

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

Statement Of Comprehensive Income
For the Financial Year Ended 30 June 2017
(The figures have not been audited)

| | Note | Individual Quarter 3 months ended | | Change Favourable/ (Unfavourable) | | Year-To-Date 12 months ended | | Change Favourable/ (Unfavourable) | |
|---|-------|--------------------------------------|--------------------|---|------|---------------------------------|--------------------|---|------|
| | | 30.06.17 RM'000 | 30.06.16 RM'000 | RM'000 | % | 30.06.17 RM'000 | 30.06.16 RM'000 | RM'000 | % |
| Revenue | 4 | 4,022 | 4,385 | (363) | -8 | 5,870 | 6,914 | (1,044) | -15 |
| Direct costs | | (31) | (32) | 1 | 3 | (132) | (124) | (8) | -6 |
| Gross profit | | 3,991 | 4,353 | (362) | -8 | 5,738 | 6,790 | (1,052) | -15 |
| Other income | | | | | | | | | |
| - Fair value gain/(loss) | | 34,772 | (16,799) | 51,571 | 307 | 42,042 | (27,966) | 70,008 | 250 |
| - Sundry income | | 201 | - | 201 | N.M. | 201 | - | 201 | N.M. |
| Depreciation | | (1) | (2) | 1 | 50 | (2) | (7) | 5 | 71 |
| Administrative expenses | | (312) | (199) | (113) | -57 | (1,272) | (1,046) | (226) | -22 |
| Loss on disposal of investment at fair value through profit or loss | | - | - | - | | (10,178) | - | (10,178) | N.M. |
| Reversal of loss on disposal of investment properties | | 431 | - | 431 | N.M. | - | - | - | |
| Other expenses | | | | | | | | | |
| - Foreign exchange loss | | (66) | (395) | 329 | 83 | (386) | (644) | 258 | 40 |
| - Impairment loss on goodwill in associate | | - | (15,081) | 15,081 | 100 | - | (15,081) | 15,081 | 100 |
| Profit/(Loss) from operations | 4 | 39,016 | (28,123) | 67,139 | 239 | 36,143 | (37,954) | 74,097 | 195 |
| Share of profit/(loss) of associate | | 4,628 | (2,802) | 7,430 | 265 | 8,840 | (6,921) | 15,761 | 228 |
| Profit/(Loss) before tax | 20 | 43,644 | (30,925) | 74,569 | 241 | 44,983 | (44,875) | 89,858 | 200 |
| Income tax expense | 21 | (81) | (48) | (33) | -69 | (104) | (105) | 1 | 1 |
| Profit/(Loss) after tax | | 43,563 | (30,973) | 74,536 | 241 | 44,879 | (44,980) | 89,859 | 200 |
| Other comprehensive income/(loss) | | | | | | | | | |
| Foreign currency translation | | (6,892) | 11,490 | (18,382) | -160 | 21,095 | 25,862 | (4,767) | -18 |
| Share of other comprehensive (loss)/income of associate | | (2,218) | 689 | (2,907) | -422 | 4,498 | 2,895 | 1,603 | 55 |
| Other comprehensive (loss)/income for the year, net of tax | | (9,110) | 12,179 | (21,289) | -175 | 25,593 | 28,757 | (3,164) | -11 |
| Total comprehensive income/(loss) for the year | | 34,453 | (18,794) | 53,247 | 283 | 70,472 | (16,223) | 86,695 | 534 |
| Earnings/(Loss) per share attributable to equity holders of the Company: | | | | | | | | | |
| Basic (Sen) | 26(a) | 35.20 | (25.03) | | | 36.27 | (36.35) | | |
| Diluted (Sen) | 26(b) | 35.20 | (25.03) | | | 36.27 | (36.35) | | |

