

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

Statement Of Comprehensive Income
For the Financial Period Ended 31 March 2018
(The figures have not been audited)

	Note	Individual Quarter		Change		Period-To-Date		Change	
		3 months ended		Favourable/ (Unfavourable)		9 months ended		Favourable/ (Unfavourable)	
		31.03.18 RM'000	31.03.17 RM'000	RM'000	%	31.03.18 RM'000	31.03.17 RM'000	RM'000	%
Revenue	4	309	315	(6)	-2	1,941	1,848	93	5
Direct costs		(25)	(33)	8	24	(89)	(101)	12	12
Gross profit		<u>284</u>	<u>282</u>	<u>2</u>	<u>1</u>	<u>1,852</u>	<u>1,747</u>	<u>105</u>	<u>6</u>
Other income									
- Fair value gain		18,564	9,837	8,727	89	45,374	7,270	38,104	524
- Foreign exchange gain/(loss)		60	(126)	186	148	168	(320)	488	153
Depreciation		-	-	-	-	(1)	(1)	-	-
Administrative expenses		(377)	(331)	(46)	-14	(1,072)	(960)	(112)	-12
Loss on disposal of investment		-	-	-	0	-	(10,178)	10,178	100
Loss on disposal of investment properties		-	(431)	431	100	-	(431)	431	100
Profit/(Loss) from operations	4	<u>18,531</u>	<u>9,231</u>	<u>9,300</u>	<u>101</u>	<u>46,321</u>	<u>(2,873)</u>	<u>49,194</u>	<u>1712</u>
Share of profit of associate		<u>3,052</u>	<u>5,077</u>	<u>(2,025)</u>	<u>-40</u>	<u>9,089</u>	<u>4,212</u>	<u>4,877</u>	<u>116</u>
Profit before tax	20	<u>21,583</u>	<u>14,308</u>	<u>7,275</u>	<u>51</u>	<u>55,410</u>	<u>1,339</u>	<u>54,071</u>	<u>4038</u>
Income tax expense	21	<u>(11)</u>	<u>(30)</u>	<u>19</u>	<u>63</u>	<u>(64)</u>	<u>(23)</u>	<u>(41)</u>	<u>-178</u>
Profit after tax		<u><u>21,572</u></u>	<u><u>14,278</u></u>	<u><u>7,294</u></u>	<u><u>51</u></u>	<u><u>55,346</u></u>	<u><u>1,316</u></u>	<u><u>54,030</u></u>	<u><u>4106</u></u>
<u>Other comprehensive income/(loss)</u>									
Foreign currency translation		(15,453)	10,382	(25,835)	-249	(30,899)	27,987	(58,886)	-210
Share of other comprehensive (loss)/income of associate		(3,223)	(880)	(2,343)	-266	(7,312)	6,716	(14,028)	-209
Other comprehensive (loss)/income for the period, net of tax		<u>(18,676)</u>	<u>9,502</u>	<u>(28,178)</u>	<u>-297</u>	<u>(38,211)</u>	<u>34,703</u>	<u>(72,914)</u>	<u>-210</u>
Total comprehensive income for the period		<u><u>2,896</u></u>	<u><u>23,780</u></u>	<u><u>(20,884)</u></u>	<u><u>-88</u></u>	<u><u>17,135</u></u>	<u><u>36,019</u></u>	<u><u>(18,884)</u></u>	<u><u>-52</u></u>
Earnings per share									
attributable to equity holders of the Company:									
Basic (Sen)	26(a)	17.43	11.54			44.73	1.06		
Diluted (Sen)	26(b)	<u>17.43</u>	<u>11.54</u>			<u>44.73</u>	<u>1.06</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 2018**

	(Unaudited) As at 31.03.18 RM'000	(Audited) As at 30.06.17 RM'000
ASSETS		
Non-current assets		
Plant and equipment	8	10
Investment properties	28,691	30,369
Investment in associate	180,021	189,089
Investments	274,502	244,272
	<u>483,222</u>	<u>463,740</u>
Current assets		
Sundry receivables	175	130
Prepayments	89	62
Cash and bank balances	61,982	65,757
	<u>62,246</u>	<u>65,949</u>
TOTAL ASSETS	<u>545,468</u>	<u>529,689</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	61,874	61,874
Reserves	482,502	466,567
	<u>544,376</u>	<u>528,441</u>
Non-current liabilities		
Deferred tax liability	222	235
	<u>222</u>	<u>235</u>
Current liabilities		
Sundry payables	806	901
Tax Payable	64	112
	<u>870</u>	<u>1,013</u>
Total liabilities	<u>1,092</u>	<u>1,248</u>
TOTAL EQUITY AND LIABILITIES	<u>545,468</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 31 March 2018
(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	-	-	(7,312)	(30,899)	-	-	55,346	17,135
Dividends	-	-	-	-	-	-	(1,200)	(1,200)
Closing balance at 31 March 2018	<u>61,874</u>	<u>1,796</u>	<u>64,476</u>	<u>81,872</u>	<u>12,611</u>	<u>6,000</u>	<u>315,747</u>	<u>544,376</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	-	-	6,716	27,987	-	-	1,316	36,019
Dividends	-	-	-	-	-	-	(1,052)	(1,052)
Closing balance at 31 March 2017	<u>61,874</u>	<u>1,796</u>	<u>74,006</u>	<u>119,663</u>	<u>12,611</u>	<u>6,000</u>	<u>218,038</u>	<u>493,988</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 2018
(The figures have not been audited)

