

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

Statement Of Comprehensive Income
For the Financial Period Ended 31 December 2019
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Change Favourable/ (Unfavourable)		Period-To-Date 6 months ended		Change (Unfavourable)/ Favourable	
		31.12.19 RM'000	31.12.18 RM'000	RM'000	%	31.12.19 RM'000	31.12.18 RM'000	RM'000	%
Revenue		459	372	87	23	1,802	1,600	202	13
Direct costs		(34)	(51)	17	33	(66)	(82)	16	20
Gross profit		425	321	104	32	1,736	1,518	218	14
Fair value loss on investments		81	(14)	95	679	227	(173)	400	231
Foreign exchange gain/(loss)		14	(6)	20	333	20	(67)	87	130
Depreciation		(1)	(1)	-	-	(1)	(1)	-	-
Administrative exp Revaluation on its fair value tl		(453)	(417)	(36)	-9	(823)	(1,024)	201	20
Profit/(Loss) from operations		66	(117)	183	156	1,159	253	906	358
Share of profit/(loss) of associate		2,324	(1,727)	4,051	235	711	(2,319)	3,030	131
Profit/(Loss) before tax	19	2,390	(1,844)	4,234	230	1,870	(2,066)	3,936	191
Income tax expense	20	(20)	(18)	(2)	-11	(45)	(51)	6	12
Profit/(Loss) after tax		2,370	(1,862)	4,232	227	1,825	(2,117)	3,942	186
<u>Other comprehensive (loss)/income</u>									
Fair value loss on investments		(8,925)	(20,885)	11,960	57	(34,858)	(38,973)	4,115	11
Foreign currency translation		1,002	615	387	63	(2,120)	8,596	(10,716)	-125
Share of other comprehensive loss of associate		(2,744)	(4,645)	1,901	41	(6,363)	(4,783)	(1,580)	-33
Other comprehensive loss for the period, net of tax		(10,667)	(24,915)	14,248	57	(43,341)	(35,160)	(8,181)	-23
Total comprehensive loss for the period		(8,297)	(26,777)	18,480	69	(41,516)	(37,277)	(4,239)	-11
Earnings/(Loss) per share attributable to equity holders of the Company:									
Basic (Sen)	26(a)	1.92	(1.50)			1.47	(1.71)		
Diluted (Sen)	26(b)	1.92	(1.50)			1.47	(1.71)		

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 December 2019**

	(Unaudited) As at 31.12.19 RM'000	(Audited) As at 30.06.19 RM'000
ASSETS		
Non-current assets		
Plant and equipment	5	6
Investment properties	29,666	29,851
Investment in associate	149,544	155,549
Investments	217,748	242,855
	<u>396,963</u>	<u>428,261</u>
Curr The Economic Entity reported an after-tax-profit of RM2.37 million and RM1.83 million for the		
Sundry receivables	629	160
Prepayments	107	82
Cash and bank balances	58,995	69,616
	<u>59,731</u>	<u>69,858</u>
TOTAL ASSETS	<u>456,694</u>	<u>498,119</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	63,670	63,670
Reserves	389,588	432,836
	<u>453,258</u>	<u>496,506</u>
Non-current liability		
Deferred tax liability	467	470
Current liabilities		
Sundry payables	2,847	982
Tax payable	122	161
	<u>2,969</u>	<u>1,143</u>
Total liabilities	<u>3,436</u>	<u>1,613</u>
TOTAL EQUITY AND LIABILITIES	<u>456,694</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 31 December 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
Balance at 1 July 2019	63,670	-	87,359	128,995	74,016	142,466	496,506
Total comprehensive (loss)/income for the period	-	-	(6,363)	(34,858)	(2,120)	1,825	(41,516)
Dividends	-	-	-	-	-	(1,732)	(1,732)
Balance at 31 December 2019	63,670	-	80,996	94,137	71,896	142,559	453,258
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	-	-	(4,783)	(38,973)	8,596	(2,117)	(37,277)
Dividends	-	-	-	-	-	(13,535)	(13,535)
Balance at 31 December 2018	61,874	1,796	84,321	120,527	72,424	138,709	479,651

