

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

(Incorporated in Malaysia)

**Condensed Income Statement  
For the Period Ended 31 December 2008  
(The figures have not been audited)**

	Note	Individual Quarter 3 months ended		Period-To-Date 6 months ended	
		31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
<b>Revenue</b>	3	370	406	1,355	2,144
Direct costs		(26)	(20)	(49)	(39)
<b>Gross profit</b>		344	386	1,306	2,105
Other income					
- Fair value loss		(32,239)	(9,891)	(74,943)	(13,498)
Administrative expenses		(223)	(204)	(382)	(356)
Other expenses					
- Foreign exchange loss		(1)	(33)	(56)	(204)
<b>Loss from operations</b>	3	(32,119)	(9,742)	(74,075)	(11,953)
Share of (loss) / profit of associate		(9,881)	(412)	(18,002)	543
<b>Loss before tax</b>		(42,000)	(10,154)	(92,077)	(11,410)
Income tax expense	17	(21)	49	(36)	(359)
<b>Loss for the period</b>		(42,021)	(10,105)	(92,113)	(11,769)
<b>Loss per share</b>					
<b>attributable to equity</b>					
<b>holders of the Company:</b>					
Basic (Sen)	25(a)	(34.8)	(8.4)	(76.3)	(9.8)
Diluted (Sen)	25(b)	(34.8)	(8.4)	(76.3)	(9.8)

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 31 December 2008**

		(Unaudited)	(Audited)
	Note	As at 31.12.2008 RM'000	As at 30.06.2008 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties		13,049	12,965
Investment in associate		88,641	104,413
Investments at fair value through profit or loss	19	92,141	166,787
		<u>193,831</u>	<u>284,165</u>
<b>Current assets</b>			
Sundry receivables		151	241
Tax recoverable		171	138
Cash and bank balances		19,607	19,004
		<u>19,929</u>	<u>19,383</u>
<b>TOTAL ASSETS</b>		<u>213,760</u>	<u>303,548</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders to the Company</b>			
Share capital		60,352	60,352
Reserves		152,310	242,147
		<u>212,662</u>	<u>302,499</u>
<b>Current liabilities</b>			
Sundry payables		1,098	1,049
		<u>1,098</u>	<u>1,049</u>
<b>Total liabilities</b>		<u>1,098</u>	<u>1,049</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>213,760</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 31 December 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 2008</b>	60,352	29,227	13,227	12,611	6,000	181,082	302,499
Foreign currency translation	-	-	511	-	-	-	511
Share of associated companies reserve	-	2,761	-	-	-	-	2,761
Net income recognised directly in equity	-	2,761	511	-	-	-	3,272
Loss for the period	-	-	-	-	-	(92,113)	(92,113)
Total recognised income and expense for the period	-	2,761	511	-	-	(92,113)	(88,841)
Dividends	-	-	-	-	-	(996)	(996)
<b>At 31 December 2008</b>	60,352	31,988	13,738	12,611	6,000	87,973	212,662

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

(Incorporated in Malaysia)

**Condensed Statement of Changes in Equity (Cont'd)****For the Period Ended 31 December 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	-	-	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)
<b>At 31 December 2007</b>	<b>60,352</b>	<b>29,683</b>	<b>4,756</b>	<b>12,611</b>	<b>6,000</b>	<b>152,379</b>	<b>265,781</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 Period Ended 31 December 2008**

(The figures have not been audited)

	<b>6 months ended</b>	
	<b>31.12.2008</b>	<b>31.12.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(92,077)	(11,410)
Adjustments for:		
Dividend income	(829)	(1,646)
Unrealised foreign exchange loss	56	204
Interest income	(153)	(137)
Share of results of associated company	18,002	(543)
Fair value loss of fair value through profit or loss investments	74,943	13,498
	<hr/>	<hr/>
Operating loss before working capital changes	(58)	(34)
Receivables	30	28
Payables	142	(455)
	<hr/>	<hr/>
Cash generated from / (used in) operations	114	(461)
Taxes paid	(66)	(29)
Taxes refunded	-	528
Retirement benefit paid	(100)	-
	<hr/>	<hr/>
Net cash (used in) / generated from operating activities	(52)	38
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received	1,342	1,263
Interest received	235	190
	<hr/>	<hr/>
Net cash generated from investing activities	1,577	1,453
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Dividends paid	(996)	(1,983)
	<hr/>	<hr/>
Net cash used in financing activity	(996)	(1,983)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	529	(492)
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>		
	74	97
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>		
	19,004	15,665
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>		
	<hr/> <hr/>	<hr/> <hr/>
	19,607	15,270

