

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

**Statement Of Comprehensive Income**  
**For the Financial Period Ended 30 September 2016**  
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Period-To-Date 3 months ended	
		30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
<b>Revenue</b>	4	1,205	1,176	1,205	1,176
Direct costs		(37)	(30)	(37)	(30)
<b>Gross profit</b>		1,168	1,146	1,168	1,146
Other income					
Depreciation		-	(1)	-	(1)
Administrative expenses		(300)	(207)	(300)	(207)
Other expenses					
- Foreign exchange loss		(101)	(645)	(101)	(645)
- Fair value loss		(1,101)	(28,844)	(1,101)	(28,844)
<b>Loss from operations</b>	4	(334)	(28,551)	(334)	(28,551)
Share of profit/(loss) of associate		2,115	(7,911)	2,115	(7,911)
<b>Profit/(Loss) before tax</b>	20	1,781	(36,462)	1,781	(36,462)
Income tax credit/(expense)	21	19	(34)	19	(34)
<b>Profit/(Loss) after tax</b>		1,800	(36,496)	1,800	(36,496)
<b><u>Other comprehensive income</u></b>					
Foreign currency translation		7,741	46,826	7,741	46,826
Share of other comprehensive income of associate		2,049	11,161	2,049	11,161
<b>Other comprehensive income for the period, net of tax</b>		9,790	57,987	9,790	57,987
<b>Total comprehensive income for the period</b>		11,590	21,491	11,590	21,491
<b>Earnings/(Loss) per share attributable to equity holders of the Company:</b>					
Basic (Sen)	26(a)	1.45	(29.49)	1.45	(29.49)
Diluted (Sen)	26(b)	1.45	(29.49)	1.45	(29.49)

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 2016**

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>As at</b>	<b>As at</b>
	<b>30.09.16</b>	<b>30.06.16</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Plant and equipment	11	11
Investment properties	27,398	26,903
Investment in associate	175,485	168,914
Investments at fair value through profit or loss	213,764	210,998
	<u>416,658</u>	<u>406,826</u>
<b>Current assets</b>		
Sundry receivables	51	204
Prepayments	33	57
Cash and bank balances	54,980	53,105
	<u>55,064</u>	<u>53,366</u>
<b>TOTAL ASSETS</b>	<u>471,722</u>	<u>460,192</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders</b>		
<b>of the Company</b>		
Share capital	61,874	61,874
Reserves	408,737	397,147
	<u>470,611</u>	<u>459,021</u>
<b>Non-current liabilities</b>		
Deferred tax liability	257	253
	<u>257</u>	<u>253</u>
<b>Current liabilities</b>		
Sundry payables	810	809
Tax Payable	44	109
	<u>854</u>	<u>918</u>
<b>Total liabilities</b>	<u>1,111</u>	<u>1,171</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>471,722</u>	<u>460,192</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 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
<b>Opening balance at 1 July 2016</b>	61,874	1,796	67,290	91,676	12,611	6,000	217,774	459,021
Total comprehensive income for the period	-	-	2,049	7,741	-	-	1,800	11,590
<b>Closing balance at 30 September 2016</b>	61,874	1,796	69,339	99,417	12,611	6,000	219,574	470,611
<b>Opening balance at 1 July 2015</b>	61,874	1,796	64,395	65,814	12,611	6,000	263,806	476,296
Total comprehensive income/(loss) for the period	-	-	11,161	46,826	-	-	(36,496)	21,491
<b>Closing balance at 30 September 2015</b>	61,874	1,796	75,556	112,640	12,611	6,000	227,310	497,787

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 2016**  
(The figures have not been audited)

	<b>3 months ended</b>	
	<b>30.09.16</b>	<b>30.09.15</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	1,781	(36,462)
Adjustments for:		
Depreciation	-	1
Dividend income	(909)	(884)
Unrealised foreign exchange loss	101	645
Interest income	(62)	(64)
Share of (profit)/loss of associated company	(2,115)	7,911
Fair value loss of fair value through profit or loss investments	1,101	28,844
	(103)	(9)
Operating cash flows before working capital changes		
Receivables	38	(34)
Prepayments	24	21
Payables	(14)	(24)
	(55)	(46)
Cash flows used in operations		
Taxes paid	(46)	(4)
Taxes refunded	-	65
	(101)	15
Net cash flows (used in)/from operating activities		
<b>INVESTING ACTIVITIES</b>		
Interest received	177	175
Dividends received	909	-
Addition to fixed deposit	(160)	(145)
	926	30
Net cash flows from investing activities		
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	825	45
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	889	4,385
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	48,190	40,941
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD (Note 27)</b>	49,904	45,371

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 2016. 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 2016.

