

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

Statement Of Comprehensive Income
For the Financial Period Ended 30 September 2018
(The figures have not been audited)

	Note	Individual Quarter		Change		Period-To-Date		Change	
		3 months ended		Favourable/ (Unfavourable)		3 months ended		Favourable/ (Unfavourable)	
		30.09.18 RM'000	30.09.17 RM'000	RM'000	%	30.09.18 RM'000	30.09.17 RM'000	RM'000	%
			Restated*				Restated*		
Revenue		1,228	1,281	(53)	-4	1,228	1,281	(53)	-4
Direct costs		(31)	(32)	1	3	(31)	(32)	1	3
Gross profit		1,197	1,249	(52)	-4	1,197	1,249	(52)	-4
Foreign exchange loss		(61)	(1)	(60)	-6000	(61)	(1)	(60)	-6000
Administrative expenses		(607)	(333)	(274)	-82	(607)	(333)	(274)	-82
Profit from operations		529	915	(386)	-42	529	915	(386)	-42
Share of (loss)/profit of associate		(592)	1,070	(1,662)	-155	(592)	1,070	(1,662)	-155
(Loss)/Profit before tax	20	(63)	1,985	(2,048)	-103	(63)	1,985	(2,048)	-103
Income tax expense	21	(33)	(25)	(8)	-32	(33)	(25)	(8)	-32
(Loss)/Profit after tax		(96)	1,960	(2,056)	-105	(96)	1,960	(2,056)	-105
<u>Other comprehensive income/(loss)</u>									
Investments:									
- Fair value (loss)/gain		(18,247)	3,800	(22,047)	-580	(18,247)	3,800	(22,047)	-580
Foreign currency translation		7,981	(1,101)	9,082	825	7,981	(1,101)	9,082	825
Share of other comprehensive loss of associate		(138)	(224)	86	38	(138)	(224)	86	38
Other comprehensive income/(loss) for the period, net of tax		(10,404)	2,475	9,168	370	(10,404)	2,475	(12,879)	520
Total comprehensive income/(loss) for the period		(10,500)	4,435	(14,935)	-337	(10,500)	4,435	(14,935)	-337
(Loss)/Earnings per share									
attributable to equity holders of the Company:									
Basic (Sen)	26(a)	(0.08)	1.58			(0.08)	1.58		
Diluted (Sen)	26(b)	(0.08)	1.58			(0.08)	1.58		

* Prior year figures were restated upon adoption of MFRS.

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 2018

	(Unaudited) As at 30.09.18 RM'000	Restated* As at 30.06.18 RM'000	Restated* As at 01.07.17 RM'000
ASSETS			
Non-current assets			
Plant and equipment	7	7	10
Investment properties	29,697	29,030	30,369
Investment in associate	161,641	162,807	159,966
Investments	258,251	270,287	244,272
	<u>449,596</u>	<u>462,131</u>	<u>434,617</u>
Current assets			
Sundry receivables	81	243	130
Prepayments	43	81	62
Cash and bank balances	69,869	67,608	65,757
	<u>69,993</u>	<u>67,932</u>	<u>65,949</u>
TOTAL ASSETS	<u>519,589</u>	<u>530,063</u>	<u>500,566</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	61,874	61,874	61,874
Reserves	456,456	466,956	437,444
	<u>518,330</u>	<u>528,830</u>	<u>499,318</u>
Non-current liabilities			
Deferred tax liability	240	235	235
	<u>240</u>	<u>235</u>	<u>235</u>
Current liabilities			
Sundry payables	960	910	901
Tax Payable	59	88	112
	<u>1,019</u>	<u>998</u>	<u>1,013</u>
Total liabilities	<u>1,259</u>	<u>1,233</u>	<u>1,248</u>
TOTAL EQUITY AND LIABILITIES	<u>519,589</u>	<u>530,063</u>	<u>500,566</u>

* Prior year figures were restated upon adoption of MFRS.

