

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

Statement Of Comprehensive Income
For the Financial Period Ended 31 March 2016

(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Period-To-Date 9 months ended	
		31.03.16 RM'000	31.03.15 RM'000	31.03.16 RM'000	31.03.15 RM'000
Revenue	4	304	312	2,529	1,920
Direct costs		(32)	(30)	(92)	(82)
Gross profit		<u>272</u>	<u>282</u>	<u>2,437</u>	<u>1,838</u>
Other income					
- Fair value gain/(loss)		20,629	9,150	(11,167)	20,285
Depreciation		(2)	-	(4)	(1)
Administrative expenses		(402)	(219)	(848)	(670)
Other expenses					
- Foreign exchange gain/(loss)		236	(122)	(249)	(309)
Profit/(Loss) from operations	4	<u>20,733</u>	<u>9,091</u>	<u>(9,831)</u>	<u>21,143</u>
Share of profit/(loss) of associate		<u>3,947</u>	<u>1,575</u>	<u>(4,119)</u>	<u>2,358</u>
Profit/(Loss) before tax	20	<u>24,680</u>	<u>10,666</u>	<u>(13,950)</u>	<u>23,501</u>
Income tax expense	21	<u>-</u>	<u>(35)</u>	<u>(57)</u>	<u>(184)</u>
Profit/(Loss) after tax		<u>24,680</u>	<u>10,631</u>	<u>(14,007)</u>	<u>23,317</u>
<u>Other comprehensive (loss)/income</u>					
Foreign currency translation		(21,874)	8,797	14,372	20,248
Share of other comprehensive (loss)/income of associate		(6,418)	3,458	2,206	7,895
Other comprehensive (loss)/income for the period, net of tax		<u>(28,292)</u>	<u>12,255</u>	<u>16,578</u>	<u>28,143</u>
Total comprehensive (loss)/ income for the period		<u>(3,612)</u>	<u>22,886</u>	<u>2,571</u>	<u>51,460</u>
Earnings/(Loss) per share attributable to equity holders of the Company:					
Basic (Sen)	26(a)	19.94	8.59	(11.32)	18.84
Diluted (Sen)	26(b)	<u>19.94</u>	<u>8.59</u>	<u>(11.32)</u>	<u>18.84</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 31 March 2016

	(Unaudited)	(Audited)
	As at	As at
	31.03.16	30.06.15
	RM'000	RM'000
ASSETS		
Non-current assets		
Plant and equipment	13	17
Investment properties	25,897	25,081
Investment in associate	184,849	182,464
Investments at fair value through profit or loss	222,024	225,762
	<u>432,783</u>	<u>433,324</u>
Current assets		
Sundry receivables	161	154
Prepayments	87	57
Cash and bank balances	47,820	45,711
	<u>48,068</u>	<u>45,922</u>
TOTAL ASSETS	<u>480,851</u>	<u>479,246</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
of the Company		
Share capital	61,874	61,874
Reserves	417,830	416,311
	<u>479,704</u>	<u>478,185</u>
Non-current liabilities		
Deferred tax liability	220	213
	<u>220</u>	<u>213</u>
Current liabilities		
Sundry payables	824	839
Tax Payable	103	9
	<u>927</u>	<u>848</u>
Total liabilities	<u>1,147</u>	<u>1,061</u>
TOTAL EQUITY AND LIABILITIES	<u>480,851</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 31 March 2016**

(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	-	-	2,206	14,372	-	-	(14,007)	2,571
Dividends	-	-	-	-	-	-	(1,052)	(1,052)
Closing balance at 31 March 2016	<u>61,874</u>	<u>1,796</u>	<u>66,601</u>	<u>80,187</u>	<u>12,611</u>	<u>6,000</u>	<u>250,635</u>	<u>479,704</u>
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	-	-	7,895	20,248	-	-	23,317	51,460
Dividends	-	-	-	-	-	-	(124)	(124)
Closing balance at 31 March 2015	<u>61,874</u>	<u>1,796</u>	<u>36,953</u>	<u>46,801</u>	<u>12,611</u>	<u>6,000</u>	<u>265,730</u>	<u>431,765</u>

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 March 2016

(The figures have not been audited)