**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 2016.

**Revised FRSs issued and not yet effective**

The Economic Entity has not early adopted the following revised FRSs 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:

<b>Description</b>	<b>Effective date for financial periods beginning on or after</b>
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 2 Classification and Measurement of Share-based Payment Transactions	1 January 2018
FRS 15 Revenue from Contracts with Customers	1 January 2018
FRS 9 Financial Instruments	1 January 2018
FRS 16 Leases	1 January 2019
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

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

**Part A - Explanatory Notes Pursuant to FRS 134**

**2. Significant Accounting Policies (cont'd)**

**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 2016 was not qualified.

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

**Part A - Explanatory Notes Pursuant to FRS 134**

**4. Segmental Information**

	<b>3 months ended</b>	
	<b>30.09.16</b>	<b>30.09.15</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Segment Revenue</b>		
Investment	909	884
Interest income	62	64
Rental income	234	228
Total	<u>1,205</u>	<u>1,176</u>
<b>Segment results</b>		
Investment	(193)	(27,960)
Interest income	62	64
Rental income	197	197
	<u>66</u>	<u>(27,699)</u>
Unallocated corporate expenses	<u>(400)</u>	<u>(852)</u>
Loss from operations	<u>(334)</u>	<u>(28,551)</u>
<b>Segment assets</b>		
Investment	403,515	437,477
Interest income	45,376	38,060
Rental income	22,819	23,444
	<u>471,710</u>	<u>498,981</u>
Unallocated corporate asset	<u>12</u>	<u>54</u>
Total assets	<u>471,722</u>	<u>499,035</u>

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

Other than the significant fair value loss of RM1.10 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 RM2.04 million and exchange fluctuation reserve of RM7.74 million, there were no other unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 September 2016.

**6. Changes in Estimates**

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

**7. Comments about Seasonal or Cyclical Factors**

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

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

**Part A - Explanatory Notes Pursuant to FRS 134**

**8. Dividends Paid**

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 2016.

**12. Changes in Contingent Liabilities and Contingent Assets**

There were no contingent liabilities or contingent assets as at 30 September 2016.

**13. Related Party Transactions**

Transactions with related parties are as follows:

	<b>Individual Quarter</b>		<b>Year-To-Date</b>	
	<b>30.09.16</b>	<b>30.09.15</b>	<b>30.09.16</b>	<b>30.09.15</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Rental income from Ice Cold Beer Pte. Ltd., a company in which a director, Lee Chung-Shih, has an interest (recurrent)	234	228	234	228
Administration and support services payable to The Nyalas Rubber Estates Limited, a company in which a director, Lee Chung-Shih has an interest (recurrent)	84	59	84	59
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	4	4



**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.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30.09.16</b>				
Fair value through profit or loss financial assets	210,575	3,189	-	213,764
Investment properties	-	-	27,398	27,398
	<u>210,575</u>	<u>3,189</u>	<u>27,398</u>	<u>241,162</u>
<b>30.06.16</b>				
Fair value through profit or loss financial assets	207,944	3,054	-	210,998
Investment properties	-	-	26,903	26,903
	<u>207,944</u>	<u>3,054</u>	<u>26,903</u>	<u>237,901</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 RM1.21 million was slightly higher than last year's corresponding quarter of RM1.18 million despite of lower interest income. This was mainly due to the increase in dividend and rental income with the result of exchange rate movements while the dividend and rental income remained the same in SGD functional currency.

