

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

Statement Of Comprehensive Income
For the Financial Period Ended 30 September 2013
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Period-To-Date 3 months ended	
		30.09.13 RM'000	30.09.12 RM'000	30.09.13 RM'000	30.09.12 RM'000
Revenue	4	1,043	921	1,043	921
Direct costs		(26)	(24)	(26)	(24)
Gross profit		1,017	897	1,017	897
Other income					
- Fair value gain		-	18,076	-	18,076
Administrative expenses		(117)	(190)	(117)	(190)
Other expenses					
- Fair value loss		(286)	-	(286)	-
- Foreign exchange loss		(207)	(9)	(207)	(9)
Profit from Operations	4	407	18,774	407	18,774
Share of profit of associate		3,652	6,485	3,652	6,485
Profit before tax		4,059	25,259	4,059	25,259
Income tax expense	21	(22)	(18)	(22)	(18)
Profit after tax		4,037	25,241	4,037	25,241
<u>Other comprehensive income</u>					
Foreign currency translation		6,748	1,553	6,748	1,553
Share of other comprehensive income of associate		1,185	(1,793)	1,185	(1,793)
Other comprehensive income for the period, net of tax		7,933	(240)	7,933	(240)
Total comprehensive income for the period		11,970	25,001	11,970	25,001
Earnings / (Loss) per share attributable to equity holders of the Company:					
Basic (Sen)	26(a)	3.3	20.9	3.3	20.9
Diluted (Sen)	26(b)	3.3	20.9	3.3	20.9

The statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

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

Statement of Financial Position
As at 30 September 2013

	(Unaudited) As at 30.09.13 RM'000	(Audited) As at 30.06.13 RM'000
ASSETS		
Non-current assets		
Plant and equipment	14	14
Investment properties	22,201	21,489
Investment in associate	121,992	117,156
Investments at fair value through profit or loss	153,052	148,424
	<u>297,259</u>	<u>287,083</u>
Current assets		
Sundry receivables	162	104
Prepayments	30	53
Tax recoverable	-	21
Cash and bank balances	36,065	34,265
	<u>36,257</u>	<u>34,443</u>
TOTAL ASSETS	<u>333,516</u>	<u>321,526</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	60,352	60,352
Reserves	272,284	260,314
	<u>332,636</u>	<u>320,666</u>
Current liabilities		
Sundry payables	818	860
Tax payable	62	-
	<u>880</u>	<u>860</u>
Total liabilities	<u>880</u>	<u>860</u>
TOTAL EQUITY AND LIABILITIES	<u>333,516</u>	<u>321,526</u>

The statement of financial position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

KUCHAI DEVELOPMENT BERHAD (7573-V)

(Incorporated in Malaysia)

Statement of Changes in Equity**For the Financial Period Ended 30 September 2013**

(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
Opening balance at 1 July 2013	60,352	28,563	20,562	12,611	6,000	192,578	320,666
Total comprehensive income for the period	-	1,185	6,748	-	-	4,037	11,970
Closing balance at 30 September 2013	<u>60,352</u>	<u>29,748</u>	<u>27,310</u>	<u>12,611</u>	<u>6,000</u>	<u>196,615</u>	<u>332,636</u>
Opening balance at 1 July 2012	60,352	28,802	19,600	12,611	6,000	146,579	273,944
Total comprehensive income / (loss) for the period	-	(1,793)	1,553	-	-	25,241	25,001
Closing balance at 30 September 2012	<u>60,352</u>	<u>27,009</u>	<u>21,153</u>	<u>12,611</u>	<u>6,000</u>	<u>171,820</u>	<u>298,945</u>

The 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)

Statement of Cash Flows
For the Financial Period Ended 30 September 2013

(The figures have not been audited)