	9 months ended	
	31.03.16	31.03.15
	RM'000	RM'000
OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(13,950)	23,501
Adjustments for:		
Depreciation	4	1
Dividend income	(1,654)	(1,138)
Unrealised foreign exchange loss	249	314
Interest income	(191)	(172)
Share of loss/(profit) of associated company	4,119	(2,358)
Fair value loss/(gain) of fair value through profit or loss investments	11,167	(20,285)
	<hr/>	<hr/>
Operating cash flows before working capital changes	(256)	(137)
Receivables	(27)	(11)
Prepayments	(30)	(16)
Payables	(41)	(117)
	<hr/>	<hr/>
Cash flows used in operations	(354)	(281)
Taxes paid	(23)	(139)
Taxes refunded	60	-
	<hr/>	<hr/>
Net cash flows used in operating activities	<u>(317)</u>	<u>(420)</u>
INVESTING ACTIVITIES		
Interest received	216	154
Dividends received	2,005	1,508
Addition to fixed deposit	(145)	(82)
	<hr/>	<hr/>
Net cash flows from investing activities	<u>2,076</u>	<u>1,580</u>
FINANCING ACTIVITIES		
Dividends paid	(1,052)	(124)
	<hr/>	<hr/>
Net cash flow used in financing activities	<u>(1,052)</u>	<u>(124)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	707	1,036
EFFECTS OF EXCHANGE RATE CHANGES	1,255	1,645
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	<hr/> 40,942	<hr/> 32,867
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD (NOTE 27)	<u><u>42,904</u></u>	<u><u>35,548</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 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

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, 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
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 9 Financial Instruments (IFRS issued by IASB in July 2014)	1 January 2018
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

Part A - Explanatory Notes Pursuant to FRS 134

2. Significant accounting policies (cont'd)

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

	9 months ended	
	31.03.16	31.03.15
	RM'000	RM'000
Segment Revenue		
Investment	1,654	1,138
Interest income	191	172
Rental income	684	610
Total	<u>2,529</u>	<u>1,920</u>
Segment results		
Investment	(9,517)	21,416
Interest income	191	172
Rental income	592	527
	<u>(8,734)</u>	<u>22,115</u>
Unallocated corporate expenses	<u>(1,097)</u>	<u>(972)</u>
(Loss)/Profit from operations	<u>(9,831)</u>	<u>21,143</u>
Segment assets		
Investment	415,521	378,494
Interest income	43,446	33,634
Rental income	21,840	20,325
	<u>480,807</u>	<u>432,453</u>
Unallocated corporate asset	<u>44</u>	<u>26</u>
Total assets	<u><u>480,851</u></u>	<u><u>432,479</u></u>

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

Other than the significant fair value loss of RM11.17 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 RM2.21 million and exchange fluctuation reserve of RM14.37 million, there were no other unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 31 March 2016.

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

In respect of the financial year ended 30 June 2015, 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 (single tier) dividend of 0.1%	123,750	0.10
Tax exempt (single tier) bonus dividend of 0.75%	928,105	0.75
	<u>1,051,855</u>	<u>0.85</u>

9. Debt and Equity Securities

There were no issuance, repurchase and repayment of debts and equity securities in the current quarter and 9 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 31 March 2016.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 31 March 2016.

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	
	31.03.16	31.03.15	31.03.16	31.03.15
	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)	222	209	684	610
Administration and support services payable to The Nyalas Rubber Estates Limited, a company in which a director, Lee Chung-Shih has an interest (recurrent)	162	57	314	169
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	12	10
	<u>4</u>	<u>3</u>	<u>12</u>	<u>10</u>

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
31.03.16				
Fair value through profit or loss financial assets	219,370	2,654	-	222,024
Investment properties	-	-	25,897	25,897
	<u>219,370</u>	<u>2,654</u>	<u>25,897</u>	<u>247,921</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 of RM304,000 for the current quarter was lower than last year's corresponding quarter's RM312,000, mainly due to lower dividend income. As for the current period-to-date, revenue of RM2.53 million was reported. This was higher than last year's RM1.92 million, on account of higher dividend and interest income. Rental income remained the same in SGD functional currency.

