

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

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

	Note	Individual Quarter 3 months ended		Change Favourable/ (Unfavourable)		Period-To-Date 3 months ended		Change Favourable/ (Unfavourable)	
		30.09.17 RM'000	30.09.16 RM'000	RM'000	%	30.09.17 RM'000	30.09.16 RM'000	RM'000	%
Revenue	4	1,281	1,205	76	6	1,281	1,205	76	6
Direct costs		(32)	(37)	5	14	(32)	(37)	5	14
Gross profit		1,249	1,168	81	7	1,249	1,168	81	7
Other income									
- Fair value gain/(loss)		3,800	(1,101)	4,901	445	3,800	(1,101)	4,901	445
Administrative expenses		(333)	(300)	(33)	-11	(333)	(300)	(33)	-11
Other expenses									
- Foreign exchange loss		(1)	(101)	100	99	(1)	(101)	100	99
Profit/(Loss) from operations	4	4,715	(334)	5,049	1512	4,715	(334)	5,049	1512
Share of profit of associate		1,912	2,115	(203)	-10	1,912	2,115	(203)	-10
Profit before tax	20	6,627	1,781	4,846	272	6,627	1,781	4,846	272
Income tax (expense)/credit	21	(25)	19	(44)	-232	(25)	19	(44)	-232
Profit after tax		6,602	1,800	4,802	267	6,602	1,800	4,802	267
Other comprehensive income/(loss)									
Foreign currency translation		(1,101)	7,741	(8,842)	-114	(1,101)	7,741	(8,842)	-114
Share of other comprehensive (loss)/income of associate		(1,125)	2,049	(3,174)	-155	(1,125)	2,049	(3,174)	-155
Other comprehensive (loss)/income for the period, net of tax		(2,226)	9,790	(12,016)	-123	(2,226)	9,790	(12,016)	-123
Total comprehensive income for the period		4,376	11,590	(7,214)	-62	4,376	11,590	(7,214)	-62
Earnings per share attributable to equity holders of the Company:									
Basic (Sen)	26(a)	5.34	1.45			5.34	1.45		
Diluted (Sen)	26(b)	5.34	1.45			5.34	1.45		

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 2017

	(Unaudited)	(Audited)
	As at	As at
	30.09.17	30.06.17
	RM'000	RM'000
ASSETS		
Non-current assets		
Plant and equipment	9	10
Investment properties	30,308	30,369
Investment in associate	189,490	189,089
Investments	247,555	244,272
	<u>467,362</u>	<u>463,740</u>
Current assets		
Sundry receivables	98	130
Prepayments	35	62
Cash and bank balances	66,596	65,757
	<u>66,729</u>	<u>65,949</u>
TOTAL ASSETS	<u>534,091</u>	<u>529,689</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
of the Company		
Share capital	61,874	61,874
Reserves	470,943	466,567
	<u>532,817</u>	<u>528,441</u>
Non-current liabilities		
Deferred tax liability	235	235
	<u>235</u>	<u>235</u>
Current liabilities		
Sundry payables	908	901
Tax Payable	131	112
	<u>1,039</u>	<u>1,013</u>
Total liabilities	<u>1,274</u>	<u>1,248</u>
TOTAL EQUITY AND LIABILITIES	<u>534,091</u>	<u>529,689</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 2017**

(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 2017	61,874	1,796	71,788	112,771	12,611	6,000	261,601	528,441
Total comprehensive (loss)/income for the period	-	-	(1,125)	(1,101)	-	-	6,602	4,376
Closing balance at 30 September 2017	<u>61,874</u>	<u>1,796</u>	<u>70,663</u>	<u>111,670</u>	<u>12,611</u>	<u>6,000</u>	<u>268,203</u>	<u>532,817</u>
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 period	-	-	2,049	7,741	-	-	1,800	11,590
Closing balance at 30 September 2016	<u>61,874</u>	<u>1,796</u>	<u>69,339</u>	<u>99,417</u>	<u>12,611</u>	<u>6,000</u>	<u>219,574</u>	<u>470,611</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 30 September 2017
(The figures have not been audited)

	3 months ended	
	30.09.17	30.09.16
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before taxation	6,627	1,781
Adjustments for:		
Dividend income	(950)	(909)
Unrealised foreign exchange (gain)/loss	(10)	101
Interest income	(86)	(62)
Share of profit of associated company	(1,912)	(2,115)
Fair value (gain)/loss of fair value through profit or loss investments	(3,800)	1,101
	(131)	(103)
Operating cash flows before working capital changes		
Receivables	(15)	38
Prepayments	27	24
Payables	9	(14)
	(110)	(55)
Cash flows used in operations		
Taxes paid	(6)	(46)
	(116)	(101)
INVESTING ACTIVITIES		
Interest received	133	177
Dividends received	950	909
Addition to fixed deposits	(38,642)	(160)
	(37,559)	926
Net cash flows (used in)/from investing activities		
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(37,675)	825
EFFECTS OF EXCHANGE RATE CHANGES	(128)	889
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	61,951	48,190
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD (Note 27)	24,148	49,904

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 2017. 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 2017.