	3 months ended	
	30.09.13	30.09.12
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before taxation	4,059	25,259
Adjustments for:		
Dividend income	(798)	(708)
Unrealised foreign exchange loss	207	9
Interest income	(46)	(32)
Share of profit of associated company	(3,652)	(6,485)
Fair value loss / (gain) of fair value through profit or loss investments	286	(18,076)
	<hr/>	<hr/>
Operating cash flows before working capital changes	56	(33)
Receivables	(119)	79
Prepayments	23	(4)
Payables	(69)	48
	<hr/>	<hr/>
Cash flows (used in) / from operations	(109)	90
Taxes paid	-	(57)
Taxes refunded	61	-
	<hr/>	<hr/>
Net cash flows (used in) / from operating activities	<u>(48)</u>	<u>33</u>
INVESTING ACTIVITIES		
Interest received	108	95
Dividends received	798	708
	<hr/>	<hr/>
Net cash flows from investing activities	<u>906</u>	<u>803</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	858	836
EFFECTS OF EXCHANGE RATE CHANGES	942	80
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	<hr/>	<hr/>
	34,265	30,083
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u><u>36,065</u></u>	<u><u>30,999</u></u>

The statement of cash flows 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 freehold land included within property, plant and equipment, investment properties and available-for-sale 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 Economic Entity for the year ended 30 June 2013. 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 Economic Entity since the year ended 30 June 2013.

2. Significant accounting policies

Except as described below, the significant accounting policies adopted in the unaudited interim financial statements are consistent with those adopted in the Economic Entity's audited financial statements for the financial year ended 30 June 2013.

(a) Adoption of New and Revised FRSs, IC Interpretations and Amendments to FRS

FRSs, Amendments to FRS and IC Interpretations

FRS 10 Consolidated Financial Statements

FRS 11 Joint Arrangements

FRS 12 Disclosure of interests in Other Entities

FRS 13 Fair Value Measurement

FRS 119 Employee Benefits

FRS 127 Separate Financial Statements

FRS 128 Investment in Associate and Joint Ventures

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Amendments to FRS 1 Government Loans

Amendments to FRS 7: Disclosures – Offsetting Financial Assets and
Financial Liabilities

Amendments to FRS 10, FRS 11 and FRS 12 Consolidated Financial Statements,

Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance

Improvement to FRSs (2012)

The adoption of the new FRSs, Amendments to FRSs and IC Interpretations that are effective for the financial statements commencing on 1 July 2013 does not result in any significant financial position, results and presentation of financial statements of the Economic Entity.

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

Part A - Explanatory Notes Pursuant to FRS 134

2. Significant Accounting Policies (cont'd)

(b) Revised FRS and IC Interpretation issued and not yet effective

The Economic Entity has not early adopted the following revised FRS and IC Interpretation which have been issued as at the date of authorisation of these financial statements and will be effective for the financial periods as stated below:

	Effective date for financial periods beginning on or after
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 9 Financial Instruments	1 January 2015

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional three years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

The Economic Entity falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30 June 2016. In presenting its first MFRS financial statements, the Economic Entity will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively against opening retained earnings.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 30 June 2013 was not qualified.

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

Part A - Explanatory Notes Pursuant to FRS 134

4. Segmental Information

	3 months ended	
	30.09.13	30.09.12
	RM'000	RM'000
Segment Revenue		
Investment	798	708
Interest income	46	31
Rental income	199	182
Total	<u>1,043</u>	<u>921</u>
Segment results		
Investment	510	18,783
Interest income	46	31
Rental income	173	159
	<u>729</u>	<u>18,973</u>
Unallocated corporate expenses	(322)	(199)
Profit / (Loss) from operations	<u>407</u>	<u>18,774</u>
Segment assets		
Investment	288,559	260,028
Interest income	25,885	25,054
Rental income	18,919	15,017
	<u>333,363</u>	<u>300,099</u>
Unallocated corporate asset	153	62
Total assets	<u>333,516</u>	<u>300,161</u>

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

There were no other unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 September 2013.

6. Changes in Estimates

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

7. Comments about Seasonal or Cyclical Factors

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

8. Dividends Paid

No dividend was paid since the last quarter.

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

Part A - Explanatory Notes Pursuant to FRS 134

9. Debt and Equity Securities

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

10. Changes in Composition of the Company

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

11. 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 2013.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 30 September 2013.

