

KUCHAI DEVELOPMENT BERHAD (7573-V)

(Incorporated in Malaysia)

Statement Of Comprehensive Income**For the Financial Period Ended 31 December 2013****(The figures have not been audited)**

	Note	Individual Quarter 3 months ended		Period-To-Date 6 months ended	
		31.12.13 RM'000	31.12.12 RM'000	31.12.13 RM'000	31.12.12 RM'000
Revenue	4	547	387	1,590	1,308
Direct costs		(51)	(27)	(77)	(51)
Gross profit		496	360	1,513	1,257
Other income					
- Fair value gain		3,231	4,094	2,945	22,170
Administrative expenses		(234)	(279)	(351)	(469)
Other expenses					
- Foreign exchange loss		(10)	(9)	(217)	(18)
Profit from Operations	4	3,483	4,166	3,890	22,940
Share of (loss) / profit of associate		(1,505)	1,964	2,147	8,449
Profit before tax		1,978	6,130	6,037	31,389
Income tax expense	21	11	(4)	(11)	(22)
Profit after tax		1,989	6,126	6,026	31,367
<u>Other comprehensive income</u>					
Foreign currency translation		2,372	(1,066)	9,120	487
Share of other comprehensive income of associate		468	(62)	1,653	(1,855)
Other comprehensive income for the period, net of tax		2,840	(1,128)	10,773	(1,368)
Total comprehensive income for the period		4,829	4,998	16,799	29,999
Earnings / (Loss) per share attributable to equity holders of the Company:					
Basic (Sen)	26(a)	1.62	5.08	4.95	25.99
Diluted (Sen)	26(b)	1.62	5.08	4.95	25.99

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 31 December 2013

	(Unaudited)	(Audited)
	As at	As at
	31.12.13	30.06.13
	RM'000	RM'000
ASSETS		
Non-current assets		
Plant and equipment	14	14
Investment properties	22,243	21,489
Investment in associate	122,599	117,156
Investments at fair value through profit or loss	156,788	148,424
	<u>301,644</u>	<u>287,083</u>
Current assets		
Sundry receivables	544	104
Prepayments	86	53
Tax recoverable	19	21
Cash and bank balances	33,962	34,265
	<u>34,611</u>	<u>34,443</u>
TOTAL ASSETS	<u>336,255</u>	<u>321,526</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
of the Company		
Share capital	61,874	60,352
Reserves	273,469	260,314
	<u>335,343</u>	<u>320,666</u>
Current liabilities		
Sundry payables	912	860
Tax payable	-	-
	<u>912</u>	<u>860</u>
Total liabilities	<u>912</u>	<u>860</u>
TOTAL EQUITY AND LIABILITIES	<u>336,255</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 31 December 2013**

(The figures have not been audited)

	← Non-Distributable →				← Distributable →			
	Share Capital RM'000	Share Premium 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
Issuance of new shares	1,522	1,796	-	-	-	-	-	3,318
Total comprehensive income for the period	-	-	1,653	9,120	-	-	6,026	16,799
Dividends	-	-	-	-	-	-	(5,440)	(5,440)
Closing balance at 31 December 2013	61,874	1,796	30,216	29,682	12,611	6,000	193,164	335,343
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	-		(1,855)	487	-	-	31,367	29,999
Dividends	-		-	-	-	-	(679)	(679)
Closing balance at 31 December 2012	60,352		26,947	20,087	12,611	6,000	177,267	303,264

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 31 December 2013
(The figures have not been audited)

	6 months ended	
	31.12.13	31.12.12
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before taxation	6,037	31,389
Adjustments for:		
Dividend income	(1,107)	(852)
Unrealised foreign exchange loss	217	18
Interest income	(85)	(66)
Share of profit of associated company	(2,147)	(8,449)
Fair value loss / (gain) of fair value through profit or loss investments	(2,945)	(22,170)
	<hr/>	<hr/>
Operating cash flows before working capital changes	(30)	(130)
Receivables	(119)	(184)
Prepayments	(34)	(61)
Payables	23	40
	<hr/>	<hr/>
Cash flows used in operations	(160)	(335)
Taxes paid	-	(61)
Taxes refunded	49	-
	<hr/>	<hr/>
Net cash flows used in operating activities	(111)	(396)
INVESTING ACTIVITIES		
Interest received	124	108
Dividends received	5,253	816
Investment in associated company	(4,231)	-
Acquisition of fair value through profit or loss investments	(163)	-
	<hr/>	<hr/>
Net cash flows from investing activities	983	924
FINANCING ACTIVITY		
Dividends paid	(5,440)	(679)
Proceeds from issuance of new shares	3,318	-
	<hr/>	<hr/>
Net cash flow used in financing activity	(2,122)	(679)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,250)	(151)
EFFECTS OF EXCHANGE RATE CHANGES	947	61
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	34,265	30,083
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	33,962	29,993
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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)
Amendment to FRS 101 (Improvements to FRSs-2012)
Amendment to FRS 116 (Annual Improvements to FRSs 2010-2012 Cycle)
Amendment to FRS 132 (Improvements to FRSs -2012)
Amendment to FRS 134 (Improvements 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 effect on the financial position, results and presentation of financial statements of the Group except for FRS 13 Fair Value Measurement.

