

KUCHAI DEVELOPMENT BERHAD (7573-V)

(Incorporated in Malaysia)

Statement Of Comprehensive Income
For the Financial Year Ended 30 June 2015
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Period-To-Date 12 months ended	
		30.06.15 RM'000	30.06.14 RM'000	30.06.15 RM'000	30.06.14 RM'000
Revenue	4	3,886	3,763	5,806	5,636
Direct costs		(28)	(26)	(110)	(134)
Gross profit		<u>3,858</u>	<u>3,737</u>	<u>5,696</u>	<u>5,502</u>
Other income					
- Fair value (loss)/gain		(3,122)	25,717	17,163	38,199
Depreciation		(5)	(1)	(6)	(2)
Administrative expenses		(228)	(192)	(898)	(792)
Other expenses					
- Foreign exchange (loss)/gain		(237)	40	(546)	(158)
Profit from operations	4	<u>266</u>	<u>29,301</u>	<u>21,409</u>	<u>42,749</u>
Share of (loss)/profit of associate		(120)	7,377	2,238	12,698
Profit before tax	20	<u>146</u>	<u>36,678</u>	<u>23,647</u>	<u>55,447</u>
Income tax expense	21	(181)	(33)	(365)	(48)
(Loss)/Profit after tax		<u>(35)</u>	<u>36,645</u>	<u>23,282</u>	<u>55,399</u>
<u>Other comprehensive income</u>					
Foreign currency translation		19,013	(2,644)	39,261	5,991
Share of other comprehensive income/(loss) of associate		27,442	(756)	35,337	495
Other comprehensive income/(loss) for the year, net of tax		<u>46,455</u>	<u>(3,400)</u>	<u>74,598</u>	<u>6,486</u>
Total comprehensive income for the year		<u><u>46,420</u></u>	<u><u>33,245</u></u>	<u><u>97,880</u></u>	<u><u>61,885</u></u>
(Loss)/Earnings per share attributable to equity holders of the Company:					
Basic (Sen)	26(a)	(0.03)	29.61	18.81	45.14
Diluted (Sen)	26(b)	(0.03)	29.61	18.81	45.14

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 30 June 2015

	(Unaudited)	(Audited)
	As at	As at
	30.06.15	30.06.14
	RM'000	RM'000
ASSETS		
Non-current assets		
Plant and equipment	17	13
Investment properties	25,081	22,966
Investment in associate	182,464	130,955
Investments at fair value through profit or loss	225,762	189,549
	<u>433,324</u>	<u>343,483</u>
Current assets		
Sundry receivables	154	91
Prepayments	57	52
Cash and bank balances	45,711	37,555
	<u>45,922</u>	<u>37,698</u>
TOTAL ASSETS	<u>479,246</u>	<u>381,181</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
of the Company		
Share capital	61,874	61,874
Reserves	416,311	318,555
	<u>478,185</u>	<u>380,429</u>
Non-current liabilities		
Deferred tax liability	213	-
	<u>213</u>	<u>-</u>
Current liabilities		
Sundry payables	839	751
Tax Payable	9	1
	<u>848</u>	<u>752</u>
Total liabilities	<u>1,061</u>	<u>752</u>
TOTAL EQUITY AND LIABILITIES	<u>479,246</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 Year Ended 30 June 2015**

(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 year	-	-	35,337	39,261	-	-	23,282	97,880
Dividends	-	-	-	-	-	-	(124)	(124)
Closing balance at 30 June 2015	61,874	1,796	64,395	65,814	12,611	6,000	265,695	478,185
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 year	-	-	495	5,991	-	-	55,399	61,885
Dividends	-	-	-	-	-	-	(5,440)	(5,440)
Closing balance at 30 June 2014	61,874	1,796	29,058	26,553	12,611	6,000	242,537	380,429

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 Year Ended 30 June 2015
(The figures have not been audited)