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 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	Fair value 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 2018 (as previously stated)	61,874	1,796	69,332	-	84,239	12,611	6,000	312,229	548,081
Prior year adjustments	-	-	43,879	162,746	(20,411)	-	-	(205,465)	(19,251)
Opening balance at 1 July 2018 (as restated)	61,874	1,796	113,211	162,746	63,828	12,611	6,000	106,764	528,830
Total comprehensive (loss)/income for the period	-	-	(138)	(18,247)	7,981	-	-	(96)	(10,500)
Closing balance at 30 September 2018	61,874	1,796	113,073	144,499	71,809	12,611	6,000	106,668	518,330
Opening balance at 1 July 2017 (as previously stated)	61,874	1,796	71,788	-	112,771	12,611	6,000	261,601	528,441
Prior year adjustments	-	-	39,289	123,109	(30,262)	-	-	(161,259)	(29,123)
Balance at 1 July 2017 (as restated)	61,874	1,796	111,077	123,109	82,509	12,611	6,000	100,342	499,318
Total comprehensive (loss)/income for the period (as previously stated)	-	-	(1,125)	-	(1,101)	-	-	6,602	4,376
Prior year adjustments	-	-	901	3,800	-	-	-	(4,642)	59
Total comprehensive (loss)/ income for the period (as restated)	-	-	(224)	3,800	(1,101)	-	-	1,960	4,435
Closing balance at 30 September 2017 (as restated)	61,874	1,796	110,853	126,909	81,408	12,611	6,000	102,302	503,753

*The opening balances were restated upon adoption of MFRS.

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 2018
(The figures have not been audited)

	3 months ended	
	30.09.18	30.09.17
	RM'000	RM'000
		Restated*
OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(63)	1,985
Adjustments for:		
Dividend income	(908)	(950)
Unrealised foreign exchange loss/(gain)	56	(10)
Interest income	(87)	(86)
Share of loss/(profit) of associated company	592	(1,070)
	<hr/>	<hr/>
Operating cash flows before working capital changes	(410)	(131)
Receivables	24	(15)
Prepayments	38	27
Payables	29	9
	<hr/>	<hr/>
Cash flows used in operations	(319)	(110)
Taxes paid	(64)	(6)
	<hr/>	<hr/>
Net cash flows used in operating activities	<u>(383)</u>	<u>(116)</u>
INVESTING ACTIVITIES		
Interest received	226	133
Dividends received	908	950
Withdrawal of/(Addition to) fixed deposits	575	(38,642)
	<hr/>	<hr/>
Net cash flows from/(used in) investing activities	<u>1,709</u>	<u>(37,559)</u>
 NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	1,326	(37,675)
EFFECTS OF EXCHANGE RATE CHANGES		
	1,511	(128)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD		
	<hr/> 12,254	<hr/> 61,951
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD (Note 27)		
	<hr/> <u>15,091</u>	<hr/> <u>24,148</u>

* Prior year figures were restated upon adoption of MFRS.

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 MFRS 134

1. Basis of Preparation

The interim financial statements of the Economic Entity for the financial period ended 30 September 2018 are prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), including MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards, MFRS 15: Revenue from Contracts with Customers and MFRS 9: Financial Instruments.

The Economic Entity has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 July 2017 throughout all financial periods presented, as if these policies had always been in effect.

The interim financial statements have been prepared on a historical cost basis, except for investment properties and available-for-sale investments that have been measured at their fair values.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

2. Significant accounting policies

Changes in accounting policies

During the financial period, the Economic Entity has considered the new accounting policies in the preparation of the financial statements, as follows:

Amendments to MFRS 107: Statement of Cash Flows - Disclosure Initiative
Amendments to MFRS 112: Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to MFRS 12: Annual improvements to MFRSs 2014-2016 Cycle
Amendments to MFRS 2: Classifications and Measurement of Share-based Payment Transactions
Amendments to MFRS 140: Transfers of Investment Property
IC interpretation 22: Foreign Currency Translations and Advance Considerations

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

Standards and interpretations issued but not yet effective

MFRS 16 Leases
MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)
Annual Improvements to MFRS Standards 2015–2017 Cycle
MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)
IC Interpretation 23 Uncertainty over Income Tax Treatments
MFRS 17 Insurance Contracts
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Conceptual Framework for Financial Reporting: The Reporting Entity and corresponding amendments to references in the relevant standards
Sale or contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)

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

Part A - Explanatory Notes Pursuant to MFRS 134

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 30 June 2018 was not qualified.

4. Segmental Information

The Economic Entity is principally involved in long-term investments. Hence no operating segment information is provided.

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

Prior year figures were restated due to adoption of MFRS. Other than adoption of MFRS, there were no other unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 September 2018.

6. Changes in Estimates

There were no changes in estimates that have had a material effect on the current quarter and period-to-date results.

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 for the financial period ended 30 September 2018.

10. Changes in Composition of the Company

There were no changes in the composition of the Company for the financial period ended 30 September 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 30 September 2018.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 30 September 2018.

