

KUCHAI DEVELOPMENT BERHAD (7573-V)

(Incorporated in Malaysia)

Statement Of Comprehensive Income**For the Financial Period Ended 30 September 2015**

(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Period-To-Date 3 months ended	
		30.09.15 RM'000	30.09.14 RM'000	30.09.15 RM'000	30.09.14 RM'000
Revenue	4	1,176	1,028	1,176	1,028
Direct costs		(30)	(26)	(30)	(26)
Gross profit		<u>1,146</u>	<u>1,002</u>	<u>1,146</u>	<u>1,002</u>
Other income					
- Fair value (loss)/gain		(28,844)	11,567	(28,844)	11,567
Depreciation		(1)	-	(1)	-
Administrative expenses		(207)	(227)	(207)	(227)
Other expenses					
- Foreign exchange loss		(645)	(4)	(645)	(4)
(Loss)/Profit from operations	4	<u>(28,551)</u>	<u>12,338</u>	<u>(28,551)</u>	<u>12,338</u>
Share of (loss)/profit of associate		<u>(7,908)</u>	<u>2,889</u>	<u>(7,908)</u>	<u>2,889</u>
(Loss)/Profit before tax	20	<u>(36,459)</u>	<u>15,227</u>	<u>(36,459)</u>	<u>15,227</u>
Income tax expense	21	<u>(34)</u>	<u>(29)</u>	<u>(34)</u>	<u>(29)</u>
(Loss)/Profit after tax		<u>(36,493)</u>	<u>15,198</u>	<u>(36,493)</u>	<u>15,198</u>
<u>Other comprehensive income</u>					
Foreign currency translation		46,826	123	46,826	123
Share of other comprehensive income of associate		11,161	1,003	11,161	1,003
Other comprehensive income for the period, net of tax		<u>57,987</u>	<u>1,126</u>	<u>57,987</u>	<u>1,126</u>
Total comprehensive income for the period		<u><u>21,494</u></u>	<u><u>16,324</u></u>	<u><u>21,494</u></u>	<u><u>16,324</u></u>
(Loss)/Earnings per share attributable to equity holders of the Company:					
Basic (Sen)	26(a)	(29.49)	12.28	(29.49)	12.28
Diluted (Sen)	26(b)	<u>(29.49)</u>	<u>12.28</u>	<u>(29.49)</u>	<u>12.28</u>

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 September 2015

	(Unaudited)	(Audited)
	As at	As at
	30.09.15	30.06.15
	RM'000	RM'000
ASSETS		
Non-current assets		
Plant and equipment	17	17
Investment properties	27,856	25,081
Investment in associate	201,831	182,464
Investments at fair value through profit or loss	219,871	225,762
	<u>449,575</u>	<u>433,324</u>
Current assets		
Sundry receivables	1,029	154
Prepayments	36	57
Cash and bank balances	50,286	45,711
	<u>51,351</u>	<u>45,922</u>
TOTAL ASSETS	<u>500,926</u>	<u>479,246</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
of the Company		
Share capital	61,874	61,874
Reserves	437,805	416,311
	<u>499,679</u>	<u>478,185</u>
Non-current liabilities		
Deferred tax liability	237	213
	<u>237</u>	<u>213</u>
Current liabilities		
Sundry payables	905	839
Tax Payable	105	9
	<u>1,010</u>	<u>848</u>
Total liabilities	<u>1,247</u>	<u>1,061</u>
TOTAL EQUITY AND LIABILITIES	<u>500,926</u>	<u>479,246</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 30 September 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 2015	61,874	1,796	64,395	65,815	12,611	6,000	265,694	478,185
Total comprehensive income for the period	-	-	11,161	46,826	-	-	(36,493)	21,494
Closing balance at 30 September 2015	61,874	1,796	75,556	112,641	12,611	6,000	229,201	499,679
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	-	-	1,003	123	-	-	15,198	16,324
Closing balance at 30 September 2014	61,874	1,796	30,061	26,676	12,611	6,000	257,735	396,753