	9 months ended	
	31.03.18	31.03.17
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before taxation	55,410	1,339
Adjustments for:		
Depreciation	1	1
Dividend income	(952)	(958)
Unrealised foreign exchange (gain)/loss	(195)	290
Interest income	(274)	(171)
Share of profit of associated company	(9,089)	(4,212)
Loss on disposal of investment	-	10,178
Loss on disposal of investment properties	-	431
Fair value gain of fair value through profit or loss investments	(45,374)	(7,270)
	<hr/>	<hr/>
Operating cash flows before working capital changes	(473)	(372)
Receivables	(15)	35
Prepayments	(27)	(54)
Payables	(48)	(59)
	<hr/>	<hr/>
Cash flows used in operations	(563)	(450)
Taxes paid	(118)	(97)
Taxes refunded	15	-
	<hr/>	<hr/>
Net cash flows used in operating activities	<u>(666)</u>	<u>(547)</u>
INVESTING ACTIVITIES		
Interest received	237	239
Dividends received	1,303	1,310
Proceeds from disposal of investment	-	6,256
Proceeds from disposal of investment properties	-	201
(Addition to)/Withdrawal from fixed deposits	(51,319)	1,109
	<hr/>	<hr/>
Net cash flows (used in)/from investing activities	<u>(49,779)</u>	<u>9,115</u>
FINANCING ACTIVITY		
Dividends paid	(1,200)	(1,052)
	<hr/>	<hr/>
Net cash flow used in financing activities	<u>(1,200)</u>	<u>(1,052)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
	(51,645)	7,516
EFFECTS OF EXCHANGE RATE CHANGES		
	(3,449)	3,252
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD		
	61,951	48,190
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD (Note 27)		
	<u>6,857</u>	<u>58,958</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 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 Group 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 Group's operations 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 Group.

Malaysian Financial Reporting Standards ("MFRS")

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 Group 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 Group 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.

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

Part A - Explanatory Notes Pursuant to FRS 134

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.

4. Segmental Information

	9 months ended	
	31.03.18	31.03.17
	RM'000	RM'000
Segment Revenue		
Investment	952	958
Interest income	274	171
Investment properties - Rental income	715	719
Total	<u>1,941</u>	<u>1,848</u>
Segment results		
Investment	46,324	(2,414)
Interest income	274	171
Rental income	627	617
	<u>47,225</u>	<u>(1,626)</u>
Unallocated corporate expenses	(904)	(1,247)
Profit/(Loss) from operations	<u>46,321</u>	<u>(2,873)</u>
Segment assets		
Investment	465,619	425,285
Interest income	55,281	45,943
Rental income	24,543	23,845
	<u>545,443</u>	<u>495,073</u>
Unallocated corporate asset	25	16
Total assets	<u>545,468</u>	<u>495,089</u>

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

Other than the significant fair value gain of RM45.37 million resulting from fair value changes in Company's long-term investment in securities, share of the other comprehensive loss of associate of RM7.31 million and exchange fluctuation reserve of RM30.90 million, there were no other unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 31 March 2018.

6. Changes in Estimates

There were no changes in estimates that have had a material effect on 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 2017, as reported in the directors' report of that year, the following dividends were paid for the financial period ended 31 March 2018:

	Amount	Net dividend per share
	RM	Sen
First and final tax exempt (single tier) dividend of 0.2%	123,750	0.10
Tax exempt (single tier) bonus dividend of 1.75%	<u>1,076,600</u>	<u>0.87</u>
	<u><u>1,200,350</u></u>	<u><u>0.97</u></u>

9. Debt and Equity Securities

There were no issuance, repurchase and repayment of debts and equity securities for the financial period ended 31 March 2018.

10. Changes in Composition of the Company

There were no changes in the composition of the Company for the financial period ended 31 March 2018.

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 2018.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 31 March 2018.

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	
	31.03.18	31.03.17	31.03.18	31.03.17
	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)	231	245	715	719
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)	77	68	234	221
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>14</u>	<u>12</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
31.03.18				
Investments	271,917	2,585	-	274,502
Investment properties	-	-	28,691	28,691
	<u>271,917</u>	<u>2,585</u>	<u>28,691</u>	<u>303,193</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 was 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 RM309,000 for the current quarter was slightly lower than last year's corresponding quarter's RM315,000 despite higher interest income. This decrease was mainly due to foreign exchange translation differences as the presentation currency in Ringgit Malaysia appreciated against the Singapore Dollar denominated rental income. As for the current period-to-date, revenue of RM1.94 million was reported. This was slightly higher than last year's RM1.85 million, mainly due to higher interest income.