	12 months ended	
	30.06.15	30.06.14
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before taxation	23,647	55,447
Adjustments for:		
Depreciation	6	2
Dividend income	(4,757)	(4,668)
Unrealised foreign exchange loss	550	158
Interest income	(227)	(165)
Share of profit of associated company	(2,238)	(12,698)
Fair value gain of fair value through profit or loss investments	(17,208)	(37,265)
Fair value gain/(loss) of investment properties	45	(934)
	<hr/>	<hr/>
Operating cash flows before working capital changes	(182)	(123)
Receivables	-	16
Prepayments	(4)	1
Payables	16	(127)
	<hr/>	<hr/>
Cash flows used in operations	(170)	(233)
Taxes paid	(158)	-
Taxes refunded	-	32
	<hr/>	<hr/>
Net cash flows used in operating activities	<u>(328)</u>	<u>(201)</u>
INVESTING ACTIVITIES		
Interest received	172	165
Dividends received	5,162	9,171
Investment in associated company	-	(4,231)
Purchase of plant and equipment	(9)	-
Acquisition of fair value through profit or loss investments	-	(164)
	<hr/>	<hr/>
Net cash flows from investing activities	<u>5,325</u>	<u>4,941</u>
FINANCING ACTIVITIES		
Dividends paid	(124)	(5,440)
Proceeds from issuance of new shares	-	3,318
	<hr/>	<hr/>
Net cash flow used in financing activities	<u>(124)</u>	<u>(2,122)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,873	2,618
EFFECTS OF EXCHANGE RATE CHANGES	3,283	672
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	37,555	34,265
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	<u><u>45,711</u></u>	<u><u>37,555</u></u>

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

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

Part A - Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The interim financial statements have been prepared on a historical cost basis, except for investment properties and investments at fair value through profit or loss that have been measured at their fair values.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the 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.

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 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	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 127: Equity Method in Separate Financial Statements	1 January 2016
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)
(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 2014 was not qualified.

4. Segmental Information

	12 months ended	
	30.06.15	30.06.14
	RM'000	RM'000
Segment Revenue		
Investment	4,757	4,668
Interest income	227	165
Rental income	822	803
Total	<u>5,806</u>	<u>5,636</u>
Segment results		
Investment	21,957	41,925
Interest income	227	165
Rental income	666	1,603
	<u>22,850</u>	<u>43,693</u>
Unallocated corporate expenses	<u>(1,441)</u>	<u>(944)</u>
Profit from operations	<u>21,409</u>	<u>42,749</u>
Segment assets		
Investment	423,281	329,748
Interest income	34,816	32,109
Rental income	21,129	19,309
	<u>479,226</u>	<u>381,166</u>
Unallocated corporate asset	<u>20</u>	<u>15</u>
Total assets	<u>479,246</u>	<u>381,181</u>

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

Other than the significant fair value gain of RM17.21 million resulting from the revaluation of the market value of the Company's long-term investment in securities, the increase in share of other comprehensive income of associate arising from its revaluation of its freehold land of RM25.49 million and exchange fluctuation reserve of RM9.85 million, there were no other unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial year ended 30 June 2015.

6. Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter and 12 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

In respect of the financial year ended 30 June 2014, as reported in the directors' report of that year, the following dividend was paid during the current year:

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

9. Debt and Equity Securities

There were no issuance, repurchase and repayment of debts and equity securities in the current quarter and 12 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 interim financial statements as at 30 June 2015.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 30 June 2015.

13. Related Party Transactions

Transactions with related parties are as follows:

	Individual Quarter		Year-To-Date	
	30.06.15 RM'000	30.06.14 RM'000	30.06.15 RM'000	30.06.14 RM'000
Rental income from Ice Cold Beer Pte. Ltd., a company in which a director, Lee Chung-Shih, has an interest (recurrent)	212	201	822	803
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)	60	61	229	226
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)	<u>4</u>	<u>4</u>	<u>14</u>	<u>14</u>

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

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 assets and liabilities carried at fair value:

- Level 1: Quoted prices (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
30.06.15				
Fair value through profit or loss financial assets	223,055	2,707	-	225,762
Investment properties	-	-	25,081	25,081
	<u>223,055</u>	<u>2,707</u>	<u>25,081</u>	<u>250,843</u>
30.06.14				
Fair value through profit or loss financial assets	186,717	2,832	-	189,549
Investment properties	-	-	22,966	22,966
	<u>186,717</u>	<u>2,832</u>	<u>22,966</u>	<u>212,515</u>

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the current financial year and the comparative year. 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 Economic Entity's revenue of RM3.89 million for the current quarter and RM5.81 million for the current financial year were higher than last year's corresponding quarter's RM3.76 million and financial year of RM5.64 million. These were mainly due to higher dividend and interest income while rental income remained the same in SGD functional currency.

