

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

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

	Note	Individual Quarter 3 months ended		Period-To-Date 6 months ended	
		31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Revenue	4	580	547	1,608	1,590
Direct costs		(26)	(51)	(52)	(77)
Gross profit		554	496	1,556	1,513
Other income					
- Fair value gain		-	3,231	11,135	2,945
Depreciation		(1)	-	(1)	-
Administrative expenses		(224)	(234)	(451)	(351)
Other expenses					
- Fair value loss		(432)	-	-	-
- Foreign exchange loss		(183)	(10)	(187)	(217)
(Loss) / Profit from Operations	4	(286)	3,483	12,052	3,890
Share of (loss) / profit of associate		(2,106)	(1,505)	783	2,147
(Loss) / Profit before tax		(2,392)	1,978	12,835	6,037
Income tax expense	21	(120)	11	(149)	(11)
(Loss) / Profit after tax		(2,512)	1,989	12,686	6,026
<u>Other comprehensive income</u>					
Foreign currency translation		11,328	2,372	11,451	9,120
Share of other comprehensive income of associate		3,434	468	4,437	1,653
Other comprehensive income for the period, net of tax		14,762	2,840	15,888	10,773
Total comprehensive income for the period		12,250	4,829	28,574	16,799
(Loss) / Earnings per share attributable to equity holders of the Company:					
Basic (Sen)	26(a)	(2.03)	1.62	10.25	4.95
Diluted (Sen)	26(b)	(2.03)	1.62	10.25	4.95

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

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

Statement of Financial Position
As at 31 December 2014

	(Unaudited)	(Audited)
	As at	As at
	31.12.14	30.06.14
	RM'000	RM'000
ASSETS		
Non-current assets		
Plant and equipment	12	13
Investment properties	23,655	22,966
Investment in associate	139,397	130,955
Investments at fair value through profit or loss	206,688	189,549
	<u>369,752</u>	<u>343,483</u>
Current assets		
Sundry receivables	666	91
Prepayments	85	52
Cash and bank balances	39,326	37,555
	<u>40,077</u>	<u>37,698</u>
TOTAL ASSETS	<u>409,829</u>	<u>381,181</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
of the Company		
Share capital	61,874	61,874
Reserves	347,005	318,555
	<u>408,879</u>	<u>380,429</u>
Current liabilities		
Sundry payables	921	751
Tax Payable	29	1
Total liabilities	<u>950</u>	<u>752</u>
TOTAL EQUITY AND LIABILITIES	<u>409,829</u>	<u>381,181</u>

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

KUCHAI DEVELOPMENT BERHAD (7573-V)

(Incorporated in Malaysia)

Statement of Changes in Equity**For the Financial Period Ended 31 December 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 2014	61,874	1,796	29,058	26,553	12,611	6,000	242,537	380,429
Total comprehensive income for the period	-	-	4,437	11,451	-	-	12,686	28,574
Dividends	-	-	-	-	-	-	(124)	(124)
Closing balance at 31 December 2014	61,874	1,796	33,495	38,004	12,611	6,000	255,099	408,879
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

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

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

Statement of Cash Flows
For the Financial Period Ended 31 December 2014

(The figures have not been audited)

	6 months ended	
	31.12.14	31.12.13
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before taxation	12,835	6,037
Adjustments for:		
Depreciation	1	-
Dividend income	(1,092)	(1,107)
Unrealised foreign exchange loss	192	217
Interest income	(115)	(85)
Share of profit of associated company	(783)	(2,147)
Fair value gain of fair value through profit or loss investments	(11,135)	(2,945)
	<hr/>	<hr/>
Operating cash flows before working capital changes	(97)	(30)
Receivables	(147)	(119)
Prepayments	(33)	(34)
Payables	427	23
	<hr/>	<hr/>
Cash flows from / (used in) operations	150	(160)
Taxes paid	(120)	-
Taxes refunded	-	49
	<hr/>	<hr/>
Net cash flows from / (used in) operating activities	<u>30</u>	<u>(111)</u>
INVESTING ACTIVITIES		
Interest received	125	124
Dividends received	657	5,253
Investment in associated company	-	(4,231)
Acquisition of fair value through profit or loss investments	-	(163)
	<hr/>	<hr/>
Net cash flows from investing activities	<u>782</u>	<u>983</u>
FINANCING ACTIVITY		
Dividends paid	-	(5,440)
Proceeds from issuance of new shares	-	3,318
	<hr/>	<hr/>
Net cash flow used in financing activity	<u>-</u>	<u>(2,122)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		
	812	(1,250)
EFFECTS OF EXCHANGE RATE CHANGES		
	959	947
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD		
	<u>37,555</u>	<u>34,265</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD		
	<u><u>39,326</u></u>	<u><u>33,962</u></u>

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

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 2014. 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 2014.

