

KUCHAI DEVELOPMENT BERHAD (7573-V)

(Incorporated in Malaysia)

**Condensed Income Statement
For the Period Ended 31 March 2010
(The figures have not been audited)**

| | Note | Individual Quarter 3 months ended | | Period-To-Date 9 months ended | |
|---|-------|--------------------------------------|----------------------|----------------------------------|----------------------|
| | | 31.03.2010 RM'000 | 31.03.2009 RM'000 | 31.03.2010 RM'000 | 31.03.2009 RM'000 |
| Revenue | 3 | 257 | 297 | 1,183 | 1,652 |
| Direct costs | | (21) | (24) | (51) | (73) |
| Gross profit | | 236 | 273 | 1,132 | 1,579 |
| Other income | | | | | |
| - Fair value gain / (loss) | | 10,205 | (6,987) | 36,175 | (81,930) |
| Administrative expenses | | (195) | (205) | (545) | (587) |
| Other expenses | | | | | |
| - Foreign exchange gain / (loss) | | 327 | 32 | 303 | (24) |
| Profit / (Loss) from operations | 3 | 10,573 | (6,887) | 37,065 | (80,962) |
| Share of gain / (loss) of associate | | 4,596 | (3,920) | 14,407 | (21,922) |
| Profit / (Loss) before tax | | 15,169 | (10,807) | 51,472 | (102,884) |
| Income tax expense | 17 | (14) | (39) | (47) | (75) |
| Profit / (Loss) for the period | | 15,155 | (10,846) | 51,425 | (102,959) |
| Profit / (Loss) per share attributable to equity holders of the Company: | | | | | |
| Basic (Sen) | 25(a) | 12.6 | (9.0) | 42.6 | (85.3) |
| Diluted (Sen) | 25(b) | 12.6 | (9.0) | 42.6 | (85.3) |

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 March 2010

| | | (Unaudited) | (Audited) |
|---|------|-------------------------------|-------------------------------|
| | Note | As at 31.03.2010 RM'000 | As at 30.06.2009 RM'000 |
| ASSETS | | | |
| Non-current assets | | | |
| Investment properties | | 10,796 | 11,232 |
| Investment in associate | | 103,770 | 92,716 |
| Investments at fair value through profit or loss | 19 | 132,927 | 101,903 |
| | | <u>247,493</u> | <u>205,851</u> |
| Current assets | | | |
| Sundry receivables | | 139 | 212 |
| Tax recoverable | | - | - |
| Cash and bank balances | | 20,585 | 20,908 |
| | | <u>20,724</u> | <u>21,120</u> |
| TOTAL ASSETS | | <u>268,217</u> | <u>226,971</u> |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders to the Company | | | |
| Share capital | | 60,352 | 60,352 |
| Reserves | | 206,956 | 165,573 |
| | | <u>267,308</u> | <u>225,925</u> |
| Current liabilities | | | |
| Sundry payables | | 907 | 999 |
| Tax payable | | 2 | 47 |
| | | <u>909</u> | <u>1,046</u> |
| Total liabilities | | <u>909</u> | <u>1,046</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>268,217</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 March 2010**

(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 | - | - | (6,381) | - | - | - | (6,381) |
| Share of associated companies reserve | - | (3,118) | - | - | - | - | (3,118) |
| Net income/(expense) recognised directly in equity | - | (3,118) | (6,381) | - | - | - | (9,499) |
| Profit for the period | - | - | - | - | - | 51,425 | 51,425 |
| Total recognised income and expense for the period | - | (3,118) | (6,381) | - | - | 51,425 | 41,926 |
| Dividends | - | - | - | - | - | (543) | (543) |
| At 31 March 2010 | 60,352 | 29,481 | 8,693 | 12,612 | 6,000 | 150,170 | 267,308 |

KUCHAI DEVELOPMENT BERHAD (7573-V)

(Incorporated in Malaysia)

Condensed Statement of Changes in Equity (Cont'd)**For the Period Ended 31 March 2010**

(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 | - | - | 88 | - | - | - | 88 |
| Share of associated companies reserve | - | 5,112 | - | - | - | - | 5,112 |
| Net income recognised directly in equity | - | 5,112 | 88 | - | - | - | 5,200 |
| Loss for the period | - | - | - | - | - | (102,959) | (102,959) |
| Total recognised income and expense for the period | - | 5,112 | 88 | - | - | (102,959) | (97,759) |
| Dividends | - | - | - | - | - | (996) | (996) |
| At 31 March 2009 | 60,352 | 34,339 | 13,315 | 12,611 | 6,000 | 77,127 | 203,744 |