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 30 September 2015
(The figures have not been audited)

	3 months ended	
	30.09.15	30.09.14
	RM'000	RM'000
OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(36,459)	15,227
Adjustments for:		
Depreciation	1	-
Dividend income	(884)	(773)
Unrealised foreign exchange loss	645	4
Interest income	(64)	(56)
Share of loss/(profit) of associated company	7,908	(2,889)
Fair value loss/(gain) of fair value through profit or loss investments	28,844	(11,567)
Operating cash flows before working capital changes	(9)	(54)
Receivables	(34)	1
Prepayments	21	22
Payables	(24)	(44)
Cash flows used in operations	(46)	(75)
Taxes paid	(4)	(1)
Taxes refunded	65	-
Net cash flows from/(used in) operating activities	15	(76)
INVESTING ACTIVITIES		
Interest received	175	106
Dividends received	-	773
Addition to fixed deposit	(145)	(82)
Net cash flows from investing activities	30	797
NET INCREASE IN CASH AND CASH EQUIVALENTS	45	721
EFFECTS OF EXCHANGE RATE CHANGES	4,385	2
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	40,941	32,867
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD (NOTE 27)	45,371	33,590

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 2015. 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 2015.

2. Significant accounting policies

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 2015.

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 101: Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016

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

Part A - Explanatory Notes Pursuant to FRS 134

2. Significant accounting policies (cont'd)

Revised FRS and IC Interpretation issued and not yet effective (cont'd)

	Effective date for financial periods beginning on or after
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
FRS 9 Financial Instruments	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 2018.

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 2019. In presenting its first MFRS financial statements, the Economic Entity will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively against opening retained earnings.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 30 June 2015 was not qualified.

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

Part A - Explanatory Notes Pursuant to FRS 134

4. Segmental Information

	3 months ended	
	30.09.15	30.09.14
	RM'000	RM'000
Segment Revenue		
Investment	884	773
Interest income	64	56
Rental income	228	199
Total	<u>1,176</u>	<u>1,028</u>
Segment results		
Investment	(27,960)	12,339
Interest income	64	56
Rental income	197	173
	<u>(27,699)</u>	<u>12,568</u>
Unallocated corporate expenses	<u>(852)</u>	<u>(230)</u>
(Loss)/Profit from operations	<u>(28,551)</u>	<u>12,338</u>
Segment assets		
Investment	439,368	346,019
Interest income	38,060	32,166
Rental income	23,444	19,291
Unallocated corporate asset	<u>54</u>	<u>13</u>
Total assets	<u>500,926</u>	<u>397,489</u>

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

Other than the significant fair value loss of RM28.84 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 by RM11.16 million and exchange fluctuation reserve of RM46.83 million, there were no other unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 September 2015.

6. Changes in Estimates

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

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

Part A - Explanatory Notes Pursuant to FRS 134

7. Comments about Seasonal or Cyclical Factors

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

8. Dividends Paid

No dividend was paid since the last quarter.

9. Debt and Equity Securities

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

10. Changes in Composition of the Company

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

11. Capital Commitments

There are no commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 September 2015.

12. Changes in Contingent Liabilities and Contingent Assets

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

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

Part A - Explanatory Notes Pursuant to FRS 134

13. Related Party Transactions

Transactions with related parties are as follows:

	Individual Quarter		Year-To-Date	
	30.09.15	30.09.14	30.09.15	30.09.14
	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)	228	199	228	199
Administration and support services payable to The Nyalas Rubber Estates Limited, a company in which a director, Lee Chung-Shih has an interest (recurrent)	59	57	59	57
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	3	4	3

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 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
30.09.15				
Fair value through profit or loss financial assets	217,096	2,775	-	219,871
Investment properties	-	-	27,856	27,856
	<u>217,096</u>	<u>2,775</u>	<u>27,856</u>	<u>247,727</u>
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>

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 for the 1st fiscal quarter of RM1.18 million was higher than last year's corresponding quarter of RM1.03 million, mainly due to higher interest income. Dividend and rental income remained the same in SGD functional currency.