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

N.M. - Not Meaningful

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

Statement of Financial Position
As at 30 June 2017

| | (Unaudited) | (Audited) |
|--|--------------------|------------------|
| | As at | As at |
| | 30.06.17 | 30.06.16 |
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-current assets | | |
| Plant and equipment | 10 | 11 |
| Investment properties | 30,369 | 26,903 |
| Investment in associate | 189,089 | 168,914 |
| Investments at fair value through profit or loss | 244,272 | 210,998 |
| | <u>463,740</u> | <u>406,826</u> |
| Current assets | | |
| Sundry receivables | 130 | 204 |
| Prepayments | 62 | 57 |
| Cash and bank balances | 65,757 | 53,105 |
| | <u>65,949</u> | <u>53,366</u> |
| TOTAL ASSETS | <u>529,689</u> | <u>460,192</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders | | |
| of the Company | | |
| Share capital | 61,874 | 61,874 |
| Reserves | 466,567 | 397,147 |
| | <u>528,441</u> | <u>459,021</u> |
| Non-current liabilities | | |
| Deferred tax liability | 235 | 253 |
| | <u>235</u> | <u>253</u> |
| Current liabilities | | |
| Sundry payables | 901 | 809 |
| Tax Payable | 112 | 109 |
| | <u>1,013</u> | <u>918</u> |
| Total liabilities | <u>1,248</u> | <u>1,171</u> |
| TOTAL EQUITY AND LIABILITIES | <u>529,689</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 Year Ended 30 June 2017**

(The figures have not been audited)

| | ← Non-Distributable → | | | | ← Distributable → | | | |
|--|----------------------------|----------------------------|-------------------------------|--|---|------------------------------|--------------------------------|---------------------------|
| | Share Capital RM'000 | Share Premium RM'000 | Capital 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 2016 | 61,874 | 1,796 | 67,290 | 91,676 | 12,611 | 6,000 | 217,774 | 459,021 |
| Total comprehensive income for the year | - | - | 4,498 | 21,095 | - | - | 44,879 | 70,472 |
| Dividends | - | - | - | - | - | - | (1,052) | (1,052) |
| Closing balance at 30 June 2017 | 61,874 | 1,796 | 71,788 | 112,771 | 12,611 | 6,000 | 261,601 | 528,441 |
| Opening balance at 1 July 2015 | 61,874 | 1,796 | 64,395 | 65,814 | 12,611 | 6,000 | 263,806 | 476,296 |
| Total comprehensive income/(loss) for the year | - | - | 2,895 | 25,862 | - | - | (44,980) | (16,223) |
| Dividends | - | - | - | - | - | - | (1,052) | (1,052) |
| Closing balance at 30 June 2016 | 61,874 | 1,796 | 67,290 | 91,676 | 12,611 | 6,000 | 217,774 | 459,021 |

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 2017
(The figures have not been audited)

| | 12 months ended | |
|---|------------------------|---------------------|
| | 30.06.17 | 30.06.16 |
| | RM'000 | RM'000 |
| OPERATING ACTIVITIES | | |
| Profit/(Loss) before taxation | 44,983 | (44,875) |
| Adjustments for: | | |
| Depreciation | 2 | 7 |
| Dividend income | (4,688) | (5,737) |
| Unrealised foreign exchange loss | 386 | 644 |
| Interest income | (225) | (252) |
| Share of (profit)/loss of associated company | (8,840) | 6,921 |
| Loss on disposal of investment at fair value through profit or loss | 10,178 | - |
| Fair value (gain)/loss of fair value through profit or loss investments | (39,643) | 28,488 |
| Fair value gain of investment properties | (2,399) | (522) |
| Impairment loss on goodwill in associate | - | 15,081 |
| | <hr/> | <hr/> |
| Operating cash flows before working capital changes | (246) | (245) |
| Receivables | 37 | (36) |
| Prepayments | (4) | - |
| Payables | 55 | (77) |
| | <hr/> | <hr/> |
| Cash flows used in operations | (158) | (358) |
| Taxes paid | (102) | (42) |
| Taxes refunded | 3 | 62 |
| | <hr/> | <hr/> |
| Net cash flows used in operating activities | <u>(257)</u> | <u>(338)</u> |
| INVESTING ACTIVITIES | | |
| Interest received | 267 | 248 |
| Dividends received | 5,040 | 6,089 |
| Proceeds from disposal of investment at fair value through profit or loss | 6,256 | - |
| Withdrawal of/(Addition to) fixed deposits | 1,109 | (145) |
| | <hr/> | <hr/> |
| Net cash flows from investing activities | <u>12,672</u> | <u>6,192</u> |
| FINANCING ACTIVITY | | |
| Dividends paid, representing net cash flow used in financing activity | <u>(1,052)</u> | <u>(1,052)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 11,363 | 4,802 |
| EFFECTS OF EXCHANGE RATE CHANGES | 2,398 | 2,447 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR | <hr/> | <hr/> |
| | 48,190 | 40,941 |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (Note 27) | <hr/> <u>61,951</u> | <hr/> <u>48,190</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 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:

