

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

(Incorporated in Malaysia)

**Condensed Income Statement****For the Year Ended 30 June 2008****(The figures have not been audited)**

	Note	Individual Quarter 3 months ended		Period-To-Date 12 months ended	
		30.06.2008 RM'000	30.06.2007 RM'000	30.06.2008 RM'000	30.06.2007 RM'000
<b>Revenue</b>	4	3,233	3,540	5,619	7,816
Direct costs		(20)	(31)	(78)	(99)
<b>Gross profit</b>		3,213	3,509	5,541	7,717
Other income					
- Fair value gain/(loss)		26,315	(6,649)	9,964	25,661
Administrative expenses		(163)	(129)	(702)	(635)
Other expenses					
- Foreign exchange loss		(284)	(107)	(576)	(1)
<b>Profit / (Loss) from operations</b>	4	29,081	(3,376)	14,227	32,742
Share of profit of associates		4,003	3,886	3,135	12,873
<b>Profit before tax</b>		33,084	510	17,362	45,615
Income tax expense	18	(48)	(380)	(429)	(1,236)
<b>Profit for the period</b>		33,036	130	16,933	44,379
<b>Earnings per share attributable to equity holders of the Company:</b>					
Basic (Sen)	26(a)	27.4	0.1	14.0	36.8
Diluted (Sen)	26(b)	27.4	0.1	14.0	36.8

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 June 2008**

		(Unaudited)	(Audited)
		As at	As at
	Note	30.06.2008	30.06.2007
		RM'000	RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties		12,965	12,168
Investment in associate		104,413	103,648
Investments at fair value through profit or loss	20	166,787	146,947
		<u>284,165</u>	<u>262,763</u>
<b>Current assets</b>			
Sundry receivables		241	170
Current tax recoverable		138	677
Cash and bank balances		19,004	15,665
		<u>19,383</u>	<u>16,512</u>
<b>TOTAL ASSETS</b>		<u>303,548</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		242,147	217,525
		<u>302,499</u>	<u>277,877</u>
<b>Current liabilities</b>			
Sundry payables		1,049	1,398
		<u>1,049</u>	<u>1,398</u>
<b>Total liabilities</b>		<u>1,049</u>	<u>1,398</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>303,548</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 Year Ended 30 June 2008**

(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	-	-	11,754	-	-	-	11,754
Share of associated companies reserve	-	(2,083)	-	-	-	-	(2,083)
Net income/(expense) recognised directly in equity	-	(2,083)	11,754	-	-	-	9,671
Profit for the year, representing total recognised income and expense for the year	-	-	-	-	-	16,933	16,933
Dividends	-	-	-	-	-	(1,982)	(1,982)
<b>At 30 June 2008</b>	60,352	29,227	13,227	12,611	6,000	181,082	302,499

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

**Condensed Statement of Changes in Equity (Cont'd)**  
**For the Year Ended 30 June 2008**  
(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 2006</b>	1,312	34,378	7,075	12,611	6,000	181,071	242,447
Foreign currency translation	-	-	(5,602)	-	-	-	(5,602)
Share of associated companies reserve	-	(3,068)	-	-	-	-	(3,068)
Net income/(expense) recognised directly in equity	-	(3,068)	(5,602)	-	-	-	(8,670)
Profit for the year, representing total recognised income and expense for the year	-	-	-	-	-	44,379	44,379
Bonus issue	59,040	-	-	-	-	(59,040)	-
Bonus issue expenses	-	-	-	-	-	(279)	(279)
<b>At 30 June 2007</b>	<b>60,352</b>	<b>31,310</b>	<b>1,473</b>	<b>12,611</b>	<b>6,000</b>	<b>166,131</b>	<b>277,877</b>

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 Year Ended 30 June 2008**  
(The figures have not been audited)

	<b>12 months ended</b>	
	<b>30.06.2008</b>	<b>30.06.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	17,362	45,615
Adjustments for:		
Dividend income	(4,623)	(6,834)
Unrealised foreign exchange loss	576	1
Interest income	(276)	(268)
Share of results of associated company	(3,135)	(12,873)
Fair value gain of fair value through profit or loss investments	(9,954)	(23,882)
Fair value gain of investment properties	(10)	(1,779)
	<hr/>	<hr/>
Operating loss before working capital changes	(60)	(20)
Receivables	(7)	68
Payables	(385)	188
	<hr/>	<hr/>
Cash (used in) / generated from operations	(452)	236
Taxes paid	(25)	(94)
Taxes refunded	556	-
	<hr/>	<hr/>
Net cash generated from operating activities	<u>79</u>	<u>142</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received	4,489	5,764
Interest received	234	146
Purchase of fair value through profit or loss investments	-	(3,453)
	<hr/>	<hr/>
Net cash from investing activities	<u>4,723</u>	<u>2,457</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Dividends paid	(1,982)	-
Bonus issue expenses	-	(279)
	<hr/>	<hr/>
Net cash used in financing activity	<u>(1,982)</u>	<u>(279)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,820</b>	<b>2,320</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	<b>519</b>	<b>(441)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	<b>15,665</b>	<b>13,786</b>
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<b><u>19,004</u></b>	<b><u>15,665</u></b>