The Economic Entity reported an after-tax loss of RM35,000 for the current quarter as compared to the after-tax profit of RM36.65 million achieved during the corresponding quarter of a year ago, mainly due to:-

- 1) The revaluation of its long-term investment in securities was a fair value loss of RM3.08 million for the current quarter while the corresponding quarter of a year ago was a gain of RM24.78 million.
- 2) The revaluation of its investment properties for the current quarter was a loss of RM46,000 while it was a gain of RM934,000 for last year's corresponding quarter.
- 3) The unrealised foreign exchange difference was a loss of RM237,000 for the current quarter while it was a gain of RM40,000 reported for the corresponding quarter of a year ago.
- 4) Share of the financial results of the associate for the current quarter was a loss of RM120,000 while it was a profit of RM7.38million during the corresponding quarter of a year ago.

The Economic Entity ended the current financial year with an after-tax profit of RM23.28 million. This was significantly lower than last year's RM55.40 million despite higher revenue. This was mainly due to lower fair value gain from the revaluation of its long-term investment in securities and properties, lower share of its associate's profit and higher unrealised exchange loss.

**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 RM146,000 for the current quarter which was significantly lower than the pre-tax profit of RM10.67 million reported during the immediate preceding quarter despite higher revenue. This was due to the fair value loss of RM3.12 million arising from the revaluation of its long-term investment in securities and properties while it was a fair value gain of RM9.15 million for the revaluation of its long-term investment in securities during the immediate preceding quarter. Share of the financial results of the associate was a loss of RM120,000 for the current quarter while it was a profit of RM1.58 million for the immediate preceding quarter.

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

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

18. Commentary on Prospects

The Economic Entity's results for the next financial year ending 30 June 2016 will be dependent on dividend income receivable from investments, the effect of exchange rate fluctuations and 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 productivity.

19. Profit Forecast or Profit Guarantee

There is no profit forecast or profit guarantee.

20. Profit before tax

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

	Individual Quarter		Year-To-Date	
	30.06.15	30.06.14	30.06.15	30.06.14
	RM'000	RM'000	RM'000	RM'000
Interest income	(55)	(40)	(227)	(165)
Other income including investment income	(3,619)	(3,522)	(4,757)	(4,668)
Fair value loss/(gain)	3,122	(25,717)	(17,163)	(38,199)
Interest expense	n/a	n/a	n/a	n/a
Depreciation and amortization	5	1	6	2
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/(gain)	237	(40)	546	158
(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		12 months ended	
	30.06.15	30.06.14	30.06.15	30.06.14
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	5	17	37	6
Foreign tax	-	15	64	58
	<u>5</u>	<u>32</u>	<u>101</u>	<u>64</u>
(Over)/under provision in prior years:				
Malaysian Tax	(6)	1	82	2
Foreign tax	(18)	-	(18)	(18)
	<u>(19)</u>	<u>33</u>	<u>165</u>	<u>48</u>
Deferred tax:				
Relating to origination of temporary differences	200	-	200	-
	<u>200</u>	<u>-</u>	<u>200</u>	<u>-</u>
Total income tax expense	<u>181</u>	<u>33</u>	<u>365</u>	<u>48</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. The tax rates for current year, last year's corresponding quarter and last year 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 30 June 2015.

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

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

26. (Loss)/Earnings Per Share

(a) Basic

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

	Individual Quarter		Period-To-Date	
	3 months ended		12 months ended	
	30.06.15	30.06.14	30.06.15	30.06.14
(Loss)/Earnings attributable to ordinary equity holders (RM'000)	<u>(35)</u>	<u>36,645</u>	<u>23,282</u>	<u>55,399</u>
Weighted average number of ordinary shares in issue	<u>123,747</u>	<u>123,747</u>	<u>123,747</u>	<u>122,733</u>
Basic (loss)/earnings per share (Sen)	<u>(0.03)</u>	<u>29.61</u>	<u>18.81</u>	<u>45.14</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 30 June 2015.

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

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 June 2015, pursuant to the format prescribed by Bursa Malaysia, is as follows:

	As at 30.06.15 RM'000	As at 30.06.14 RM'000
Total retained (losses) / profits of the Company:		
- Realised	(19,613)	(24,525)
- Unrealised	198,715	182,303
	179,102	157,778
Total share of retained profits from associated company:		
- Realised	42,231	43,765
- Unrealised	53,573	49,801
	95,804	93,566
	274,906	251,344
Less: Consolidation adjustments	(9,211)	(8,807)
	<u>265,695</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 27 August 2015.