| Description | Effective date for financial periods beginning on or after |
|---|---|
| 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 12 (Annual Improvements to FRS Standards 2014-2016 Cycle) | 1 January 2017 |
| FRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014) | 1 January 2018 |
| IC Interpretation 22 Foreign Currency Transactions and Advance Consideration | 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 |

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

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

| | 12 months ended | |
|---------------------------------------|------------------------|-----------------|
| | 30.06.17 | 30.06.16 |
| | RM'000 | RM'000 |
| Segment Revenue | | |
| Investment | 4,688 | 5,737 |
| Interest income | 225 | 252 |
| Investment properties - Rental income | 957 | 925 |
| Total | <u>5,870</u> | <u>6,914</u> |
| Segment results | | |
| Investment | 34,093 | (37,836) |
| Interest income | 225 | 252 |
| Investment properties | | |
| - Rental income | 825 | 801 |
| - Fair value changes | 2,454 | 522 |
| | <u>37,597</u> | <u>(36,261)</u> |
| Unallocated corporate expenses | (1,454) | (1,693) |
| Profit/(Loss) from operations | <u>36,143</u> | <u>(37,954)</u> |
| Segment assets | | |
| Investment | 490,405 | 393,129 |
| Interest income | 13,323 | 44,585 |
| Rental income | 25,949 | 22,427 |
| | <u>529,677</u> | <u>460,141</u> |
| Unallocated corporate asset | 12 | 51 |
| Total assets | <u>529,689</u> | <u>460,192</u> |

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

During the current fiscal year, the investment in British and Malayan Trustees Limited ("BMT") was disposed for RM6.26 million. This resulted in a loss of RM10.18 million. Other than the significant fair value gain of RM39.64 million and RM2.40 million resulting from the revaluation of the Company's long-term investment in securities and investment properties respectively, share of the comprehensive income of associate by RM4.50 million and exchange fluctuation reserve of RM21.10 million, there were no other unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial year ended 30 June 2017.

6. Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter and year-to-date 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 2016, as reported in the directors' report of that year, the following dividends were paid during the current year:

| | Amount | Net dividend |
|---|------------------|---------------------|
| | RM | 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 year-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 2017.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 30 June 2017.

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 | | Period-To-Date | |
|--|---------------------------|-----------------|-----------------------|-----------------|
| | 30.06.17 | 30.06.16 | 30.06.17 | 30.06.16 |
| | 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) | 239 | 242 | 957 | 926 |
| Administration and accounting support services payable to The Nyalas Rubber Estates Limited, a company in which a director, Lee Chung-Shih has an interest (recurrent) | 74 | - 25 | 295 | 289 |
| 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>16</u> | <u>16</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 |
|--|----------------|----------------|----------------|----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| 30.06.17 | | | | |
| Fair value through profit or loss financial assets | 241,328 | 2,944 | - | 244,272 |
| Investment properties | - | - | 30,369 | 30,369 |
| | <u>241,328</u> | <u>2,944</u> | <u>30,369</u> | <u>274,641</u> |