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 Investment Entities (Amendments to FRS 10, FRS 12 and FRS 127)	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Offsetting Financial Assets and Financial Liabilities (Amendments to FRS 132)	1 January 2014
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to FRS 136)	1 January 2014
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to FRS 139)	1 January 2014
Amendment to FRS 2 (Annual Improvements to FRSs 2010-2012 Cycle)	1 July 2014
Amendment to FRS 3 (Annual Improvements to FRSs 2010-2013 Cycle)	1 July 2014
Amendment to FRS 8 (Annual Improvements to FRSs 2010-2012 Cycle)	1 July 2014
Amendment to FRS 13 (Annual Improvements to FRSs 2011-2013 Cycle)	1 July 2014
Amendment to FRS 116 (Annual Improvements to FRSs 2010-2012 Cycle)	1 July 2014
Defined Benefit Plans: Employee Contributions (Amendments to FRS 119)	1 July 2014
Amendment to FRS 124 (Annual Improvements to FRSs 2010-2012 Cycle)	1 July 2014
Amendment to FRS 138 (Annual Improvements to FRSs 2010-2012 Cycle)	1 July 2014
Amendment to FRS 140 (Annual Improvements to FRSs 2011-2013 Cycle)	1 July 2014

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 are allowed to defer the adoption of the new MFRS Framework and may in the alternative, apply Financial Reporting Standards (FRS) as its financial reporting framework for annual periods beginning on or after 1 January 2014.

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 (cont'd)

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 when the MFRS Framework is mandated by MASB. In presenting its first MFRS financial statements, the Economy 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.

4. Segmental Information

	6 months ended	
	31.12.13	31.12.12
	RM'000	RM'000
Segment Revenue		
Investment	1,107	852
Interest income	84	66
Rental income	399	390
Total	<u>1,590</u>	<u>1,308</u>
Segment results		
Investment	4,044	23,020
Interest income	84	66
Rental income	322	339
	<u>4,450</u>	<u>23,425</u>
Unallocated corporate expenses	(560)	(485)
Profit from operations	<u>3,890</u>	<u>22,940</u>
Segment assets		
Investment	288,513	263,938
Interest income	28,556	25,113
Rental income	19,015	15,095
	<u>336,084</u>	<u>304,146</u>
Unallocated corporate asset	171	328
Total assets	<u>336,255</u>	<u>304,474</u>

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

Part A - Explanatory Notes Pursuant to FRS 134

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

Other than the fair value gain of RM2.94 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 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

In respect of the financial year ended 30 June 2013, as reported in the directors' report of that year, the following dividends were paid during the current quarter:

	Amount RM	Net dividend per share Sen
Paid on 4 November 2013:- Special dividend of 9.456 % less 25% taxation	<u>4,280,146</u>	<u>3.55</u>
	Amount RM	Net dividend per share Sen
Paid on 26 December 2013:- Final ordinary dividend of 0.2% less 25% taxation	92,810	0.08
Bonus dividend of 2.3% less 25% taxation	1,067,316	0.86
	<u>1,160,126</u>	<u>0.94</u>

9. Debt and Equity Securities

During the period, the Company increased its issued and paid up ordinary share capital from RM60,351,747 to RM61,873,667 by way of the issuance of 3,043,840 ordinary share of RM0.50 each at an issue price of RM1.09 per ordinary share. This arose from shareholders who elected to reinvest their cash dividends in new ordinary shares during the Dividend Reinvestment Scheme exercise.

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

Part A - Explanatory Notes Pursuant to FRS 134

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 31 December 2013.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 31 December 2013.

