

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

Statement Of Comprehensive Income
For the Financial Period Ended 30 September 2019
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Change Favourable/ (Unfavourable)		Period-To-Date 3 months ended		Change (Unfavourable)/ Favourable	
		30.09.19 RM'000	30.09.18 RM'000	RM'000	%	30.09.19 RM'000	30.09.18 RM'000	RM'000	%
Revenue		1,343	1,228	115	9	1,343	1,228	115	9
Direct costs		(32)	(31)	(1)	-3	(32)	(31)	(1)	-3
Gross profit		1,311	1,197	114	10	1,311	1,197	114	10
Fair value gain/(loss) on investment		146	(159)	305	192	146	(159)	305	192
Foreign exchange gain/(loss)		6	(61)	67	110	6	(61)	67	110
Administrative expenses		(370)	(607)	237	39	(370)	(607)	237	39
Profit from operations		1,093	370	723	195	1,093	370	723	195
Share of loss of associate		(1,613)	(592)	(1,021)	-172	(1,613)	(592)	(1,021)	-172
Loss before tax	19	(520)	(222)	(298)	-134	(520)	(222)	(298)	-134
Income tax expense	20	(25)	(33)	8	24	(25)	(33)	8	24
Loss after tax		(545)	(255)	(290)	-114	(545)	(255)	(290)	-114
<u>Other comprehensive (loss)/income</u>									
Fair value loss on investments		(25,933)	(18,088)	(7,845)	-43	(25,933)	(18,088)	(7,845)	-43
Foreign currency translation		(3,122)	7,981	(11,103)	-139	(3,122)	7,981	(11,103)	-139
Share of other comprehensive loss of associate		(3,619)	(138)	(3,481)	-2522	(3,619)	(138)	(3,481)	-2522
Other comprehensive loss for the period, net of tax		(32,674)	(10,245)	(22,429)	-219	(32,674)	(10,245)	(22,429)	-219
Total comprehensive loss for the period		(33,219)	(10,500)	(22,719)	-216	(33,219)	(10,500)	(22,719)	-216
Loss per share									
attributable to equity holders of the Company:									
Basic (Sen)	25(a)	(0.44)	(0.21)			(0.44)	(0.21)		
Diluted (Sen)	25(b)	(0.44)	(0.21)			(0.44)	(0.21)		

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 2019**

	(Unaudited)	(Audited)
	As at	As at
	30.09.19	30.06.19
	RM'000	RM'000
ASSETS		
Non-current assets		
Plant and equipment	5	6
Investment properties	29,578	29,851
Investment in associate	150,316	155,549
Investments	221,176	242,855
	<u>401,075</u>	<u>428,261</u>
Current assets		
Sundry receivables	191	160
Prepayments	52	82
Cash and bank balances	63,558	69,616
	<u>63,801</u>	<u>69,858</u>
TOTAL ASSETS	<u>464,876</u>	<u>498,119</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	63,670	63,670
Reserves	399,617	432,836
	<u>463,287</u>	<u>496,506</u>
Non-current liability		
Deferred tax liability	466	470
Current liabilities		
Sundry payables	947	982
Tax payable	176	161
	<u>1,123</u>	<u>1,143</u>
Total liabilities	<u>1,589</u>	<u>1,613</u>
TOTAL EQUITY AND LIABILITIES	<u>464,876</u>	<u>498,119</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 2019**

(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	Retained Earnings RM'000	Total Equity RM'000
Opening balance at 1 July 2019	63,670	-	87,359	128,995	74,016	142,466	496,506
Total comprehensive loss for the period	-	-	(3,619)	(25,933)	(3,122)	(545)	(33,219)
Closing balance at 30 September 2019	<u>63,670</u>	<u>-</u>	<u>83,740</u>	<u>103,062</u>	<u>70,894</u>	<u>141,921</u>	<u>463,287</u>
Opening balance at 1 July 2018	61,874	1,796	89,104	159,500	63,828	154,361	530,463
Total comprehensive (loss)/income for the period	-	-	(138)	(18,088)	7,981	(255)	30,631
Closing balance at 30 September 2018	<u>61,874</u>	<u>1,796</u>	<u>88,966</u>	<u>141,412</u>	<u>71,809</u>	<u>154,106</u>	<u>561,094</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 2019