The Economic Entity posted an after-tax-profit of RM21.57 million for the current quarter which was higher than last year's corresponding quarter's profit of RM14.28 million, mainly due to:-

- 1) The gain of RM18.56 million arising from the revaluation of its long-term investment in securities for the current quarter was significantly higher than the gain of RM9.84 million reported in last year's corresponding quarter.
- 2) The foreign exchange difference was a gain of RM60,000 for the current quarter while it was a loss of RM126,000 reported in last year's corresponding quarter.

However, the share of associate's profit of RM3.05 million for the current quarter was lower than last year's corresponding quarter's profit of RM5.08 million.

The Economic Entity posted an after-tax profit of RM55.35 million at the end of 9 months period-to-date which was significantly higher than last year's profit of RM1.32 million. This was mainly due to:

- 1) The gain of RM45.37 million arising from the revaluation of its long-term investment in securities for the current period-to-date was significantly higher than the gain of RM7.27 million reported a year ago.
- 2) The share of associate's profit of RM9.09 million for the current period-to-date was higher than the profit of RM4.21 million reported a year ago.
- 3) A loss of RM10.18 million on disposal of its long-term investment in securities was reported a year ago while there was none for the current period-to-date.
- 4) The foreign exchange difference was a gain of RM168,000 for the current period-to-date while it was a loss of RM320,000 reported a year ago.

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 31.03.18 RM'000	Preceding Quarter 31.12.17 RM'000	Change Favourable/(Unfavourable)	
			RM'000	%
Revenue	309	351	(42)	-12
Operating Profit	18,531	23,075	(4,544)	-20
Share of profit of associate	3,052	4,125	(1,073)	-26
Profit before tax	21,583	27,200	(5,617)	-21
Profit after tax	21,572	27,172	(5,600)	-21
Profit after tax attributable to the equity holder of the company	21,572	27,172	(5,600)	-21

The Economic Entity posted a pre-tax profit of RM21.58 million during the current quarter which was lower than the immediate preceding quarter's pre-tax profit of RM27.20 million. This was mainly due to:-

- 1) Lower revenue achieved.
- 2) The fair value gain arising from the revaluation of its long-term investment in securities for the current quarter was RM18.56 million which was lower than the immediate preceding quarter's RM23.01 million.
- 3) The share of profit of associate amounting RM3.05 million for the current quarter was lower than the immediate preceding quarter's profit of RM4.13 million.
- 4) The foreign exchange gain of RM60,000 for the current quarter was lower than the immediate preceding quarter's gain of RM109,000.

18. Commentary on Prospects

The Economic Entity's results for the rest of the financial year ending 30 June 2018 will be dependent on rental income, dividend income receivable from investments, the effect of exchange rate fluctuations and market valuation of its investments.

The results of the associate company may be affected by the plantation contribution and market valuation of its investments. The plantation is expected to achieve satisfactory levels of productivity.

KUCHAI DEVELOPMENT BERHAD (7573-V)
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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
Bursa Malaysia Securities Berhad**

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	
	31.03.18	31.03.17	31.03.18	31.03.17
	RM'000	RM'000	RM'000	RM'000
Interest income	(91)	(58)	(274)	(171)
Other income including investment income	13	(11)	(952)	(958)
Fair value gain	(18,564)	(9,837)	(45,374)	(7,270)
Depreciation and amortisation	-	-	1	1
Loss on disposal of quoted or unquoted investments	-	-	-	10,178
Loss on disposal of investment properties	-	431	-	431
Foreign exchange (gain)/loss	(60)	126	(168)	320
	<u>(60)</u>	<u>126</u>	<u>(168)</u>	<u>320</u>

n/a : Not applicable

21. Income Tax Expense

	Individual Quarter		Period-To-Date	
	3 months ended		9 months ended	
	31.03.18	31.03.17	31.03.18	31.03.17
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	3	3	9	15
Foreign tax	9	27	56	46
	<u>12</u>	<u>30</u>	<u>65</u>	<u>61</u>
Over provision in prior years:				
Malaysian Tax	(1)	-	(1)	-
Foreign tax	-	-	-	(38)
Total income tax expense	<u>11</u>	<u>30</u>	<u>64</u>	<u>23</u>

The effective tax rates for current quarter, last year's corresponding quarter, current period-to-date and last year's period-to-date 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 period-to-date arose from tax refunds in respect of prior years' assessments.

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 31 March 2018.

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 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		9 months ended	
	31.03.18	31.03.17	31.03.18	31.03.17
Earnings attributable to ordinary equity holders (RM'000)	<u>21,572</u>	<u>14,278</u>	<u>55,346</u>	<u>1,316</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>17.43</u>	<u>11.54</u>	<u>44.73</u>	<u>1.06</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 31 March 2018.

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**

27. Cash and cash equivalents

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

	9 months period	
	31.03.18	31.03.17
	RM'000	RM'000
Cash and bank balances	61,982	62,764
Less: Short-term deposits with a licensed bank with maturities more than 90 days	(55,125)	(3,806)
Cash and cash equivalents	<u>6,857</u>	<u>58,958</u>

28. 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 May 2018.