

KUCHAI DEVELOPMENT BERHAD (7573-V)

(Incorporated in Malaysia)

Condensed Income Statement**For the Period Ended 30 September 2009****(The figures have not been audited)**

	Note	Individual Quarter 3 months ended		Period-To-Date 3 months ended	
		30.09.2009 RM'000	30.09.2008 RM'000	30.09.2009 RM'000	30.09.2008 RM'000
Revenue	3	600	985	600	985
Direct costs		(15)	(23)	(15)	(23)
Gross profit		585	962	585	962
Other income					
- Fair value gain / (loss)		31,478	(42,704)	31,478	(42,704)
Administrative expenses		(179)	(159)	(179)	(159)
Other expenses					
- Foreign exchange loss		(85)	(55)	(85)	(55)
Profit / (Loss) from operations	3	31,799	(41,956)	31,799	(41,956)
Share of gain / (loss) of associate		8,063	(8,121)	8,063	(8,121)
Profit / (Loss) before tax		39,862	(50,077)	39,862	(50,077)
Income tax expense	17	(19)	(15)	(19)	(15)
Profit / (Loss) for the period		39,843	(50,092)	39,843	(50,092)
Profit / (Loss) per share attributable to equity holders of the Company:					
Basic (Sen)	25(a)	33.0	(41.5)	33.0	(41.5)
Diluted (Sen)	25(b)	33.0	(41.5)	33.0	(41.5)

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 2009

	Note	(Unaudited) As at 30.09.2009 RM'000	(Audited) As at 30.06.2009 RM'000
ASSETS			
Non-current assets			
Investment properties		11,352	11,232
Investment in associate		100,208	92,716
Investments at fair value through profit or loss	19	134,630	101,903
		<u>246,190</u>	<u>205,851</u>
Current assets			
Sundry receivables		88	212
Tax recoverable		-	-
Cash and bank balances		21,599	20,908
		<u>21,687</u>	<u>21,120</u>
TOTAL ASSETS		<u>267,877</u>	<u>226,971</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders to the Company			
Share capital		60,352	60,352
Reserves		206,429	165,573
		<u>266,781</u>	<u>225,925</u>
Current liabilities			
Sundry payables		1,048	999
Tax payable		48	47
		<u>1,096</u>	<u>1,046</u>
Total liabilities		<u>1,096</u>	<u>1,046</u>
TOTAL EQUITY AND LIABILITIES		<u>267,877</u>	<u>226,971</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 2009**

(The figures have not been audited)

	← Non-Distributable →			← Distributable →			
	Share Capital RM'000	Share of Associated Company Reserves RM'000	Foreign Exchange Reserve RM'000	Property and Investment Reserves RM'000	General Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
At 1 July 2009	60,352	32,599	15,074	12,612	6,000	99,288	225,925
Foreign currency translation	-	-	1,585	-	-	-	1,585
Share of associated companies reserve	-	(572)	-	-	-	-	(572)
Net income recognised directly in equity	-	(572)	1,585	-	-	-	1,013
Profit for the period	-	-	-	-	-	39,843	39,843
Total recognised income and expense for the period	-	(572)	1,585	-	-	39,843	40,856
At 30 September 2009	60,352	32,027	16,659	12,612	6,000	139,131	266,781

KUCHAI DEVELOPMENT BERHAD (7573-V)

(Incorporated in Malaysia)

Condensed Statement of Changes in Equity (Cont'd)**For the Period Ended 30 September 2009**

(The figures have not been audited)

	← Non-Distributable →			← Distributable →			
	Share Capital RM'000	Share of Associated Company Reserves RM'000	Foreign Exchange Reserve 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/(expense) recognised directly in equity	-	2,500	816	-	-	-	3,316
Loss for the period	-	-	-	-	-	(50,092)	(50,092)
Total recognised income and expense for the period	-	2,500	816	-	-	(50,092)	(46,776)
At 30 September 2008	60,352	31,727	14,043	12,611	6,000	130,990	255,723

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 2009

(The figures have not been audited)

	3 months ended	
	30.09.2009	30.09.2008
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	39,862	(50,077)
Adjustments for:		
Dividend income	(371)	(724)
Unrealised foreign exchange loss	85	55
Interest income	(38)	(75)
Share of results of associated company	(8,063)	8,121
Fair value (gain) / loss of fair value through profit or loss investments	(31,478)	42,704
	<hr/>	<hr/>
Operating (loss) / profit before working capital changes	(3)	4
Receivables	23	8
Payables	38	73
	<hr/>	<hr/>
Cash generated from operations	58	85
Taxes paid	(18)	(4)
	<hr/>	<hr/>
Net cash generated from operating activities	40	81
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	371	146
Interest received	139	734
	<hr/>	<hr/>
Net cash generated from investing activities	510	880
	<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	550	961
EFFECTS OF EXCHANGE RATE CHANGES	141	72
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	20,908	19,004
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	21,599	20,037
	<hr/>	<hr/>

(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 on a historical cost basis except for investment properties and fair value through profit or loss investments that have been measured at their fair values.