(The figures have not been audited)

	3 months ended	
	30.09.19	30.09.18
	RM'000	RM'000
OPERATING ACTIVITIES		
Loss before taxation	(520)	(222)
Adjustments for:		
Dividend income	(918)	(908)
Unrealised foreign exchange (gain)/loss	(21)	56
Interest income	(188)	(87)
Share of loss of associated company	1,613	592
Fair value (gain)/loss on investment	(146)	159
	<hr/>	<hr/>
Operating cash flows before working capital changes	(180)	(410)
Receivables	(37)	24
Prepayments	30	38
Payables	(26)	29
	<hr/>	<hr/>
Cash flows used in operations	(213)	(319)
Taxes paid	(8)	(64)
	<hr/>	<hr/>
Net cash flows used in operating activities	(221)	(383)
INVESTING ACTIVITIES		
Purchase of investments	(6,340)	-
Interest received	202	226
Dividends received	918	908
Withdrawal of fixed deposits	374	575
	<hr/>	<hr/>
Net cash flows (used in)/generated from investing activities	(4,846)	1,709
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
	(5,067)	1,326
EFFECTS OF EXCHANGE RATE CHANGES		
	(617)	1,511
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD		
	29,520	12,254
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD (Note 26)		
	<u>23,836</u>	<u>15,091</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 MFRS 134

1. Basis of Preparation

The interim financial statements of the Economic Entity for the financial period ended 30 September 2019 are prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), including MFRS 16: Leases.

The interim financial statements have been prepared on a historical cost basis, except for investment properties and certain 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 9: Prepayment Features with Negative Compensation
MFRS 16 Leases

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

IC Interpretation 23 Uncertainty over Income Tax Treatments

Annual Improvements to MFRS Standards 2015–2017 Cycle: Amendments to MFRS 3,
MFRS 11, MFRS 112 and MFRS 123

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 30 June 2019 was not qualified.

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

Part A - Explanatory Notes Pursuant to MFRS 134

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

There were no other unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 September 2019.

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 Economic Entity are not affected by seasonal or cyclical factors.

8. Dividends Paid

No dividend was paid during the current 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 2019.

10. Changes in Composition of the Economic Entity

There were no changes in the composition of the Economic Entity for the financial period ended 30 September 2019.

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 2019.

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

Part A - Explanatory Notes Pursuant to MFRS 134

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 30 September 2019.

13. Related Party Transactions

Transactions with related parties are as follows:

	Individual Quarter		Period-To-Date	
	30.09.19	30.09.18	30.09.19	30.09.18
	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 Justin, has an interest (recurrent)	236	233	236	233
Administration and accounting support services payable to The Nyalas Rubber Estates Limited, a company in which a director, Lee Chung-Shih Justin, has an interest (recurrent)	78	77	78	77
Administration and support services and property management payable to Estate & Trust Agencies (1927) Limited, a company in which a director, Lee Chung-Shih Justin, 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 Economic Entity 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
30.09.19				
Investments	211,972	2,872	-	214,844
Investment properties	-	-	29,578	29,578
	<u>211,972</u>	<u>2,872</u>	<u>29,578</u>	<u>244,422</u>
30.06.19				
Investments	240,103	2,752	-	242,855
Investment properties	-	-	29,851	29,851
	<u>240,103</u>	<u>2,752</u>	<u>29,851</u>	<u>272,706</u>

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the current financial period and the comparative period. 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 RM1.34 million for the 1st fiscal quarter was higher than last year's corresponding quarter of RM1.23 million. This was mainly due to higher interest income. Interest income from the investment in bonds was RM28,000 while there was none during last year's corresponding quarter. Rental and dividend income remained the same in SGD currency.

The Economic Entity posted an after-tax loss of RM545,000 for the current quarter which was higher than last year's corresponding quarter's loss of RM255,000. This was mainly due to share of associate's loss of RM1.61 million for the current quarter being significantly higher than last year's corresponding quarter's loss of RM592,000.

However, the administrative expenses of RM370,000 was lower than last year corresponding quarter's of RM607,000 as maintenance and upkeep of the Semenyih land amounting to RM202,000 was spent a year ago while there was none for the current quarter. In addition, revaluation on its fair value through profit or loss investment for the current quarter was a gain of RM146,000 while it was a loss of RM159,000 a year ago.