13. Related Party Transactions

Transactions with related parties are as follows:

	Individual Quarter		Year-To-Date	
	30.09.13	30.09.12	30.09.13	30.09.12
	RM'000	RM'000	RM'000	RM'000
Rental income from Ice Cold Beer Pte. Ltd., a company in which a director, Lee Chung-Shih, has an interest (recurrent)	199	182	199	182
Share of corporate advisory fee receivable from Sungei Bagan Rubber (Malaya) Berhad, a company in which a director, Lee Chung-Shih has an interest (non-recurrent)	105	-	105	-
Administration and support services payable to The Nyalas Rubber Estates Limited, a company in which a director, Lee Chung-Shih has an interest (recurrent)	47	45	47	45
Administration and support services and property management payable to Estate & Trust Agencies (1927) Limited, a company in which a director, Lee Chung-Shih has an interest (recurrent)	3	2	3	2

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

Part A - Explanatory Notes Pursuant to FRS 134

14. Subsequent Events

On 4 November 2013, the Company announced its Dividend Reinvestment Scheme with the listing of and quotation for 3,043,840 new ordinary shares of par value RM0.50 each on the Main Market of Bursa Malaysia Securities Berhad and this was completed on 6 November 2013.

15. Fair Value Hierarchy

The Company uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
30.09.13				
Fair value through profit or loss financial assets	<u>150,187</u>	<u>2,865</u>	<u>-</u>	<u>153,052</u>
30.06.13				
Fair value through profit or loss financial assets	<u>145,902</u>	<u>2,522</u>	<u>-</u>	<u>148,424</u>

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the current interim financial period and the comparative period. There were no change in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

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**

16. Performance Review

The Company's revenue of RM1.04 million for the current quarter ended 30 September 2013 was higher than last year's corresponding quarter of RM921,000 by RM122,000. This was mainly due to higher dividend and interest income.

For the current quarter, the Economic Entity achieved an after-tax profit of RM4.04 million. This was significantly lower than the profit of RM25.24 million achieved a year ago, mainly due to:-

- 1) The revaluation of its long-term investment in securities for the current quarter was a fair value loss of RM286,000 as compared to the fair value gain of RM18.08 million reported a year ago.
- 2) The unrealised exchange loss of RM207,000 for the current quarter was higher than the loss of RM9,000 reported a year ago.
- 3) Share of associate's profit of RM3.65 million for the current quarter was lower than last year's share of RM6.49 million.

**17. Comment on Material Change in Profit Before Taxation for the Current Quarter as
Compared with the Immediate Preceding Quarter**

The Economic Entity posted a pre-tax profit of RM4.06 million for the current quarter ended 30 September 2013 as compared to the pre-tax loss of RM5.93 million suffered during the immediate preceding quarter. This was due to:-

- 1) The fair value loss of RM286,000 arising from the revaluation of its long-term investment in securities and properties for the current quarter was significantly lower than the loss of RM4.75 million suffered during the immediate preceding quarter.
- 2) Share of associate's financial results was a profit of RM3.65 million while the immediate preceding quarter was a loss of RM5.17 million.

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

18. Commentary on Prospects

The Company's results for the rest of the financial year ending 30 June 2014 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 plantation is expected to achieve satisfactory levels of profitability, barring unforeseen circumstances.

19. Profit Forecast or Profit Guarantee

There is no profit forecast or profit guarantee.

