

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

(Incorporated in Malaysia)

**Condensed Income Statement****For the Period Ended 31 December 2009****(The figures have not been audited)**

	Note	Individual Quarter 3 months ended		Period-To-Date 6 months ended	
		31.12.2009 RM'000	31.12.2008 RM'000	31.12.2009 RM'000	31.12.2008 RM'000
<b>Revenue</b>	3	326	370	926	1,355
Direct costs		(15)	(26)	(30)	(49)
<b>Gross profit</b>		311	344	896	1,306
Other income					
- Fair value gain / (loss)		(5,508)	(32,239)	25,970	(74,943)
Administrative expenses		(171)	(223)	(350)	(382)
Other expenses					
- Foreign exchange gain / (loss)		61	(1)	(24)	(56)
<b>Profit / (Loss) from operations</b>	3	(5,307)	(32,119)	26,492	(74,075)
Share of gain / (loss) of associate		1,748	(9,881)	9,811	(18,002)
<b>Profit / (Loss) before tax</b>		(3,559)	(42,000)	36,303	(92,077)
Income tax expense	17	(14)	(21)	(33)	(36)
<b>Profit / (Loss) for the period</b>		(3,573)	(42,021)	36,270	(92,113)
<b>Profit / (Loss) per share attributable to equity holders of the Company:</b>					
Basic (Sen)	25(a)	(3.0)	(34.8)	30.0	(76.3)
Diluted (Sen)	25(b)	(3.0)	(34.8)	30.0	(76.3)

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 2009**

		(Unaudited)	(Audited)
	Note	As at 31.12.2009 RM'000	As at 30.06.2009 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties		11,267	11,232
Investment in associate		101,072	92,716
Investments at fair value through profit or loss	19	128,364	101,903
		<u>240,703</u>	<u>205,851</u>
<b>Current assets</b>			
Sundry receivables		379	212
Tax recoverable		5	-
Cash and bank balances		21,022	20,908
		<u>21,406</u>	<u>21,120</u>
<b>TOTAL ASSETS</b>		<u>262,109</u>	<u>226,971</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders to the Company</b>			
Share capital		60,352	60,352
Reserves		200,673	165,573
		<u>261,025</u>	<u>225,925</u>
<b>Current liabilities</b>			
Sundry payables		1,084	999
Tax payable		-	47
		<u>1,084</u>	<u>1,046</u>
<b>Total liabilities</b>		<u>1,084</u>	<u>1,046</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>262,109</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 31 December 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
<b>At 1 July 2009</b>	60,352	32,599	15,074	12,612	6,000	99,288	225,925
Foreign currency translation	-	-	592	-	-	-	592
Share of associated companies reserve	-	(1,219)	-	-	-	-	(1,219)
Net income/(expense) recognised directly in equity	-	(1,219)	592	-	-	-	(627)
Profit for the period	-	-	-	-	-	36,270	36,270
Total recognised income and expense for the period	-	(1,219)	592	-	-	36,270	35,643
Dividends	-	-	-	-	-	(543)	(543)
<b>At 31 December 2009</b>	60,352	31,380	15,666	12,612	6,000	135,015	261,025

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

(Incorporated in Malaysia)

**Condensed Statement of Changes in Equity (Cont'd)****For the Period Ended 31 December 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
<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

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 2009**

(The figures have not been audited)

	<b>6 months ended</b>	
	<b>31.12.2009</b>	<b>31.12.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	36,303	(92,077)
Adjustments for:		
Dividend income	(473)	(829)
Unrealised foreign exchange loss	24	56
Interest income	(75)	(153)
Share of results of associated company	(9,811)	18,002
Fair value (gain) / loss of fair value through profit or loss investments	(25,970)	74,943
	<hr/>	<hr/>
Operating loss before working capital changes	(2)	(58)
Receivables	(26)	30
Payables	81	142
	<hr/>	<hr/>
Cash generated from operations	53	114
Taxes paid	(82)	(66)
Retirement benefit paid	-	(100)
	<hr/>	<hr/>
Net cash used in operating activities	(29)	(52)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received	463	1,342
Interest received	179	235
	<hr/>	<hr/>
Net cash generated from investing activities	642	1,577
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Dividends paid	(543)	(996)
	<hr/>	<hr/>
Net cash used in financing activity	(543)	(996)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	70	529
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>		
	44	74
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>		
	20,908	19,004
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>21,022</b>	<b>19,607</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 on a historical cost basis except for investment properties and investments at fair value through profit or loss 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**