13. Related Party Transactions

Transactions with related parties are as follows:

	Individual Quarter		Year-To-Date	
	31.12.13	31.12.12	31.12.13	31.12.12
	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)	200	208	399	390
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	-
Administration and support services payable to The Nyalas Rubber Estates Limited, a company in which a director, Lee Chung-Shih has an interest (recurrent)	62	50	109	95
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)	4	2	7	4

14. Subsequent Events

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

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

Part A - Explanatory Notes Pursuant to FRS 134

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
31.12.13				
Fair value through profit or loss financial assets	<u>154,097</u>	<u>2,691</u>	<u>-</u>	<u>156,788</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 RM547,000 for the current quarter and RM1.59 million for the current 6 months were higher than last year's corresponding quarter's RM387,000 and period-to-date's RM1.31 million. These were mainly due to higher dividend and interest income while rental income remained the same in SGD functional currency.

The Economic Entity achieved an after-tax profit of RM1.99 million for the current quarter and RM6.03 million for the fiscal 1st half year. These were significantly lower than the profits of RM6.13 million and RM31.37 million reported for the corresponding periods of a year ago, mainly due to:-

- 1) The fair value gains arising from the revaluation of its long-term investment in securities for the current quarter and period-to-date were lower as compared to last year's corresponding periods.
- 2) The unrealised exchange loss of RM10,000 for the current quarter and RM217,000 for the current period-to-date were higher than the losses reported a year ago.
- 3) For the current quarter, share of associate's financial result was a loss of RM1.51 million as compared to last year's corresponding quarter's profit of RM1.96 million. Share of associate's profit of RM2.15 million for the current 6 months was significantly lower than last year's share of RM8.45 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 RM1.98 million for the current quarter ended 31 December 2013 which was lower than the immediate preceding quarter's RM4.06 million despite the revaluation of its long-term investment in securities was a fair value gain of RM3.21 million as compared to the fair value loss of RM286,000 reported for the immediate preceding quarter. This was due to:-

- 1) The Company's revenue for the current quarter of RM547,000 was lower than the immediate preceding quarter's RM1.04 million.
- 2) Share of associate's financial results was a loss of RM1.51 million while the immediate preceding quarter was a profit of RM3.65 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	
	31.12.13	31.12.12	31.12.13	31.12.12
	RM'000	RM'000	RM'000	RM'000
Interest income	(38)	(35)	(84)	(66)
Other income including investment income	(309)	(144)	(1,107)	(852)
Fair value gain	(3,231)	(4,094)	(2,945)	(22,170)
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 loss	207	9	217	18
(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		6 months ended	
	31.12.13	31.12.12	31.12.13	31.12.12
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	(6)	(12)	2	(7)
Foreign tax	13	16	27	29
	<u>7</u>	<u>4</u>	<u>29</u>	<u>22</u>
Over provision in prior years:				
Foreign tax	(18)	-	(18)	-
	<u>(11)</u>	<u>4</u>	<u>11</u>	<u>22</u>
Total income tax expense	<u>(11)</u>	<u>4</u>	<u>11</u>	<u>22</u>

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

22. Corporate Proposals

There was no corporate proposal announced by the Company as at the date of the issue of this quarterly report.

23. Borrowings

There were no borrowings and debt securities as at 31 December 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)
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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
Bursa Malaysia Securities Berhad**

25. Dividend Payable

The directors do not recommend any dividend for the current quarter under review.

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		Period-To-Date	
	3 months ended		6 months ended	
	31.12.13	31.12.12	31.12.13	31.12.12
Earnings attributable to ordinary equity holders (RM'000)	<u>1,989</u>	<u>6,126</u>	<u>6,026</u>	<u>31,367</u>
Weighted average number of ordinary shares in issue	<u>122,733</u>	<u>120,703</u>	<u>121,718</u>	<u>120,703</u>
Basic earnings per share (Sen)	<u>1.62</u>	<u>5.08</u>	<u>4.95</u>	<u>25.99</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 31 December 2013.

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**

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 31 December 2013, pursuant to the format prescribed by Bursa Malaysia, is as follows:

	As at 31.12.13 RM'000	As at 30.06.13 RM'000
Total retained (losses) / profits of the Company:		
- Realised	(28,034)	(28,306)
- Unrealised	146,990	144,262
	118,956	115,956
Total share of retained profits from associated company:		
- Realised	44,197	41,745
- Unrealised	38,817	39,123
	83,014	80,868
	201,970	196,824
Less: Consolidation adjustments	(8,806)	(4,246)
	<u>193,164</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 27 February 2014.