20. Profit / (Loss) before tax

Profit / (Loss) for the period is arrived after charging/(crediting):

	Individual Quarter		Year-To-Date	
	30.09.13	30.09.12	30.09.13	30.09.12
	RM'000	RM'000	RM'000	RM'000
Interest income	(46)	(31)	(46)	(31)
Other income including investment income	798	(708)	(798)	(708)
Fair value (gain) / loss	286	(18,076)	286	(18,076)
Interest expense	n/a	n/a	n/a	n/a
Depreciation and amortization	-	n/a	-	n/a
Provision for and write off of receivables	n/a	n/a	n/a	n/a
Provision for and write off of inventories	n/a	n/a	n/a	n/a
Gain or loss on disposal of quoted or unquoted investments or properties	n/a	n/a	n/a	n/a
Impairment of assets	n/a	n/a	n/a	n/a
Foreign exchange (gain) / loss	207	9	207	9
(Gain) / Loss on derivatives	n/a	n/a	n/a	n/a
Exceptional items	n/a	n/a	n/a	n/a

n/a : Not applicable

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**

21. Income Tax Expense

	Individual Quarter		Period-To-Date	
	3 months ended		3 months ended	
	30.09.13	30.09.12	30.09.13	30.09.12
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	14	5	14	5
Foreign tax	8	13	8	13
Total income tax expense	<u>22</u>	<u>18</u>	<u>22</u>	<u>18</u>

The effective tax rates for the current quarter and last year's corresponding quarter were lower as certain income was not subject to tax.

22. Corporate Proposals

On 22 March 2013, the Company announced the proposed Dividend Reinvestment Scheme ("DRS") that will provide shareholders the option to elect to reinvest in whole or in part of their cash dividend which includes interim, final, special or any other cash dividend in new ordinary share(s) of RM0.50 each in the Company.

The Company's shareholders approved the proposed DRS at the Extraordinary General Meeting held on 3 July 2013.

On 19 September 2013, the Company announced that the DRS will be implemented for the special dividend of 4.728 sen per ordinary share of RM0.50 each less 25% income tax in respect of the financial year ended 30 June 2013 which will be paid on 4 November 2013. The Company also announced that the issue price of the new shares to be issued pursuant to the DRS for the special dividend was fixed on the same day at RM1.09 per new share. On 6 November 2013, 3,043,840 new shares were issued and listed.

23. Borrowings

There were no borrowings and debt securities as at 30 September 2013.

24. Changes in Material Litigation

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

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. Dividend Payable

On 19 September 2013, the Company announced a special dividend of 4.728 sen per ordinary share less 25% income tax, amounting to RM4,280,146 in respect of the financial year ended 30 June 2013 on 120,703,494 ordinary shares. This was paid on 4 November 2013. (2012: Nil).

The following dividends in respect of the financial year ended 30 June 2013 on 123,747,334 ordinary shares have been approved by the shareholders at the Annual General Meeting on 28 November 2013:

	Amount RM	Net dividend per share Sen
First and final dividend of 0.2% less 25% taxation	92,810	0.08
Bonus dividend of 2.3% less 25% taxation	<u>1,067,321</u>	<u>0.86</u>
	<u><u>1,160,131</u></u>	<u><u>0.94</u></u>

26. Earnings / (Loss) Per Share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter 3 months ended		Period-To-Date 3 months ended	
	30.09.13	30.09.12	30.09.13	30.09.12
Earnings attributable to ordinary equity holders (RM'000)	<u>4,037</u>	<u>25,241</u>	<u>4,037</u>	<u>25,241</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 per share (Sen)	<u>3.3</u>	<u>20.9</u>	<u>3.3</u>	<u>20.9</u>

(b) Diluted

Diluted earnings per share is the same as basic earnings per share as there is no dilutive potential ordinary shares outstanding as at 30 September 2013.

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**

27. Disclosure of Realised and Unrealised Profits / (Losses)

The disclosure of realised and unrealised profits mentioned above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

The breakdown of retained profits of the Economic Entity as at 30 September 2013, pursuant to the format prescribed by Bursa Malaysia, is as follows:

	As at 30.09.13 RM'000	As at 30.06.13 RM'000
Total retained (losses) / profits of the Company:		
- Realised	(27,428)	(28,306)
- Unrealised	143,769	144,262
	116,341	115,956
Total share of retained profits from associated company:		
- Realised	42,743	41,745
- Unrealised	41,777	39,123
	84,520	80,868
	200,861	196,824
Less: Consolidation adjustments	(4,246)	(4,246)
	<u>196,615</u>	<u>192,578</u>

28. 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 28 November 2013.