2. Significant accounting policies

Changes in accounting policies

The accounting policies and methods of computation adopted by the Economic Entity in these interim financial statements are consistent with those adopted in the audited financial statement for the financial year ended 30 June 2017 except for the adoption of the amended FRSs and annual improvements which are relevant to the Economic Entity's operation with effect from 1 July 2017 as set out below:

Amendments to FRS 107: Disclosure Initiative

Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to FRS 12: Disclosure of Interest in Other Entities

The adoption of the above Amendments and Annual Improvements does not have any effect on the financial performance or position of the Economic Entity.

New and amended standards and interpretations

The Economic Entity has not early adopted the following new and amended FRSs, annual improvements and IC Interpretation which have been issued as at the date of these interim financial statements and will be effective for the financial periods as stated below:

KUCHAI DEVELOPMENT BERHAD (7573-V)
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Part A - Explanatory Notes Pursuant to FRS 134

2. Significant accounting policies (cont'd)

New and amended standards and interpretations (cont'd)

Description	Effective date for financial periods beginning on or after
Amendments to FRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
FRS 9 Financial Instruments	1 January 2018
Annual Improvements to FRS Standards 2014-2016 Cycle	1 January 2018
Amendments to FRS 140: Transfers of Investment Property	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23: Uncertainty over Income Tax Treatments	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

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 2017 was not qualified.

KUCHAI DEVELOPMENT BERHAD (7573-V)
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Part A - Explanatory Notes Pursuant to FRS 134

4. Segmental Information

	3 months ended	
	30.09.17	30.09.16
	RM'000	RM'000
Segment Revenue		
Investment	950	909
Interest income	86	62
Investment properties - Rental income	245	234
Total	<u>1,281</u>	<u>1,205</u>
Segment results		
Investment	4,750	(193)
Interest income	86	62
Rental income	212	197
	<u>5,048</u>	<u>66</u>
Unallocated corporate expenses	(333)	(400)
Profit/(Loss) from operations	<u>4,715</u>	<u>(334)</u>
Segment assets		
Investment	464,345	403,515
Interest income	43,843	45,376
Rental income	25,877	22,819
	<u>534,065</u>	<u>471,710</u>
Unallocated corporate asset	26	12
Total assets	<u>534,091</u>	<u>471,722</u>

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

Other than the significant fair value gain of RM3.80 million resulting from the revaluation of the market value of the Company's long-term investment in securities, share of the comprehensive loss of associate by RM1.13 million and exchange fluctuation reserve of RM1.10 million, there were no other unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 September 2017.

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)
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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 2017.

12. Changes in Contingent Liabilities and Contingent Assets

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

KUCHAI DEVELOPMENT BERHAD (7573-V)
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Part A - Explanatory Notes Pursuant to FRS 134

13. Related Party Transactions

Transactions with related parties are as follows:

	Individual Quarter		Period-To-Date	
	30.09.17	30.09.16	30.09.17	30.09.16
	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)	245	234	245	234
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)	90	84	90	84
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

14. Subsequent Events

There were no material events subsequent to the end of the current quarter.

KUCHAI DEVELOPMENT BERHAD (7573-V)
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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
30.09.17				
Investments	244,630	2,925	-	247,555
Investment properties	-	-	30,308	30,308
	<u>244,630</u>	<u>2,925</u>	<u>30,308</u>	<u>277,863</u>
 30.06.17				
Investments	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>

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.

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**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 RM1.28 million was slightly higher than last year's corresponding quarter of RM1.21 million. This was mainly due to higher dividend, interest and rental income. The increase in dividend and rental income was due from fluctuation of exchange rates against the SGD functional currency.

The Economic Entity posted an after-tax profit of RM6.60 million for the current quarter which was higher than last year's corresponding quarter's profit of RM1.80 million, mainly due to:-

- 1) Higher revenue achieved.
- 2) The revaluation of its long-term investment in securities was a fair value gain of RM3.80 million for the current quarter while it suffered a loss of RM1.10 million during last year's corresponding quarter.
- 3) The foreign exchange loss of RM1,000 for the current quarter was lower than the loss of RM101,000 reported for last year's corresponding quarter.

