

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

Condensed Income Statement
For the Period Ended 30 September 2008
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Period-To-Date 3 months ended	
		30.09.2008 RM'000	30.09.2007 RM'000	30.09.2008 RM'000	30.09.2007 RM'000
Revenue	3	985	1,738	985	1,738
Direct costs		(23)	(19)	(23)	(19)
Gross profit		962	1,719	962	1,719
Other income					
- Fair value loss		(42,704)	(3,607)	(42,704)	(3,607)
Administrative expenses		(159)	(153)	(159)	(153)
Other expenses					
- Foreign exchange loss		(55)	(171)	(55)	(171)
Loss from operations	3	(41,956)	(2,212)	(41,956)	(2,212)
Share of (loss) / profit of associate		(8,121)	955	(8,121)	955
Loss before tax		(50,077)	(1,257)	(50,077)	(1,257)
Income tax expense	17	(15)	(408)	(15)	(408)
Loss for the period		(50,092)	(1,665)	(50,092)	(1,665)
(Loss)/Earnings per share					
attributable to equity					
holders of the Company:					
Basic (Sen)	25(a)	(41.5)	(1.4)	(41.5)	(1.4)
Diluted (Sen)	25(b)	(41.5)	(1.4)	(41.5)	(1.4)

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 30 September 2008

		(Unaudited)	(Audited)
	Note	As at 30.09.2008 RM'000	As at 30.06.2008 RM'000
ASSETS			
Non-current assets			
Investment properties		13,046	12,965
Investment in associate		98,791	104,413
Investments at fair value through profit or loss	19	124,696	166,787
		<u>236,533</u>	<u>284,165</u>
Current assets			
Sundry receivables		152	241
Current tax recoverable		129	138
Cash and bank balances		20,037	19,004
		<u>20,318</u>	<u>19,383</u>
TOTAL ASSETS		<u>256,851</u>	<u>303,548</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders to the Company			
Share capital		60,352	60,352
Reserves		195,371	242,147
		<u>255,723</u>	<u>302,499</u>
Current liabilities			
Sundry payables		1,128	1,049
		<u>1,128</u>	<u>1,049</u>
Total liabilities		<u>1,128</u>	<u>1,049</u>
TOTAL EQUITY AND LIABILITIES		<u>256,851</u>	<u>303,548</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 Period Ended 30 September 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
At 1 July 2008	60,352	29,227	13,227	12,611	6,000	181,082	302,499
Foreign currency translation	-	-	816	-	-	-	816
Share of associated companies reserve	-	2,500	-	-	-	-	2,500
Net income recognised directly in equity	-	2,500	816	-	-	-	3,316
Loss for the period, representing total recognised income and expense for the period	-	-	-	-	-	(50,092)	(50,092)
At 30 September 2008	60,352	31,727	14,043	12,611	6,000	130,990	255,723

KUCHAI DEVELOPMENT BERHAD (7573-V)

(Incorporated in Malaysia)

Condensed Statement of Changes in Equity (Cont'd)**For the Period Ended 30 September 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
At 1 July 2007	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, representing total recognised income and expense for the period	-	-	-	-	-	(1,665)	(1,665)
At 30 September 2007	60,352	30,857	4,405	12,611	6,000	164,466	278,691

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 Period Ended 30 September 2008

(The figures have not been audited)

	3 months ended	
	30.09.2008	30.09.2007
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(50,077)	(1,257)
Adjustments for:		
Dividend income	(724)	(1,500)
Unrealised foreign exchange loss	55	172
Interest income	(75)	(63)
Share of results of associated company	8,121	(955)
Fair value loss of fair value through profit or loss investments	42,704	3,607
	<hr/>	<hr/>
Operating profit before working capital changes	4	4
Receivables	8	(49)
Payables	73	(300)
	<hr/>	<hr/>
Cash generated from / (used in) operations	85	(345)
Taxes paid	(4)	(29)
	<hr/>	<hr/>
Net cash generated from / (used in) operating activities	<u>81</u>	<u>(374)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	146	1,099
Interest received	734	156
	<hr/>	<hr/>
Net cash from investing activities	<u>880</u>	<u>1,255</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	961	881
EFFECTS OF EXCHANGE RATE CHANGES	72	110
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	19,004	15,665
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>20,037</u>	<u>16,656</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 year ended 30 June 2008.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 30 June 2008 was not qualified.