(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”) :

<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>12 months ended</b>	
	<b>30.06.2008</b>	<b>30.06.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Segment Revenue</b>		
Investment	4,623	6,834
Interest income	276	268
Rental income	720	714
Total	<u>5,619</u>	<u>7,816</u>
<b>Segment results</b>		
Investment	14,574	30,716
Interest income	276	268
Rental income	651	2,392
	<u>15,501</u>	<u>33,376</u>
Unallocated corporate expenses	<u>(1,274)</u>	<u>(634)</u>
Profit from operations	<u>14,227</u>	<u>32,742</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 gain of RM9.95 million resulting from the appreciation 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 year ended 30 June 2008.

**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 year ended 30 June 2008 were as follows:

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

	<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	88,113	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.



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

**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 2008.

**12. Changes in Contingent Liabilities and Contingent Assets**

There were no contingent liabilities or contingent assets as at 30 June 2008.

**13. Subsequent Events**

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

**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**

**14. Performance Review**

The Company's revenue of RM3.23 million for the current quarter and RM5.62 million for the financial year ended 30 June 2008 were lower as compared to the corresponding quarter and financial year ended 30 June 2007. This was mainly due to lower dividend income.

The after-tax profit of RM33.04 million for the current quarter was significantly higher than last year's quarter of RM130,000. This was due to the fair value gain of RM26.32 million from its long-term investment in securities and investment properties as compared to corresponding quarter's fair value loss of RM6.65 million. Share of associate's profit of RM4.0 million for the current quarter was slightly higher than the corresponding quarter's RM3.89 million.

As for the current financial year, the after-tax profit of RM16.93 million was lower than RM44.38 million achieved during the corresponding year ended 30 June 2007. This was mainly due to lower revenue and the fair value gain of RM9.95 million for its long-term investment in securities was significantly lower than last year's RM23.88 million. The fair value gain in the investment properties was only RM10,000 as compared to last financial year's RM1.78 million.

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

The Company achieved a pre-tax profit of RM33.08 million for the current quarter ended 30 June 2008 as compared to the immediate preceding quarter's loss of RM4.31 million. This was due to higher revenue and fair value gain of RM26.32 million for its long-term investment in securities and investment properties as compared to the immediate quarter's fair value loss of RM2.85 million. Share of associate's result for the current quarter was a profit of RM4.0 million as compared to the loss of RM1.41 million for the immediate preceding quarter.

**16. Commentary on Prospects**

The Company's results for the next financial year ending 30 June 2009 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 not expected to be good as crude palm oil prices have been falling and operating expenses are expected to be higher.

**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**

**17. Profit Forecast or Profit Guarantee**

There is no profit forecast and profit guarantee.

**18. Income Tax Expense**

	Individual Quarter		Period-To-Date	
	3 months ended		12 months ended	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	2	(114)	352	(84)
Foreign tax	110	494	165	1,320
	<u>112</u>	<u>380</u>	<u>517</u>	<u>1,236</u>
Over provision in prior years:				
Malaysian Tax	(29)	-	(53)	-
Foreign tax	(35)	-	(35)	-
	<u>48</u>	<u>380</u>	<u>429</u>	<u>1,236</u>

The effective tax rate for the current quarter and financial year ended 30 June 2008 and corresponding financial year ended 30 June 2007 were lower than the statutory tax rate as certain income were not subject to tax while for the corresponding quarter ended 30 June 2007 was higher as certain expenses were not deductible 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 30.06.2008 RM'000
At cost	9,375
At carrying value	166,787
At market value	<u>166,787</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 June 2008.

**23. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at 28 August 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 year ended 30 June 2008.

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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>12 months ended</b>	
	<b>30.06.2008</b>	<b>30.06.2007</b>	<b>30.06.2008</b>	<b>30.06.2007</b>
Profit attributable to ordinary equity holders (RM'000)	<u>33,036</u>	<u>130</u>	<u>16,933</u>	<u>44,379</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>27.4</u>	<u>0.1</u>	<u>14.0</u>	<u>36.8</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 June 2008.

**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 28 August 2008.