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 March 2010

(The figures have not been audited)

| | 9 months ended | |
|---|-----------------------|----------------------|
| | 31.03.2010 | 31.03.2009 |
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit / (Loss) before taxation | 51,472 | (102,884) |
| Adjustments for: | | |
| Dividend income | (508) | (880) |
| Unrealised foreign exchange (gain) / loss | (303) | 24 |
| Interest income | (110) | (212) |
| Share of results of associated company | (14,407) | 21,922 |
| Fair value (gain) / loss of fair value through profit or loss investments | (36,175) | 81,930 |
| | <hr/> | <hr/> |
| Operating loss before working capital changes | (31) | (100) |
| Receivables | (33) | (38) |
| Payables | (56) | (9) |
| | <hr/> | <hr/> |
| Cash used in operations | (120) | (147) |
| Taxes paid | (89) | (117) |
| Taxes refunded | - | 138 |
| Retirement benefit paid | - | (100) |
| | <hr/> | <hr/> |
| Net cash used in operating activities | <u>(209)</u> | <u>(226)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Dividends received | 744 | 1,420 |
| Interest received | 210 | 279 |
| | <hr/> | <hr/> |
| Net cash generated from investing activities | <u>954</u> | <u>1,699</u> |
| CASH FLOWS FROM FINANCING ACTIVITY | | |
| Dividends paid | (543) | (996) |
| | <hr/> | <hr/> |
| Net cash used in financing activity | <u>(543)</u> | <u>(996)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 202 | 477 |
| EFFECTS OF EXCHANGE RATE CHANGES | (525) | 28 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD | 20,908 | 19,004 |
| | <hr/> | <hr/> |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD | <u>20,585</u> | <u>19,509</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 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

| | 9 months ended | |
|--------------------------------|-----------------------|-------------------|
| | 31.03.2010 | 31.03.2009 |
| | RM'000 | RM'000 |
| Segment Revenue | | |
| Investment | 508 | 880 |
| Interest income | 110 | 212 |
| Rental income | 565 | 560 |
| Total | <u>1,183</u> | <u>1,652</u> |
| Segment results | | |
| Investment | 36,679 | (81,053) |
| Interest income | 110 | 212 |
| Rental income | 515 | 486 |
| | <u>37,304</u> | <u>(80,355)</u> |
| Unallocated corporate expenses | (239) | (607) |
| Gain / (Loss) from operations | <u>37,065</u> | <u>(80,962)</u> |
| Segment assets | | |
| Investment | 236,697 | 172,025 |
| Interest income | 20,642 | 19,574 |
| Rental income | 10,843 | 13,047 |
| | <u>268,182</u> | <u>204,646</u> |
| Unallocated corporate expenses | 35 | 40 |
| Total assets | <u>268,217</u> | <u>204,686</u> |

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

Other than the significant fair value gain of RM36.18 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 March 2010.

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 March 2010 were as follows:

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

| | Amount RM | Net dividend 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> |

8. Debt and Equity Securities

There were no issuance, repurchase and repayment of debts and equity securities in the current quarter and 9 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 March 2010.

11. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 31 March 2010.

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 RM257,000 for the current quarter and RM1.18 million for the period ended 31 March 2010 were lower as compared to the corresponding quarter and period ended 31 March 2009. This was mainly due to lower dividend and interest income.

After-tax profit of RM15.16 million and RM51.43 million were achieved for the current quarter and current period-to-date respectively as compared to the after-tax loss of RM10.85 million and RM102.96 million suffered during the previous year's corresponding quarter and period-to-date respectively. These were due to the fair value gains of RM10.21 million and RM36.18 million resulting from the revaluation of its long-term investment in securities for the current quarter and period-to-date respectively while previous year's corresponding quarter and period-to-date were fair value losses of RM6.99 million and RM81.93 million respectively.

Share of the associate's period-to-date's financial result was a profit of RM14.41 million while previous year's corresponding period-to-date's share was a loss of RM21.92 million.

14. Comment on Material Change in Profit Before Taxation

The Company achieved a pre-tax profit of RM15.16 million for the current quarter ended 31 March 2010 as compared to the pre-tax loss of RM3.56 million suffered during the immediate preceding quarter ended 31 December 2009. This was due to the fair value gain of RM10.21 million as compared to the immediate preceding quarter's fair value loss of RM5.51 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 RM4.6 million was higher than the immediate preceding quarter's RM1.75 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.

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 | | 9 months ended | |
| | 31.03.2010 | 31.03.2009 | 31.03.2010 | 31.03.2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax: | | | | |
| Malaysian income tax | - | 11 | 3 | 17 |
| Foreign tax | 14 | 13 | 44 | 43 |
| | <u>14</u> | <u>24</u> | <u>47</u> | <u>60</u> |
| Over provision in prior years: | | | | |
| Malaysian Tax | - | 15 | - | 15 |
| | <u>14</u> | <u>39</u> | <u>47</u> | <u>75</u> |

The effective tax rates for the current quarter and financial period ended 31 March 2010 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 March 2009 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 |
|-------------------|-------------------|
| | 31.03.2010 |
| | RM'000 |
| At cost | 9,375 |
| At carrying value | 132,927 |
| At market value | <u>132,927</u> |

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**

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 March 2010.

22. Off Balance Sheet Financial Instruments

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

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**

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 | | 9 months ended | |
| | 31.03.2010 | 31.03.2009 | 31.03.2010 | 31.03.2009 |
| Profit / (Loss) attributable to ordinary equity holders (RM'000) | <u>15,155</u> | <u>(10,846)</u> | <u>51,425</u> | <u>(102,959)</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>12.6</u> | <u>(9.0)</u> | <u>42.6</u> | <u>(85.3)</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 March 2010.

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 May 2010.