The Economic Entity, however, reported the share of profit of the associate of RM1.91 million for the current quarter was lower than last year's corresponding quarter's profit of RM2.12 million.

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

	Current Quarter 30.09.17 RM'000	Preceding Quarter 30.06.17 RM'000	Change Favourable/(Unfavourable)	
			RM'000	%
Revenue	1,281	4,022	(2,741)	-68
Operating Profit	4,715	39,016	(34,301)	-88
Share of profit of associate	1,912	4,628	(2,716)	-59
Profit before tax	6,627	43,644	(37,017)	-85
Profit after tax	6,602	43,563	(36,961)	-85
Profit after tax attributable to the equity holder of the company	6,602	43,563	(36,961)	-85

The Economic Entity posted a pre-tax profit of RM6.63 million for current quarter which was lower than the immediate preceding quarter's pre-tax profit of RM43.64 million. This was mainly due to:

- 1) Revenue of RM1.28 million was achieved during the current quarter. This was lower than the immediate preceding quarter's revenue of RM4.02 million on account of lower dividend income.

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**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 (cont'd)**

- 2) The fair value gain arising from the revaluation of its long-term investment in securities for the current quarter was RM3.80 million and this was significantly lower than the immediate preceding quarter's RM32.37 million.
- 3) The fair value gain of RM2.40 million on its investment properties was reported during the immediate preceding quarter while there was none for the current quarter.
- 4) Share of financial profit of the associate for the current quarter was RM1.91 million which was lower than the immediate preceding quarter's RM4.63 million.

18. Commentary on Prospects

The Economic Entity's results for the rest of 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.

20. Profit before tax

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

	Individual Quarter		Period-To-Date	
	30.09.17	30.09.16	30.09.17	30.09.16
	RM'000	RM'000	RM'000	RM'000
Interest income	(86)	(62)	(86)	(62)
Other income including investment income	(950)	(909)	(950)	(909)
Fair value (gain)/loss	(3,800)	1,101	(3,800)	1,101
Interest expense	n/a	n/a	n/a	n/a
Depreciation and amortisation	n/a	n/a	n/a	n/a
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	n/a	n/a	n/a
Impairment of assets	n/a	n/a	n/a	n/a
Impairment of goodwill in associate	n/a	n/a	n/a	n/a
Foreign exchange loss	1	101	1	101
(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/(credit)

	Individual Quarter		Period-To-Date	
	3 months ended		3 months ended	
	30.09.17	30.09.16	30.09.17	30.09.16
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	3	9	3	9
Foreign tax	22	9	22	9
	<u>25</u>	<u>18</u>	<u>25</u>	<u>18</u>
Overprovision in prior years:				
Foreign tax	-	(37)	-	(37)
	<u>25</u>	<u>(19)</u>	<u>25</u>	<u>(19)</u>
Total income tax expense/(credit)	<u>25</u>	<u>(19)</u>	<u>25</u>	<u>(19)</u>

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

The over provision of income tax for the last year's corresponding quarter arose from tax refunds in respect of prior years' of assessments.

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 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.

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

26. Earnings Per Share

(a) Basic

Basic earnings per share amounts are calculated by dividing 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	
	30.09.17	30.09.16	30.09.17	30.09.16
Earnings attributable to ordinary equity holders (RM'000)	<u>6,602</u>	<u>1,800</u>	<u>6,602</u>	<u>1,800</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 per share (Sen)	<u>5.34</u>	<u>1.45</u>	<u>5.34</u>	<u>1.45</u>

(b) Diluted

Diluted earnings per share is the same as basic earnings per share as there is no dilutive potential ordinary shares outstanding as at 30 September 2017.

27. Cash and cash equivalents

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

	3 months period	
	30.09.17	30.09.16
	RM'000	RM'000
Cash and bank balances	66,596	54,980
Less: Short-term deposits with a licensed bank with maturities more than 90 days	(42,448)	(5,076)
Cash and cash equivalents	<u>24,148</u>	<u>49,904</u>

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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
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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 30.09.17 RM'000	As at 30.06.17 RM'000
Total retained (losses) / profits of the Company:		
- Realised	(20,110)	(20,990)
- Unrealised	215,562	211,752
	195,452	190,762
Total share of retained profits from associated company:		
- Realised	41,318	40,980
- Unrealised	41,348	39,774
	82,666	80,754
	278,118	271,516
Less: Consolidation adjustments	(9,915)	(9,915)
	<u>268,203</u>	<u>261,601</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 28 November 2017.