The Economic Entity posted an after-tax profit of RM24.68 million for the current quarter. This was higher than last year's corresponding quarter's profit of RM10.63 million, mainly due to the fair value gain of RM20.63 million arising from the revaluation of its long-term investment in securities was higher than last year's corresponding quarter's gain of RM9.15 million. Share of the associate's profit of RM3.95 million was also higher than the share of RM1.58 million for last year's corresponding quarter.

The Economic Entity posted an after-tax loss of RM14.01 million at the end of the current 9-month period. This was a negative turnaround from the after-tax profit of RM23.32 million reported a year ago, mainly due to:-

- 1) The revaluation of its long-term investment in securities for the current period-to-date was a fair value loss of RM11.17 million as compared to the fair value gain of RM20.29 million reported a year ago.
- 2) Share of associate's financial results was a loss of RM4.12 million while last year was a gain of RM2.36 million.

**17. Comment on Material Change in Profit Before Taxation for the Current Quarter as
Compared with the Immediate Preceding Quarter**

The Economic Entity posted a pre-tax profit of RM24.68 million for the current quarter. This was a positive turnaround from the pre-tax loss of RM2.17 million reported during the immediate preceding quarter. The better performance was due to:

- 1) The fair value revaluation of its long-term investment in securities for the current quarter was a gain of RM20.63 million as compared to the immediate preceding quarter's fair value loss of RM2.95 million.
- 2) The unrealised foreign exchange gain of RM236,000 for the current quarter was higher than the immediate preceding quarter's gain of RM160,000.
- 3) Share of the financial result of the associate for the current quarter was a profit of RM3.95 million while it was a loss of RM158,000 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 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 will be challenged by:-

- 1) The increase in labour charges and difficulties in recruiting foreign workers.
- 2) The weather conditions.
- 3) The increase cost of production.

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	
	31.03.16	31.03.15	31.03.16	31.03.15
	RM'000	RM'000	RM'000	RM'000
Interest income	(63)	(57)	(191)	(172)
Other income including investment income	(19)	(46)	(1,654)	(1,138)
Fair value loss/(gain)	(20,629)	(9,150)	11,167	(20,285)
Interest expense	n/a	n/a	n/a	n/a
Depreciation and amortization	2	-	4	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	(236)	122	249	309
(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	
	31.03.16	31.03.15	31.03.16	31.03.15
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	5	11	26	32
Foreign tax	(9)	14	27	64
	<u>(4)</u>	<u>25</u>	<u>53</u>	<u>96</u>
Under provision in prior years:				
Malaysian Tax	4	10	4	88
Total income tax expense	<u>-</u>	<u>35</u>	<u>57</u>	<u>184</u>

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

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 2016.

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. Earnings/(Loss) Per Share

(a) Basic

Basic earnings/(loss) per share amounts are calculated by dividing profit/(loss) 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	
	31.03.16	31.03.15	31.03.16	31.03.15
Earnings/(Loss) attributable to ordinary equity holders (RM'000)	<u>24,680</u>	<u>10,631</u>	<u>(14,007)</u>	<u>23,317</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 earnings/(loss) per share (Sen)	<u>19.94</u>	<u>8.59</u>	<u>(11.32)</u>	<u>18.84</u>

(b) Diluted

Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as there is no dilutive potential ordinary shares outstanding as at 31 March 2016.

27. Cash and cash equivalents

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

	6 months period	
	31.03.16	31.03.15
	RM'000	RM'000
Cash and bank balances	47,820	40,318
Less: Short-term deposits with a licensed bank with maturities more than 90 days	(4,916)	(4,770)
Cash and cash equivalents	<u>42,904</u>	<u>35,548</u>

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**

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 31.03.16 RM'000	As at 30.06.15 RM'000
Total retained profits of the Company:		
- Realised	(18,785)	(19,614)
- Unrealised	187,299	198,715
	168,514	179,101
Total share of retained profits from associated company:		
- Realised	43,081	42,231
- Unrealised	48,603	53,573
	91,684	95,804
	260,198	274,905
Less: Consolidation adjustments	(9,563)	(9,211)
	<u>250,635</u>	<u>265,694</u>

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 26 May 2016.