

KUCHAI DEVELOPMENT BERHAD (7573-V)

(Incorporated in Malaysia)

Statement Of Comprehensive Income**For the Financial Period Ended 31 March 2014****(The figures have not been audited)**

	Note	Individual Quarter 3 months ended		Period-To-Date 9 months ended	
		31.03.14 RM'000	31.03.13 RM'000	31.03.14 RM'000	31.03.13 RM'000
Revenue	4	283	261	1,873	1,569
Direct costs		(31)	(26)	(108)	(77)
Gross profit		252	235	1,765	1,492
Other income					
- Fair value gain		9,537	17,467	12,482	39,637
- Foreign exchange gain		19	37	-	19
Depreciation		(1)	(1)	(1)	(1)
Administrative expenses		(249)	(290)	(600)	(759)
Other expenses					
- Foreign exchange loss		-	-	(198)	-
Profit from Operations	4	9,558	17,448	13,448	40,388
Share of profit of associate		3,174	3,827	5,321	12,276
Profit before tax		12,732	21,275	18,769	52,664
Income tax expense	21	(4)	(10)	(15)	(32)
Profit after tax		12,728	21,265	18,754	52,632
<u>Other comprehensive income</u>					
Foreign currency translation		(485)	(1,141)	8,635	(654)
Share of other comprehensive (loss)/ income of associate		(402)	392	1,251	(1,463)
Other comprehensive income / (loss) for the period, net of tax		(887)	(749)	9,886	(2,117)
Total comprehensive income for the period		11,841	20,516	28,640	50,515
Earnings per share attributable to equity holders of the Company:					
Basic (Sen)	26(a)	10.29	17.62	15.32	43.60
Diluted (Sen)	26(b)	10.29	17.62	15.32	43.60

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 March 2014

	(Unaudited)	(Audited)
	As at	As at
	31.03.14	30.06.13
	RM'000	RM'000
ASSETS		
Non-current assets		
Plant and equipment	13	14
Investment properties	22,205	21,489
Investment in associate	125,202	117,156
Investments at fair value through profit or loss	166,104	148,424
	<u>313,524</u>	<u>287,083</u>
Current assets		
Sundry receivables	207	104
Prepayments	79	53
Tax recoverable	30	21
Cash and bank balances	34,127	34,265
	<u>34,443</u>	<u>34,443</u>
TOTAL ASSETS	<u><u>347,967</u></u>	<u><u>321,526</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
of the Company		
Share capital	61,874	60,352
Reserves	285,310	260,314
	<u>347,184</u>	<u>320,666</u>
Current liabilities		
Sundry payables	783	860
Total liabilities	<u>783</u>	<u>860</u>
TOTAL EQUITY AND LIABILITIES	<u><u>347,967</u></u>	<u><u>321,526</u></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 March 2014**

(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	-	-	1,251	8,635	-	-	18,754	28,640
Dividends	-	-	-	-	-	-	(5,440)	(5,440)
Closing balance at 31 March 2014	61,874	1,796	29,814	29,197	12,611	6,000	205,892	347,184
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	-		(1,463)	(654)	-	-	52,632	50,515
Dividends	-		-	-	-	-	(679)	(679)
Closing balance at 31 March 2013	60,352		27,339	18,946	12,611	6,000	198,532	323,780

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 March 2014
(The figures have not been audited)

	9 months ended	
	31.03.14	31.03.13
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before taxation	18,769	52,664
Adjustments for:		
Depreciation	1	1
Dividend income	(1,146)	(883)
Unrealised foreign exchange loss	198	(19)
Interest income	(125)	(102)
Share of profit of associated company	(5,321)	(12,276)
Fair value loss / (gain) of fair value through profit or loss investments	(12,482)	(39,637)
Operating cash flows before working capital changes	<u>(106)</u>	<u>(252)</u>
Receivables	(89)	(181)
Prepayments	(27)	(46)
Payables	(101)	(23)
Cash flows used in operations	<u>(323)</u>	<u>(502)</u>
Taxes paid	-	(62)
Taxes refunded	34	-
Net cash flows used in operating activities	<u>(289)</u>	<u>(564)</u>
INVESTING ACTIVITIES		
Interest received	148	126
Dividends received	5,616	1,178
Investment in associated company	(4,231)	-
Purchase of plant and equipment	-	(16)
Acquisition of fair value through profit or loss investments	(164)	-
Net cash flows from investing activities	<u>1,369</u>	<u>1,288</u>
FINANCING ACTIVITY		
Dividends paid	(5,440)	(679)
Proceeds from issuance of new shares	3,318	-
Net cash flow used in financing activity	<u>(2,122)</u>	<u>(679)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(1,042)	45
EFFECTS OF EXCHANGE RATE CHANGES	904	(84)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	34,265	30,083
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>34,127</u>	<u>30,044</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)

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.

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
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to FRS 119: Defined Benefit Plans Employee Contributions	1 July 2014
Annual Improvements to FRSs 2010-2012 cycle	1 July 2014
Annual Improvements to FRSs 2011-2013 cycle	1 July 2014
FRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
FRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
FRS 9 Financial Instruments: Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139	To be announced

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 when it is mandated by MBSB and may in the alternative, apply Financial Reporting Standards (FRS) as its financial reporting framework.