For the current quarter, the Economic Entity reported a total other comprehensive loss of RM32.67 million which was higher than last year's corresponding quarter's loss of RM10.25 million. This was mainly due to:-

- 1) Fair value on investment at FVTOCI was a loss of RM25.93 million which was higher than the loss of RM18.09 million reported a year ago. This was due to mark-to-market loss arising from the adverse market conditions.
- 2) Foreign currency translation for the current quarter was a loss of RM3.12 million while it was a gain of RM7.98 million for the quarter ended 30 September 2018.
- 3) Share of other comprehensive loss of associate of RM3.62 million was significantly higher than last year's corresponding quarter's RM138,000.

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 30.09.19 RM'000	Preceding Quarter 30.06.19 RM'000	Change (Unfavourable)/ Favourable/ RM'000 %	
Revenue	1,343	4,960	(3,617)	-73
Operating gain	1,093	4,567	(3,474)	-76
Share of loss of associate	(1,613)	(572)	(1,041)	-182
(Loss)/Profit before tax	(520)	3,995	(4,515)	-113
(Loss)/Profit after tax	(545)	3,709	(4,254)	-115
(Loss)/Profit after tax attributable to the equity holders of the company	(545)	3,709	(4,254)	-115

The Economic Entity posted a pre-tax loss of RM520,000 for the current quarter as compared to the immediate preceding quarter's pre-tax profit of RM4.00 million. This was mainly due to:-

- 1) Revenue of RM1.34 million was achieved during the current quarter. This was lower than the immediate preceding quarter's revenue of RM4.96 million on account of lower dividend.
- 2) Share of loss of associate for the current quarter was RM1.61 million which was significantly higher than the immediate preceding quarter's loss of RM572,000.

18. Commentary on Prospects

The Economic Entity's results for the financial year ending 30 June 2020 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 associated company will be affected by the plantation contribution and market valuation of its investments.

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. Loss before Tax

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

	Individual Quarter		Period-To-Date	
	30.09.19	30.09.18	30.09.19	30.09.18
	RM'000	RM'000	RM'000	RM'000
Interest income	(188)	(87)	(188)	(87)
Other income including investment income	(918)	(908)	(918)	(908)
Fair value (gain)/loss on investment	(146)	159	(146)	159
Foreign exchange (gain)/loss	(6)	61	(6)	61
	<u>(1158)</u>	<u>(875)</u>	<u>(1158)</u>	<u>(875)</u>

21. Income Tax Expense

	Individual Quarter		Period-To-Date	
	3 months ended		3 months ended	
	30.09.19	30.09.18	30.09.19	30.09.18
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	3	3	3	3
Foreign tax	30	30	30	30
	<u>33</u>	<u>33</u>	<u>33</u>	<u>33</u>
Over provision in prior years:				
Foreign tax	(8)	-	(8)	-
	<u>(8)</u>	<u>-</u>	<u>(8)</u>	<u>-</u>
Total income tax expense	<u>25</u>	<u>33</u>	<u>25</u>	<u>33</u>

The income tax expenses for the current quarter and last year's corresponding quarter were due to the non-deductible expenses even though the Economic Entity was in a loss position.

22. Corporate Proposals

There was no corporate proposal announced by the Economic Entity as at the date of the issue of this quarterly report.

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

23. Borrowings

There were no borrowings and debt securities as at 30 September 2019.

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 Per Share

(a) Basic

Basic loss per share amounts are calculated by dividing loss for the period 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	
	30.09.19	30.09.18	30.09.19	30.09.18
Loss attributable to ordinary equity holders (RM'000)	<u>(545)</u>	<u>(255)</u>	<u>(545)</u>	<u>(255)</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 per share (Sen)	<u>(0.44)</u>	<u>(0.21)</u>	<u>(0.44)</u>	<u>(0.21)</u>

(b) Diluted

Diluted loss per share is the same as basic loss per share as there are no dilutive potential ordinary shares outstanding as at 30 September 2019.

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:

	30.09.19	30.09.18
	RM'000	RM'000
Cash and bank balances	63,558	69,869
Less: Short-term deposits with a licensed bank with maturities more than 90 days	(39,722)	(54,778)
Cash and cash equivalents	<u>23,836</u>	<u>15,091</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 November 2019.