| | | | | |
|--|----------------|--------------|---------------|----------------|
| 30.06.16 | | | | |
| 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 of RM4.02 million for the current quarter and RM5.87 million for the current financial year were lower than last year's corresponding quarter's RM4.39 million and financial year of RM6.91 million. These were mainly due to lower dividend and interest income. The dividend income of RM748,000 from investment in British and Malayan Trustees Limited ("BMT") was received during last financial year but we have sold the investment in November 2016. Rental income remained the same in SGD currency.

The Economic Entity posted an after-tax profit of RM43.56 million for the current quarter as compared to the after-tax loss of RM30.97 million reported 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 gain of RM32.37 million for the current quarter while it suffered a loss of RM17.32 million during last year's corresponding quarter.
- 2) The gain of RM2.40 million arising from the revaluation of its investment properties for the current quarter was higher than the gain of RM522,000 reported during last year's corresponding quarter.
- 3) The loss of RM431,000 on disposal of investment properties reported during the immediate preceding quarter was reversed during the current quarter. The compensation of RM201,000 for the wayleave arrangement for the electricity supply line on 1.149 acres of the Semenyih's land is now recorded as sundry income for the current quarter.
- 4) The share of the associate's financial results was a profit of RM4.63 million for the current quarter while it was a loss of RM2.80 million reported during last year's corresponding quarter.

The Economic Entity ended the current financial year with an after-tax profit of RM44.88 million as compared to the after tax loss of RM44.98 million reported during the last financial year. This was mainly due to:-

- 1) The revaluation of its long-term investment in securities was a fair value gain of RM39.64 million for the current financial year while it was a loss of RM28.49 million reported during the last financial year.
- 2) The gain of RM2.40 million arising from the revaluation of its investment properties for the current financial year was higher than the gain of RM522,000 reported a year ago.
- 3) The share of the associate's financial results was a profit of RM8.84 million for the current financial year while it was a loss of RM6.92 million reported a year ago.
- 4) The impairment loss of RM15.08 million on goodwill was reported a year ago while there was none for the current financial year.

The Economic Entity, however, suffered a loss of RM10.18 million from disposal of its long-term investment in securities.

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**

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

| | Current Quarter 30.06.17 RM'000 | Preceding Quarter 31.03.17 RM'000 | Change Favourable/(Unfavourable) | |
|--|--|--|---|----------|
| | | | RM'000 | % |
| Revenue | 4,022 | 315 | 3,707 | 1177 |
| Operating Profit | 39,242 | 9,231 | 30,011 | 325 |
| Share of profit of associate | 4,628 | 5,077 | (449) | -9 |
| Profit before tax | 43,644 | 14,308 | 29,336 | 205 |
| Profit after tax | 43,563 | 14,278 | 29,285 | 205 |
| Profit after tax attributable to the equity holder of the company | 43,563 | 14,278 | 29,285 | 205 |

The Economic Entity posted a pre-tax profit of RM43.64 million for current quarter which was higher than the immediate preceding quarter's pre-tax profit of RM14.31 million. This was mainly due to:

- 1) Revenue of RM4.02 million was achieved during the current quarter. This was higher than the immediate preceding quarter's revenue of RM315,000 on account of higher dividend.
- 2) The fair value gain of RM32.37 million arising from the revaluation of its long term investment in securities for the current quarter was higher than the gain of RM9.84 million reported during the immediate preceding quarter.
- 3) The fair value gain of RM2.40 million on its investment properties was reported during the current quarter while there was none for the immediate preceding quarter.
- 4) The foreign exchange loss of RM66,000 was lower than the immediate preceding quarter's RM126,000.

18. Commentary on Prospects

The Economic Entity's results for the financial year ending 30 June 2018 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.