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

Part A - Explanatory Notes Pursuant to MFRS 134

13. Related Party Transactions

Transactions with related parties are as follows:

	Individual Quarter		Period-To-Date	
	30.09.18	30.09.17	30.09.18	30.09.17
	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)	233	245	233	245
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	90	77	90
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>4</u>	<u>4</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 MFRS 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
30.09.18				
Investments	255,748	2,503	-	258,251
Investment properties	-	-	29,697	29,697
	<u>255,748</u>	<u>2,503</u>	<u>29,697</u>	<u>287,948</u>
30.06.18				
Investments	267,684	2,603	-	270,287
Investment properties	-	-	29,030	29,030
	<u>267,684</u>	<u>2,603</u>	<u>29,030</u>	<u>299,317</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 RM1.23 million for the 1st fiscal quarter was slightly lower than last year's corresponding quarter of RM1.28 million despite higher interest income. This was mainly due to the decrease in rental and dividend income resulting from fluctuation of exchange rates although it remained the same in SGD functional currency.

The Economic Entity posted an after-tax loss of RM96,000 for the current quarter as compared to the after-tax profit of RM1.96 million reported during the corresponding quarter of a year ago, mainly due to:-

- 1) Share of the financial results of the associate for the current quarter was a loss of RM592,000 while it was a profit of RM1.07 million a year ago.
- 2) The foreign exchange loss of RM61,000 for the current quarter was higher than the loss of RM1,000 reported for last year's corresponding quarter.
- 3) The operating expenses of RM607,000 for the current quarter was higher than the last year's corresponding quarter of RM333,000. The increase was mainly due to RM202,000 for the clearing and fencing of Semenyih land.

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

	Current Quarter 30.09.18 RM'000	Preceding Quarter 30.06.18 RM'000	Change Favourable/(Unfavourable)	
			RM'000	%
		(Restated)		
Revenue	1,228	5,843	(4,615)	-79
Operating profit	529	5,706	(5,177)	-91
Share of loss of associate	(592)	(2,192)	1,600	-73
(Loss)/Profit before tax	(63)	3,514	(3,577)	-102
(Loss)/Profit after tax	(96)	3,490	(3,586)	-103
(Loss)/Profit after tax attributable to the equity holder of the company	(96)	3,490	(3,586)	-103

The Economic Entity posted a pre-tax loss of RM63,000 for the current quarter as compared to the immediate preceding quarter's pre-tax profit of RM3.51 million despite the current quarter's share of associate's loss of RM592,000 was significantly lower than the loss of RM2.19 million reported during the immediate preceding quarter. This was mainly due to:-

- 1) Revenue of RM1.23 million was achieved during the current quarter. This was lower than the immediate preceding quarter's revenue of RM5.84 million on account of lower dividend income.

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 (cont'd)**

- 2) The foreign exchange difference was a loss of RM61,000 for the current quarter while it was a profit of RM225,000 reported during the immediate preceding quarter.

18. Commentary on Prospects

The Economic Entity's results for the rest of the financial year ending 30 June 2019 will be dependent on rental income, dividend income receivable from investments, the effect of exchange rate fluctuations and market value 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.

19. Profit Forecast or Profit Guarantee

There is no profit forecast or profit guarantee.

20. (Loss)/Profit before Tax

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

	Individual Quarter		Period-To-Date	
	30.09.18	30.09.17	30.09.18	30.09.17
	RM'000	RM'000	RM'000	RM'000
Interest income	(87)	(86)	(87)	(86)
Other income including investment income	(908)	(950)	(908)	(950)
Foreign exchange loss	61	1	61	1

21. Income Tax Expense

	Individual Quarter		Period-To-Date	
	3 months ended	3 months ended	3 months ended	3 months ended
	30.09.18	30.09.17	30.09.18	30.09.17
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	3	3	3	3
Foreign tax	30	22	30	22
Total income tax expense	33	25	33	25

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

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 September 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. (Loss)/Earnings Per Share

(a) Basic

Basic (loss)/earnings per share amounts are calculated by dividing (loss)/profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the financial period.

	Individual Quarter		Period-To-Date	
	3 months ended		3 months ended	
	30.09.18	30.09.17	30.09.18	30.09.17
		Restated		Restated
(Loss)/Earnings attributable to ordinary equity holders (RM'000)	<u>(96)</u>	<u>1,960</u>	<u>(96)</u>	<u>1,960</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 (loss)/earnings per share (Sen)	<u>(0.08)</u>	<u>1.58</u>	<u>(0.08)</u>	<u>1.58</u>

(b) Diluted

Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share as there is no dilutive potential ordinary shares outstanding as at 30 September 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:

	30.09.18	30.09.17
	RM'000	RM'000
Cash and bank balances	69,869	66,596
Less: Short-term deposits with a licensed bank with maturities more than 90 days	(54,778)	(42,448)
Cash and cash equivalents	<u>15,091</u>	<u>24,148</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 29 November 2018.