3. Segmental Information

	3 months ended	
	30.09.2008	30.09.2007
	RM'000	RM'000
Segment Revenue		
Investment	724	1,500
Interest income	75	63
Rental income	186	175
Total	<u>985</u>	<u>1,738</u>
Segment results		
Investment	(41,980)	(2,107)
Interest income	75	63
Rental income	163	157
	<u>(41,742)</u>	<u>(1,887)</u>
Unallocated corporate expenses	<u>(214)</u>	<u>(325)</u>
Loss from operations	<u>(41,956)</u>	<u>(2,212)</u>

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

Other than the significant fair value loss of RM42.7 million resulting from the devaluation 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 30 September 2008.

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

Part A - Explanatory Notes Pursuant to FRS 134

5. Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter results.

6. Comments about Seasonal or Cyclical Factors

The principal business operations of the Company are not affected by seasonal or cyclical factors.

7. Dividends Paid

No dividend was paid since the last quarter.

8. Debt and Equity Securities

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

9. Changes in Composition of the Company

There were no changes in the composition of the Company during the current quarter.

10. 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 2008.

11. Changes in Contingent Liabilities and Contingent Assets

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

12. 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**

13. Performance Review

The Company's revenue of RM985,000 for the current quarter ended 30 September 2008 was lower by RM753,000 as compared to the corresponding quarter ended 30 September 2007. This was mainly due to lower dividend income partially offset by higher interest income.

For the current quarter, the Company suffered a hefty after-tax loss of RM50.01 million while the loss incurred for last year's corresponding quarter was RM1.67 million. This was due to the revaluation of its long-term investment in securities, resulting in fair value loss of RM42.70 million as compared to corresponding quarter's fair value loss of RM3.61 million. The associate also suffered losses due to the fair value loss arising from the revaluation of its long-term investment in securities and the Company's share was RM8.12 million as compared to the share of profit of RM955,000 for the corresponding quarter ended 30 September 2007.

14. Comment on Material Change in Profit Before Taxation

The Company suffered a pre-tax loss of RM50.08 million for the current quarter ended 30 September 2008 as compared to the immediate preceding quarter's significant profit of RM33.08 million. This was due to the following:-

- 1) Lower dividend income;
- 2) The revaluation of its long-term investment in securities was a fair value loss of RM42.70 million as compared to the immediate preceding quarter's fair value gain of RM26.31 million; and
- 3) Share of associate's result was a loss of RM8.12 million for the current quarter and a profit of RM4.0 million for the immediate preceding quarter ended 30 June 2008.

15. Commentary on Prospects

The Company's results for the rest of the 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 latter may worsen by the on-going jittery capital market and global economic recession.

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 recently fallen by about 52% from March 2008 to October 2008 and operating expenses are expected to be higher.

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

16. Profit Forecast or Profit Guarantee

There is no profit forecast and profit guarantee.

17. Income Tax Expense

	Individual Quarter		Period-To-Date	
	3 months ended		3 months ended	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	-	385	-	385
Foreign tax	15	23	15	23
Total income tax expense	<u>15</u>	<u>408</u>	<u>15</u>	<u>408</u>

The effective tax rate for the current quarter ended 30 September 2008 and corresponding quarter ended 30 September 2007 were higher than the statutory tax rate as certain expenses were not deductible for tax purposes.

18. Sale of Unquoted Investments and Properties

There were no sales of unquoted investments and properties.

19. 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
	30.09.2008
	RM'000
At cost	9,375
At carrying value	124,696
At market value	<u>124,696</u>

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

20. 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.

21. Borrowings

There were no borrowings and debt securities as at 30 September 2008.

22. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 27 November 2008.

23. Changes in Material Litigation

There was no pending material litigation as at the date of the issue of this quarterly report.

24. Dividend Payable

The following dividends in respect of the financial year ended 30 June 2008 on 120,703,494 ordinary shares have been approved by the shareholders at the Annual General Meeting on 27 November 2008:

	Amount	Net dividend
	RM	per share
		Sen
First and final dividend of 0.2% less 25% taxation	90,528	0.1
Bonus dividend of 2.0% less 25% taxation	905,276	0.7
	<u>995,804</u>	<u>0.8</u>

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

25. 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		3 months ended	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
(Loss)/Profit attributable to ordinary equity holders (RM'000)	<u>(50,092)</u>	<u>(1,665)</u>	<u>(50,092)</u>	<u>(1,665)</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>(41.5)</u>	<u>(1.4)</u>	<u>(41.5)</u>	<u>(1.4)</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 September 2008.

26. 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 27 November 2008.