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**

20. Profit/(Loss) before tax

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

| | Individual Quarter | | Year-To-Date | |
|--|--------------------|----------|--------------|----------|
| | 30.06.17 | 30.06.16 | 30.06.17 | 30.06.16 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income | (54) | (61) | (225) | (252) |
| Other income including investment income | (3,730) | (4,083) | (4,688) | (5,737) |
| Fair value (gain)/loss | (34,772) | 16,799 | (42,042) | 27,966 |
| Interest expense | n/a | n/a | n/a | n/a |
| Depreciation and amortisation | 1 | 2 | 2 | 7 |
| 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 |
| Loss on disposal of quoted investment | - | n/a | 10,178 | n/a |
| Impairment of assets | n/a | n/a | n/a | n/a |
| Impairment of goodwill in associate | n/a | 15,081 | n/a | 15,081 |
| Foreign exchange loss | 66 | 395 | 386 | 644 |
| (Gain)/Loss on derivatives | n/a | n/a | n/a | n/a |
| Exceptional items | n/a | n/a | n/a | n/a |

n/a : Not applicable

21. Income Tax expense

| | Individual Quarter | | Period-To-Date | |
|---|--------------------|-----------|-----------------|------------|
| | 3 months ended | | 12 months ended | |
| | 30.06.17 | 30.06.16 | 30.06.17 | 30.06.16 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax: | | | | |
| Malaysian income tax | 59 | 13 | 74 | 39 |
| Foreign tax | 15 | 9 | 61 | 36 |
| | <u>74</u> | <u>22</u> | <u>135</u> | <u>75</u> |
| (Over)/Under provision in prior years: | | | | |
| Malaysian Tax | (2) | - | (2) | 4 |
| Foreign tax | 1 | - | (37) | - |
| | <u>73</u> | <u>22</u> | <u>96</u> | <u>79</u> |
| Deferred tax: | | | | |
| Relating to origination of temporary differences | 8 | 26 | 8 | 26 |
| | <u>8</u> | <u>26</u> | <u>8</u> | <u>26</u> |
| Total income tax expense | <u>81</u> | <u>48</u> | <u>104</u> | <u>105</u> |

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

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**

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 2017.

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.

26. Earnings/(Loss) Per Share

(a) Basic

Basic earnings/(loss) per share amounts are calculated by dividing profit/(loss) 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 | |
| | 30.06.17 | 30.06.16 | 30.06.17 | 30.06.16 |
| Earnings/(Loss) attributable to ordinary equity holders (RM'000) | <u>43,563</u> | <u>(30,973)</u> | <u>44,879</u> | <u>(44,980)</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>35.20</u> | <u>(25.03)</u> | <u>36.27</u> | <u>(36.35)</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 June 2017.

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

27. Cash and cash equivalents

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

| | 12 months period | |
|---|-------------------------|-----------------|
| | 30.06.17 | 30.06.16 |
| | RM'000 | RM'000 |
| Cash and bank balances | 65,757 | 53,105 |
| Less: Short-term deposits with a licensed bank with maturities more than 90 days | (3,806) | (4,915) |
| Cash and cash equivalents | <u>61,951</u> | <u>48,190</u> |

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 | As at |
|---|-----------------|-----------------|
| | 30.06.17 | 30.06.16 |
| | RM'000 | RM'000 |
| Total retained (losses) / profits of the Company: | | |
| - Realised | (20,990) | (14,681) |
| - Unrealised | 211,752 | 170,105 |
| | 190,762 | 155,424 |
| Total share of retained profits from associated company: | | |
| - Realised | 40,980 | 41,529 |
| - Unrealised | 39,774 | 30,384 |
| | 80,754 | 71,913 |
| | <u>271,516</u> | <u>227,337</u> |
| Less: Consolidation adjustments | (9,915) | (9,563) |
| | <u>261,601</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 21 August 2017.