The Economic Entity reported an after-tax profit of RM1.80 million for the current quarter as compared to the after-tax loss of RM36.50 million recorded during the corresponding quarter of a year ago. This was due to:-

- 1) The fair value loss of RM1.10 million arising from the revaluation of its long-term investment in securities for the current quarter was significantly lower than the loss of RM28.84 million suffered during the corresponding quarter of a year ago.
- 2) The unrealised foreign exchange loss of RM101,000 for the current quarter was lower than the loss of RM645,000 reported in last year's corresponding quarter.
- 3) The share of financial results of the associate for the current quarter was a profit of RM2.12 million while it was a loss of RM7.91 million during last year's corresponding quarter.

**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 RM1.78 million for the current quarter while the immediate preceding quarter suffered a pre-tax loss of RM30.93 million reported despite lower revenue achieved. This was mainly due to:

- 1) The fair value loss of RM1.10 million arising from the revaluation of its long-term investment in securities for the current quarter was significantly lower than the loss of RM16.80 million suffered during the immediate preceding quarter.
- 2) The unrealised foreign exchange loss of RM101,000 for the current quarter was also lower than the immediate preceding quarter by RM294,000.
- 3) The share of financial results of the associate for the current quarter was a profit of RM2.12 million while it was a loss of RM2.80 million during the immediate preceding quarter.
- 4) During the immediate preceding quarter, goodwill in associate of RM15.08 million was impaired while there was none for the current 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 rest of the financial year ending 30 June 2017 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/(Loss) before tax**

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

	<b>Individual Quarter</b>		<b>Year-To-Date</b>	
	<b>30.09.16</b>	<b>30.09.15</b>	<b>30.09.16</b>	<b>30.09.15</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	(62)	(64)	(62)	(64)
Other income including investment income	(909)	(884)	(909)	(884)
Fair value loss	1,101	28,844	1,101	28,844
Interest expense	n/a	n/a	n/a	n/a
Depreciation and amortisation	-	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	101	645	101	645
(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 (credit)/expense**

	<b>Individual Quarter</b>		<b>Period-To-Date</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>30.09.16</b>	<b>30.09.15</b>	<b>30.09.16</b>	<b>30.09.15</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax:				
Malaysian income tax	9	12	9	12
Foreign tax	9	22	9	22
	<u>18</u>	<u>34</u>	<u>18</u>	<u>34</u>
Overprovision in prior years:				
Foreign tax	(37)	-	(37)	-
Total income tax (credit)/expense	<u>(19)</u>	<u>34</u>	<u>(19)</u>	<u>34</u>

The effective tax rate for the current quarter and last year's corresponding quarter were lower than the statutory tax rate applicable in Malaysia as certain expenses were not deductible for tax purposes.

For the current quarter, the over provision of income tax for prior years was adjusted, thus resulting in an income tax credit of RM19,000.

**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 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.

	<b>Individual Quarter</b>		<b>Period-To-Date</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>30.09.16</b>	<b>30.09.15</b>	<b>30.09.16</b>	<b>30.09.15</b>
Earnings/(Loss) attributable to ordinary equity holders (RM'000)	<u>1,800</u>	<u>(36,496)</u>	<u>1,800</u>	<u>(36,496)</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>1.45</u>	<u>(29.49)</u>	<u>1.45</u>	<u>(29.49)</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 30 September 2016.

**27. Cash and cash equivalents**

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

	<b>3 months period</b>	
	<b>30.09.16</b>	<b>30.09.15</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	54,980	50,286
Less: Short-term deposits with a licensed bank with maturities more than 90 days	(5,076)	(4,915)
Cash and cash equivalents	<u><u>49,904</u></u>	<u><u>45,371</u></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:

	<b>As at 30.09.16 RM'000</b>	<b>As at 30.06.16 RM'000</b>
<b>Total retained (losses) / profits of the Company:</b>		
- Realised	(13,794)	(14,681)
- Unrealised	168,902	170,105
	155,108	155,424
<b>Total share of retained profits from associated company:</b>		
- Realised	41,460	41,529
- Unrealised	32,569	30,384
	74,029	71,913
	229,137	227,337
<b>Less: Consolidation adjustments</b>	(9,563)	(9,563)
	<u>219,574</u>	<u>217,774</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 29 November 2016.