(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**

	<b>6 months ended</b>	
	<b>31.12.2008</b>	<b>31.12.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Segment Revenue</b>		
Investment	829	1,646
Interest income	153	137
Rental income	373	361
Total	<u>1,355</u>	<u>2,144</u>
<b>Segment results</b>		
Investment	(74,117)	(11,855)
Interest income	153	137
Rental income	325	322
	<u>(73,639)</u>	<u>(11,396)</u>
Unallocated corporate expenses	(436)	(557)
Loss from operations	<u>(74,075)</u>	<u>(11,953)</u>

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

**Part A - Explanatory Notes Pursuant to FRS 134**

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

Other than the significant fair value loss of RM74.9 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 31 December 2008.

**5. Changes in Estimates**

There were no changes in estimates that have had a material effect in the current quarter and year-to-date 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**

The amount of dividends paid during the financial period ended 31 December 2008 were as follows:

In respect of the financial year ended 30 June 2008, 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 25% taxation	90,528	0.1
Bonus dividend of 2% less 25% taxation	905,276	0.7
	<u>995,804</u>	<u>0.80</u>

**8. 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.

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

**Part A - Explanatory Notes Pursuant to FRS 134**

**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 31 December 2008.

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

There were no contingent liabilities or contingent assets as at 31 December 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 RM370,000 for the current quarter and RM1.36 million for the period ended 31 December 2008 were lower as compared to the corresponding quarter and period ended 31 December 2007. This was mainly due to lower dividend income partially offset by higher interest income.

The Company suffered after-tax losses of RM42.02 million and RM92.11 million for the current quarter and period-to-date respectively. These were significantly higher as compared to the losses incurred during the corresponding quarter and period ended 31 December 2007. This was mainly due to the revaluation of its long-term investment in securities, resulting in significant fair value loss of RM32.24 million for the current quarter and RM74.94 million for the current six-month period as compared to the fair value losses of RM9.89 million and RM13.5 million recorded for the prior corresponding quarter and period ended 31 December 2007.

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 RM9.88 million and RM18 million for the current quarter and period-to-date respectively.

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

The Company suffered a pre-tax loss of RM42.0 million for the current quarter ended 31 December 2008 which was lower than the immediate preceding quarter's loss of RM50.08 million. This was mainly due to the lower fair value loss of RM32.24 million arising from the revaluation of its long-term investment in securities as compared to the fair value loss of RM42.7 million in the immediate preceding quarter. During the period, the Company received lower dividend income and higher share of associate's loss.

**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 is expected to be further worsened 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 50% from March 2008 to January 2009 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		6 months ended	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	6	(68)	6	317
Foreign tax	15	19	30	42
Total income tax expense	<u>21</u>	<u>(49)</u>	<u>36</u>	<u>359</u>

The effective tax rates for the current quarter and financial period ended 31 December 2008 and corresponding quarter and financial period ended 31 December 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 and year-to-date.

Details of investments in quoted securities classified as financial assets at fair value through

	As at 31.12.2008 RM'000
At cost	9,375
At carrying value	92,141
At market value	<u>92,141</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 31 December 2008.

**22. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at 24 February 2009.

**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**

No interim dividend has been declared for the financial period ended 31 December 2008.

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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 per share amounts are calculated by dividing loss 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>6 months ended</b>	
	<b>31.12.2008</b>	<b>31.12.2007</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
Loss attributable to ordinary equity holders (RM'000)	<u>(42,021)</u>	<u>(10,105)</u>	<u>(92,113)</u>	<u>(11,769)</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 per share (Sen)	<u>(34.8)</u>	<u>(8.4)</u>	<u>(76.3)</u>	<u>(9.8)</u>

**(b) Diluted**

Diluted loss per share is the same as basic loss per share as there is no dilutive potential ordinary shares outstanding as at 31 December 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 24 February 2009.