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 2014.

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

FRSS, Amendments to FRS and IC Interpretations

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities
Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21 Levies
Amendments to FRS 119: Defined Benefit Plans Employee Contributions
Annual Improvements to FRSS 2010-2012 cycle
Annual Improvements to FRSS 2011-2013 cycle

The adoption of the new FRSS, Amendments to FRSS and IC Interpretations that are effective for the financial statements commencing on 1 July 2014 does not result in any significant effect on the 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
Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
FRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint operations	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 116 and FRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
FRS 15 Revenue from Contracts with Customers	1 January 2017
FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018

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 and may in the alternative, apply Financial Reporting Standards ("FRS") as its financial reporting framework until the MFRS is mandatory for annual periods beginning on or after 1 January 2017.

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 2018. 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.

KUCHAI DEVELOPMENT BERHAD (7573-V)
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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 2014 was not qualified.

4. Segmental Information

	6 months ended	
	31.12.14	31.12.13
	RM'000	RM'000
Segment Revenue		
Investment	1,092	1,107
Interest income	115	84
Rental income	401	399
Total	<u>1,608</u>	<u>1,590</u>
Segment results		
Investment	12,221	4,044
Interest income	115	84
Rental income	349	322
	<u>12,685</u>	<u>4,450</u>
Unallocated corporate expenses	(633)	(560)
Profit from operations	<u>12,052</u>	<u>3,890</u>
Segment assets		
Investment	356,724	288,513
Interest income	33,013	28,556
Rental income	19,930	19,015
	<u>409,667</u>	<u>336,084</u>
Unallocated corporate asset	162	171
Total assets	<u>409,829</u>	<u>336,255</u>

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

Other than the significant fair value gain of RM11.14 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 2014.

6. Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter and 6 months to-date 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

No dividend was paid since the last quarter.

9. 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.

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 financial statements as at 31 December 2014.

12. Changes in Contingent Liabilities and Contingent Assets

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

13. Related Party Transactions

Transactions with related parties are as follows:

	Individual Quarter		Year-To-Date	
	31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Rental income from Ice Cold Beer Pte. Ltd., a company in which a director, Lee Chung-Shih, has an interest (recurrent)	202	200	401	399
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)	55	62	112	109
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	4	7	7

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

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	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31.12.14				
Fair value through profit or loss financial assets	<u>204,085</u>	<u>-</u>	<u>-</u>	<u>204,085</u>
30.06.14				
Fair value through profit or loss financial assets	<u>186,717</u>	<u>-</u>	<u>-</u>	<u>186,717</u>

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the current 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)
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**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 RM580,000 for the current quarter and RM1.61 million for the current 6 months were slightly higher than last year's corresponding quarter's RM547,000 and period-to-date's RM1.59 million. These were mainly due to higher interest income while rental income remained the same in SGD functional currency. Dividend income of RM1.09 million for the current period-to-date was however slightly below last year's corresponding period-to-date's dividend income of RM1.11 million.

The Economic Entity suffered an after-tax loss of RM2.51 million for the current quarter as compared to the after-tax profit of RM1.99 million achieved during the corresponding quarter of a year ago. This was due to:-

- 1) The revaluation of its long-term investment in securities was a fair value loss of RM432,000 for the current quarter while the corresponding quarter of a year ago was a gain of RM3.23 million.
- 2) The unrealised exchange loss of RM183,000 for the current quarter was higher than the loss of RM10,000 reported for the corresponding quarter of a year ago.
- 3) Share of the financial loss of the associate for the current quarter was RM2.11 million which was higher than the loss of RM1.51 million for the corresponding quarter of last year.