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.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 30 June 2009. 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 2009.

Except as described below, the significant accounting policies adopted in the unaudited interim financial statements are consistent with those adopted in the Group's audited financial statements for the financial year ended 30 June 2009.

Change in accounting policy - FRS 8: Operating Segments

FRS 8 sets out the requirements for disclosure of information on an entity's operating segment, products and services, the geographical areas in which it operates and its customers. The adoption of this Standard does not result in significant change in the Group's accounting policies and only impact the form and content of disclosures presented in the financial statements.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 30 June 2009 was not qualified.

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

Part A - Explanatory Notes Pursuant to FRS 134

3. Segmental Information

	3 months ended	
	30.09.2009	30.09.2008
	RM'000	RM'000
Segment Revenue		
Investment	371	724
Interest income	38	75
Rental income	191	186
Total	<u>600</u>	<u>985</u>
Segment results		
Investment	31,849	(41,980)
Interest income	38	75
Rental income	176	163
	<u>32,063</u>	<u>(41,742)</u>
Unallocated corporate expenses	<u>(264)</u>	<u>(214)</u>
Gain / (Loss) from operations	<u>31,799</u>	<u>(41,956)</u>
Segment assets		
Investment	234,838	223,488
Interest income	21,658	20,145
Rental income	11,367	13,067
	<u>267,863</u>	<u>256,700</u>
Unallocated corporate expenses	<u>14</u>	<u>22</u>
Total assets	<u>267,877</u>	<u>256,722</u>

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

Other than the significant fair value gain of RM31.48 million resulting from the revaluation 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 2009.

5. Changes in Estimates

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

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

Part A - Explanatory Notes Pursuant to FRS 134

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 2009.

11. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 30 September 2009.

12. 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**

13. Performance Review

The Company's revenue of RM600,000 for the current quarter ended 30 September 2009 was lower than previous year's corresponding quarter of RM985,000. This was mainly due to lower dividend and interest income.

For the current quarter, the Company achieved a significant after-tax profit of RM39.84 million as compared to previous year's corresponding quarter's hefty loss of RM50.1 million. This was due to the revaluation of its long-term investment in securities, resulting in fair value gain of RM31.48 million as compared to previous year's corresponding quarter's fair value loss of RM42.7 million.

The financial results from the associate was also profitable, mainly due to foreign exchange gain and fair value gain arising from the revaluation of its long-term investment in securities. The Company's share of the profit was RM8.06 million as compared to the share of previous year's corresponding quarter's share of loss of RM8.12 million.

14. Comment on Material Change in Profit Before Taxation

The pre-tax profit achieved by the Company for the current quarter of RM39.86 million was higher as compared to the pre-tax profit of RM22.27 million achieved for the immediate preceding quarter ended 30 June 2009 despite lower dividend and interest income. This was due to the fair value gain of RM31.48 million arising from the revaluation of its long-term investment in securities, higher than the immediate preceding quarter's RM13.76 million. The Company's share of associate's profit for the current quarter of RM8.06 million was also higher than the immediate preceding quarter's profit of RM7.38 million.

15. Commentary on Prospects

The Company's results for the rest of the financial year ending 30 June 2010 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. The prospect of the plantation performance for the rest of the financial year is not expected to improve significantly. The CPO prices and production for the rest of the 1st half of the financial year are expected to be lower, the latter due to the lower production period in the biological cycle. For the 2nd half of the financial year ending 30 June 2010, production is expected to increase while prices may remain stable.

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**

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	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	5	-	5	-
Foreign tax	14	15	14	15
Total income tax expense	<u>19</u>	<u>15</u>	<u>19</u>	<u>15</u>

The effective tax rate for the current quarter was lower due to certain income not subject to tax while the effective tax rate for prior year's corresponding quarter was higher 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 30.09.2009 RM'000
At cost	9,375
At carrying value	134,630
At market value	<u>134,630</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 2009.

22. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 23 November 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

The following dividends in respect of the financial year ended 30 June 2009 on 120,703,494 ordinary shares have been approved by the shareholders at the Annual General Meeting on 23 November 2009:

	Amount	Net dividend
	RM	per share
		Sen
First and final dividend of 0.2% less 25% taxation	90,528	0.08
Bonus dividend of 1.0% less 25% taxation	452,638	0.37
	<u>543,166</u>	<u>0.45</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 profit / (loss) per share amounts are calculated by dividing profit / (loss) 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	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
Profit / (Loss) attributable to ordinary equity holders (RM'000)	<u>39,843</u>	<u>(50,092)</u>	<u>39,843</u>	<u>(50,092)</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 / (loss) per share (Sen)	<u>33.0</u>	<u>(41.5)</u>	<u>33.0</u>	<u>(41.5)</u>

(b) Diluted

Diluted profit per share is the same as basic profit per share as there is no dilutive potential ordinary shares outstanding as at 30 September 2009.

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 23 November 2009.