The Economic Entity suffered an after-tax loss of RM36.49 million for the current quarter as compared to the after-tax profit of RM15.20 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 RM28.84 million for the current quarter while the corresponding quarter of a year ago was a gain of RM11.57 million.
- 2) The unrealised foreign exchange loss of RM645,000 for the current quarter was higher than the loss of RM4,000 reported for the corresponding quarter of a year ago.
- 3) Share of the financial results of the associate for the current quarter was a loss of RM7.91 million while it was a profit of RM2.89 million during the corresponding quarter of a year ago.

**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 RM36.46 million for the current quarter as compared to the pre-tax profit of RM146,000 reported during the immediate preceding quarter. This was mainly due to:

- 1) The Economic Entity's revenue for the current quarter of RM1.18 million was lower than the immediate preceding quarter's RM3.89 million due to lower dividend income.
- 2) The fair value loss arising from the revaluation of its long-term investment in securities for the current quarter was RM28.84 million and this was significantly higher than the immediate preceding quarter's RM3.12 million.
- 3) The unrealised foreign exchange loss of RM645,000 for the current quarter was higher than the immediate preceding quarter by RM408,000.
- 4) Share of the financial loss of the associate for the current quarter was RM7.91 million which was significantly higher than the immediate preceding quarter's RM120,000.

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 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. (Loss)/Profit before tax

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

	Individual Quarter		Year-To-Date	
	30.09.15	30.09.14	30.09.15	30.09.14
	RM'000	RM'000	RM'000	RM'000
Interest income	(64)	(56)	(64)	(56)
Other income including investment income	(884)	(773)	(884)	(773)
Fair value loss/(gain)	28,844	(11,567)	28,844	(11,567)
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	645	4	645	4
(Gain)/Loss on derivatives	n/a	n/a	n/a	n/a
Exceptional items	n/a	n/a	n/a	n/a

n/a : Not applicable

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

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

21. Income Tax Expense

	Individual Quarter		Period-To-Date	
	3 months ended		3 months ended	
	30.09.15	30.09.14	30.09.15	30.09.14
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	12	10	12	10
Foreign tax	22	19	22	19
Total income tax expense	<u>34</u>	<u>29</u>	<u>34</u>	<u>29</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 rate for last year's corresponding quarter was 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 September 2015.

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

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**

26. (Loss)/Earnings Per Share

(a) Basic

Basic (loss)/earnings per share amounts are calculated by dividing (loss)/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		3 months ended	
	30.09.15	30.09.14	30.09.15	30.09.14
(Loss)/Earnings attributable to ordinary equity holders (RM'000)	<u>(36,493)</u>	<u>15,198</u>	<u>(36,493)</u>	<u>15,198</u>
Weighted average number of ordinary shares in issue	<u>123,747</u>	<u>123,747</u>	<u>123,747</u>	<u>123,747</u>
Basic (loss)/earnings per share (Sen)	<u>(29.49)</u>	<u>12.28</u>	<u>(29.49)</u>	<u>12.28</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 September 2015.

27. Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise the following:

	3 months period	
	30.09.15	30.09.14
	RM'000	RM'000
Cash and bank balances	50,286	38,360
Less: Short-term deposits with a licensed bank with maturities more than 90 days	(4,915)	(4,770)
Cash and cash equivalents	<u>45,371</u>	<u>33,590</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**

28. 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, pursuant to the format prescribed by Bursa Malaysia, is as follows:

	As at 30.09.15 RM'000	As at 30.06.15 RM'000
Total retained profits of the Company:		
- Realised	(18,709)	(19,614)
- Unrealised	169,226	198,715
	150,517	179,101
Total share of retained profits from associated company:		
- Realised	41,915	42,231
- Unrealised	45,980	53,573
	87,895	95,804
	238,412	274,905
Less: Consolidation adjustments	(9,211)	(9,211)
	229,201	265,694

29. 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 November 2015.