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.

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

Part A - Explanatory Notes Pursuant to FRS 134

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

	9 months ended	
	31.03.14	31.03.13
	RM'000	RM'000
Segment Revenue		
Investment	1,146	883
Interest income	125	102
Rental income	602	584
Total	<u>1,873</u>	<u>1,569</u>
Segment results		
Investment	13,618	40,514
Interest income	125	102
Rental income	493	507
	<u>14,236</u>	<u>41,123</u>
Unallocated corporate expenses	<u>(788)</u>	<u>(735)</u>
Profit from operations	<u>13,448</u>	<u>40,388</u>
Segment assets		
Investment	300,295	284,569
Interest income	28,558	25,034
Rental income	18,963	14,987
	<u>347,816</u>	<u>324,590</u>
Unallocated corporate asset	<u>151</u>	<u>330</u>
Total assets	<u>347,967</u>	<u>324,920</u>

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

Other than the significant fair value gain of RM12.48 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 31 March 2014.

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.

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

Part A - Explanatory Notes Pursuant to FRS 134

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.

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 March 2014.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 31 March 2014.

KUCHAI DEVELOPMENT BERHAD (7573-V)
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Part A - Explanatory Notes Pursuant to FRS 134

13. Related Party Transactions

Transactions with related parties are as follows:

	Individual Quarter		Year-To-Date	
	31.03.14 RM'000	31.03.13 RM'000	31.03.14 RM'000	31.03.13 RM'000
Rental income from Ice Cold Beer Pte. Ltd., a company in which a director, Lee Chung-Shih, has an interest (recurrent)	203	194	602	584
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)	56	48	165	143
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	10	6

14. Subsequent Events

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

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 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31.03.14				
Fair value through profit or loss financial assets	163,342	2,762	-	166,104
30.06.13				
Fair value through profit or loss financial assets	145,902	2,522	-	148,424

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 RM283,000 for the current quarter and RM1.87 million for the current cumulative quarters were higher than last year's corresponding quarter's RM261,000 and cumulative quarters' RM1.57 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 RM12.73 million for the current quarter and RM18.75 million for the period-to-date. These were significantly lower than the profits of RM21.27 million and RM52.63 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 significantly lower as compared to last year's corresponding periods.
- 2) The unrealised exchange gain of RM19,000 for the current quarter was lower than the gain of RM37,000 reported for last year's corresponding quarter. For the current period-to-date, unrealised exchange loss of RM198,000 was incurred while the corresponding period a year ago was a gain of RM19,000.
- 3) Share of associate's profit for the current and cumulative quarters were also lower as compared to last year's corresponding periods.

**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 RM12.73 million for the current quarter which was significantly higher than the immediate preceding quarter's RM1.98 million despite lower revenue. This was due to:-

- 1) The fair value gain arising from the revaluation of its long-term investment in securities for the current quarter was RM9.54 million which was almost three times of the gain achieved in the immediate preceding quarter ended 31 December 2013.
- 2) Share of associate's financial results was a profit of RM3.17 million while the immediate preceding quarter was a loss of RM1.51 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	
	31.03.14	31.03.13	31.03.14	31.03.13
	RM'000	RM'000	RM'000	RM'000
Interest income	(41)	(36)	(125)	(102)
Other income including investment income	(39)	(31)	(1,146)	(883)
Fair value gain	(9,537)	(17,467)	(12,482)	(39,637)
Interest expense	n/a	n/a	n/a	n/a
Depreciation and amortization	(1)	(1)	(1)	(1)
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	(19)	(37)	198	(19)
(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		9 months ended	
	31.03.14	31.03.13	31.03.14	31.03.13
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	(13)	(5)	(11)	(12)
Foreign tax	16	15	43	44
	<u>3</u>	<u>10</u>	<u>32</u>	<u>32</u>
Over provision in prior years:				
Malaysian Tax	1	-	1	-
Foreign tax	-	-	(18)	-
	<u>4</u>	<u>10</u>	<u>15</u>	<u>32</u>
Total income tax expense	<u>4</u>	<u>10</u>	<u>15</u>	<u>32</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 March 2014.

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		9 months ended	
	31.03.14	31.03.13	31.03.14	31.03.13
Earnings attributable to ordinary equity holders (RM'000)	<u>12,728</u>	<u>21,265</u>	<u>18,754</u>	<u>52,632</u>
Weighted average number of ordinary shares in issue	<u>123,747</u>	<u>120,703</u>	<u>122,395</u>	<u>120,703</u>
Basic earnings per share (Sen)	<u>10.29</u>	<u>17.62</u>	<u>15.32</u>	<u>43.60</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 March 2014.

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 March 2014, pursuant to the format prescribed by Bursa Malaysia, is as follows:

	As at 31.03.14 RM'000	As at 30.06.13 RM'000
Total retained (losses) / profits of the Company:		
- Realised	(28,036)	(28,306)
- Unrealised	156,545	144,262
	128,509	115,956
Total share of retained profits from associated company:		
- Realised	44,422	41,745
- Unrealised	41,767	39,123
	86,189	80,868
	214,698	196,824
Less: Consolidation adjustments	(8,806)	(4,246)
	<u>205,892</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 22 May 2014.