	<b>6 months ended</b>	
	<b>31.12.2009</b>	<b>31.12.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Segment Revenue</b>		
Investment	473	829
Interest income	75	153
Rental income	378	373
Total	<u>926</u>	<u>1,355</u>
<b>Segment results</b>		
Investment	26,441	(74,117)
Interest income	76	153
Rental income	348	325
	<u>26,865</u>	<u>(73,639)</u>
Unallocated corporate expenses	(373)	(436)
Gain / (Loss) from operations	<u>26,492</u>	<u>(74,075)</u>
<b>Segment assets</b>		
Investment	229,717	181,021
Interest income	21,079	19,669
Rental income	11,301	13,054
	<u>262,097</u>	<u>213,744</u>
Unallocated corporate expenses	12	16
Total assets	<u>262,109</u>	<u>213,760</u>

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

Other than the significant fair value gain of RM25.97 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 31 December 2009.

**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.

**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**

The amount of dividends paid during the financial period ended 31 December 2009 were as follows:

In respect of the financial year ended 30 June 2009, as reported in the directors' report of that year:

	<b>Amount RM</b>	<b>Net dividend per share Sen</b>
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>

**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.

**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 2009.

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

There were no contingent liabilities or contingent assets as at 31 December 2009.

**12. Subsequent Events**

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



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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 RM326,000 for the current quarter and RM926,000 for the period ended 31 December 2009 were lower as compared to the corresponding quarter and period ended 31 December 2008. This was mainly due to lower dividend and interest income.

The after-tax loss of RM3.57 million for the current quarter was significantly lower than previous year's corresponding quarter's RM42.02 million. This was due to the lower fair value loss of RM5.51 million resulting from the revaluation of its long-term investment in securities for the current quarter as compared to the previous year's corresponding quarter's fair value loss of RM32.24 million. Share of the associate's result was a profit of RM1.75 million while previous year's corresponding quarter's share was a loss of RM9.88 million.

For the current period-to-date, the Company achieved after-tax profit RM36.27 million while a significant after-tax loss of RM92.11 million was suffered during previous year's corresponding period-to-date. This was due to the revaluation of its long-term investment in securities, resulting in fair value gain of RM25.97 million as compared to previous year's corresponding period-to-date's fair value loss of RM74.9 million. Share of the associate's result was a profit of RM9.81 million while previous year's corresponding period-to-date's share was a loss of RM18 million.

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

The Company suffered a pre-tax loss of RM3.56 million for the current quarter ended 31 December 2009 as compared to the pre-tax profit of RM39.86 million achieved for the immediate preceding quarter ended 30 September 2009. This was due to the fair value loss of RM5.51 million as compared to the immediate preceding quarter's fair value gain of RM31.48 million arising from the revaluation of its long-term investment in securities. The Company's share of associate's profit for the current quarter of RM1.75 million was lower than the immediate preceding quarter's RM8.06 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 ending 30 June 2010 is not expected to improve significantly as production is expected to increase while the CPO prices may remain stable.

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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	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	(2)	6	3	6
Foreign tax	16	15	30	30
Total income tax expense	<u>14</u>	<u>21</u>	<u>33</u>	<u>36</u>

The effective tax rates for the current quarter and financial period ended 31 December 2009 were lower than the statutory tax rate applicable in Malaysia due to certain income not subject to tax. The effective tax rates of the corresponding quarter and year-to-date ended 31 December 2008 were 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 and year-to-date.

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

	As at 31.12.2009 RM'000
At cost	9,375
At carrying value	128,364
At market value	<u>128,364</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 2009.

**22. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at 19 February 2010.

**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 2009.

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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.

	<b>Individual Quarter</b>		<b>Period-To-Date</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>31.12.2009</b>	<b>31.12.2008</b>	<b>31.12.2009</b>	<b>31.12.2008</b>
Profit / (Loss) attributable to ordinary equity holders (RM'000)	<u>(3,573)</u>	<u>(42,021)</u>	<u>36,270</u>	<u>(92,113)</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>(3.0)</u>	<u>(34.8)</u>	<u>30.0</u>	<u>(76.3)</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 31 December 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 19 February 2010.