The Company posted an after-tax profit of RM12.69 million for the current fiscal 1st half year which was two times the profit of RM6.03 million achieved during the corresponding period of a year ago despite share of the profit of associate for the current period-to-date of RM783,000 was significantly lower than last year's share of RM2.15 million. This was mainly due to the fair value gain of RM11.14 million arising from the revaluation of its long-term investment in securities for the current period-to-date was higher than the fair value gain of RM2.95 million reported for last year's corresponding period-to-date.

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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
Bursa Malaysia Securities Berhad**

**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 loss of RM2.39 million for the current quarter ended 31 December 2014 as compared to the pre-tax profit of RM15.23 million achieved during the immediate preceding quarter. This was due to:-

- 1) Dividend income of RM319,000 received during the current quarter was lower than the RM773,000 received during the immediate preceding quarter.
- 2) The fair value difference arising from the revaluation of its long-term investment in securities for the current quarter was a loss of RM432,000 while it was a gain of RM11.57 million reported for the immediate preceding quarter.
- 3) Share of its associate's financial results was a loss of RM2.11 million for the current quarter while it was a profit of RM2.89 million for the immediate preceding quarter.

18. Commentary on Prospects

The Company's results for the rest of the financial year ending 30 June 2015 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.

19. Profit Forecast or Profit Guarantee

There is no profit forecast or profit guarantee.

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**

20. (Loss)/Profit before tax

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

	Individual Quarter		Year-To-Date	
	31.12.14	31.12.13	31.12.14	31.12.13
	RM'000	RM'000	RM'000	RM'000
Interest income	(59)	(38)	(115)	(84)
Other income including investment income	(319)	(309)	(1,092)	(1,107)
Fair value (gain) / loss	432	(3,231)	(11,135)	(2,945)
Interest expense	n/a	n/a	n/a	n/a
Depreciation and amortization	(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 loss	183	10	187	217
(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

21. Income Tax Expense

	Individual Quarter		Period-To-Date	
	3 months ended		6 months ended	
	31.12.14	31.12.13	31.12.14	31.12.13
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	11	(12)	21	2
Foreign tax	31	19	50	27
	<u>42</u>	<u>7</u>	<u>71</u>	<u>29</u>
Under/(Over) provision in prior years:				
Malaysian Tax	78	-	78	-
Foreign tax	-	(18)	-	(18)
Total income tax expense	<u>120</u>	<u>(11)</u>	<u>149</u>	<u>11</u>

The effective tax rate for the current quarter was higher than the statutory tax rate applicable in Malaysia as certain expenses were not deductible for tax purposes while the tax rates for the current period-to-date, last year's corresponding quarter and period-to-date were lower as certain income were not subject to tax.

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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
Bursa Malaysia Securities Berhad**

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 2014.

24. Changes in Material Litigation

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

25. Dividend Payable

The following dividends in respect of the financial year ended 30 June 2014 on 123,747,334 ordinary shares have been approved by the shareholders at the Annual General Meeting on 4 December 2014:

	Amount	Net dividend
	RM	per share
		Sen
First and final tax exempt (one-tier) dividend of 0.2%	<u>123,750</u>	<u>0.10</u>

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**

26. (Loss)/Earnings Per Share

(a) Basic

Basic (loss) / 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	
	31.12.14	31.12.13	31.12.14	31.12.13
(Loss) / Earnings attributable to ordinary equity holders (RM'000)	<u>(2,512)</u>	<u>1,989</u>	<u>12,686</u>	<u>6,026</u>
Weighted average number of ordinary shares in issue	<u>123,747</u>	<u>122,733</u>	<u>123,747</u>	<u>121,718</u>
Basic (loss) / earnings per share (Sen)	<u>(2.03)</u>	<u>1.62</u>	<u>10.25</u>	<u>4.95</u>

(b) Diluted

Diluted (loss) / earnings per share is the same as basic (loss) / earnings per share as there is no dilutive potential ordinary shares outstanding as at 31 December 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 December 2014, pursuant to the format prescribed by Bursa Malaysia, is as follows:

	As at 31.12.14 RM'000	As at 30.06.14 RM'000
Total retained (losses) / profits of the Company:		
- Realised	(23,285)	(24,525)
- Unrealised	193,246	182,303
	169,961	157,778
Total share of retained profits from associated company:		
- Realised	44,705	43,765
- Unrealised	49,644	49,801
	94,349	93,566
	264,310	251,344
Less: Consolidation adjustments	(9,211)	(8,807)
	<u>255,099</u>	<u>242,537</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 16 February 2015.