2,144</u>	<u>1,447</u>
Segment results		
Investment	(11,855)	9,260
Interest income	137	127
Rental income	322	324
	<u>(11,396)</u>	<u>9,711</u>
Unallocated corporate expenses	(557)	(312)
(Loss)/Profit from operations	<u>(11,953)</u>	<u>9,399</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 fair value loss of RM9.89 million resulting from the Company's revaluation of the 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 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

The amount of dividends paid during the financial period ended 31 December 2007 were as follows:

In respect of the 18-month financial period ended 30 June 2007, as reported in the directors' report of that year:

	Amount RM	Net dividend per share Sen
First and final dividend of 0.2% less 27% taxation	88,113	0.07
Bonus dividend of 4.3% less 27% taxation	1,894,436	1.57
	<u>1,982,549</u>	<u>1.64</u>

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.

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

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 2007.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 31 December 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 RM406,000 for the current quarter and RM2.14 million for the financial period ended 31 December 2007 were higher as compared to the corresponding quarter and period ended 31 December 2006. This was due to higher dividend and interest income.

The Company suffered an after-tax loss of RM10.11 million and RM11.77 million for the current quarter and financial year-to-date respectively while an after-tax profit of RM6.57 million and RM15.03 million were achieved during the corresponding quarter and year-to-date ended 31 December 2006. This was mainly due to the revaluation of its long-term investment in securities, resulting in significant fair value loss of RM9.89 million for the current quarter and RM13.5 million for the current six-month period as compared to the fair value gains of RM3.48 million and RM8.30 million recorded for the prior corresponding quarter and financial period ended 31 December 2006 respectively. Share of associate's profit of RM543,000 for the current financial period was significantly lower than last year's corresponding period of RM5.92 million.

15. Comment on Material Change in Profit Before Taxation

The Company suffered a pre-tax loss of RM10.15 million for the current quarter ended 31 December 2007 as compared to the immediate preceding quarter's loss of RM1.26 million, mainly due to lower dividend income and higher fair value loss of RM9.89 million that arose from the Company's revaluation of its long-term investment in securities during the current quarter as compared to the immediate preceding quarter's fair value loss of RM3.61 million. Share of associate's result was a loss of RM412,000 for the current quarter while the immediate preceding quarter was a profit of RM955,000.

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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(Incorporated in Malaysia)

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

18. Income Tax Expense

	Individual Quarter		Period-To-Date	
	3 months ended		6 months ended	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	(68)	8	317	18
Foreign tax	19	57	42	275
Total income tax expense	<u>(49)</u>	<u>65</u>	<u>359</u>	<u>293</u>

The effective tax rate for the current quarter and financial period ended 31 December 2007 were higher than the statutory tax rate as certain expenses were not deductible for tax purposes while for the corresponding quarter and year-to-date ended 31 December 2006, 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:

	As at
	31.12.2007
	RM'000
At cost	9,375
At carrying value / market value	<u>136,220</u>

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(Incorporated in Malaysia)

**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 31 December 2007.

23. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 21 February 2008.

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

No interim dividend has been declared for the financial period ended 31 December 2007.

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 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.

	Individual Quarter		Period-To-Date	
	3 months ended		6 months ended	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
(Loss) / Profit attributable to ordinary equity holders (RM'000)	<u>(10,105)</u>	<u>6,569</u>	<u>(11,769)</u>	<u>15,025</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>(8.4)</u>	<u>5.4</u>	<u>(9.8)</u>	<u>12.4</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 31 December 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 21 February 2008.