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 December 2019

(The figures have not been audited)

	6 months ended	
	31.12.19	31.12.18
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit/(Loss) before taxation	1,870	(2,066)
Adjustments for:		
Depreciation	1	1
Dividend income	(933)	(935)
Unrealised foreign exchange (gain)/loss	#####	73
Interest income	(394)	(195)
Share of (profit)/loss of associated company	(711)	2,319
Fair value (gain)/loss on investment	(227)	173
	<hr/>	<hr/>
Operating cash flows before working capital changes	(394)	(630)
Receivables	(22)	(6,196)
Prepayments	(25)	74
Payables	139	85
	<hr/>	<hr/>
Cash flows used in operations	(302)	(6,667)
Taxes paid	(82)	(68)
	<hr/>	<hr/>
Net cash flows used in operating activities	<u>(384)</u>	<u>(6,735)</u>
INVESTING ACTIVITIES		
Purchase of investments	(11,058)	-
Interest received	323	268
Dividends received	933	925
Withdrawal of fixed deposits	220	454
	<hr/>	<hr/>
Net cash flows (used in)/generated from investing activities	<u>(9,582)</u>	<u>1,647</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,966)	(5,088)
EFFECTS OF EXCHANGE RATE CHANGES	(413)	1,601
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	<hr/>	<hr/>
	29,520	12,254
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD (Note 27)	<u><u>19,141</u></u>	<u><u>8,767</u></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 31 December 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.

The Economic Entity reported an after-tax-profit of RM2.37 million and RM1.83 million for the

2. Significant accounting policies

Cha Revaluation on its fair value through profit or loss investment for the current quarter and period-to

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.

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 31 December 2019.

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

Part A - Explanatory Notes Pursuant to MFRS 134

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 31 December 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 31 December 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 31 December 2019.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 31 December 2019.

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	
	31.12.19 RM'000	31.12.18 RM'000	31.12.19 RM'000	31.12.18 RM'000
Rental income from Ice Cold Beer Pte. Ltd., a company in which a director, Lee Chung-Shih Justin, has an interest (recurrent)	239	237	475	470
Rental expense payable to Kluang Estates (1977) Sdn Bhd, a company in which a director, Lee Chung-Shih Justin, has an interest (recurrent)	20	-	20	-
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)	77	75	155	152
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>8</u>	<u>8</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
31.12.19				
Investments	203,753	2,962	-	206,715
Investment properties	-	-	29,666	29,666
	<u>203,753</u>	<u>2,962</u>	<u>29,666</u>	<u>236,381</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 RM459,000 and RM1.80 million for the current quarter and period-to-date respectively were higher than last year's corresponding quarter of RM372,000 and period-to-date of RM1.60 million. The increases in revenue for the current quarter and period-to-date were mainly due to higher interest income. Interest income from investment in bonds was RM59,000 and RM86,000 for the current quarter and period-to-date respectively while there was none a year ago. Rental income remained the same in SGD currency.

The Economic Entity reported an after-tax-profit of RM2.37 million and RM1.83 million for the current quarter and period-to-date respectively. These were positive turnarounds from the last year's corresponding quarter's loss of RM1.86 million and period-to-date's loss of RM2.12 million. These were mainly due to:-

- 1) Higher revenue achieved for the current quarter and period-to-date.
- 2) Revaluation on its fair value through profit or loss investment for the current quarter and period-to-date were gains of RM81,000 and RM227,000 respectively while there were losses of RM14,000 and RM173,000 reported for last year's corresponding quarter and period-to-date respectively.
- 3) The foreign exchange differences for the current quarter and period-to-date were gains while they were losses a year ago.
- 4) Share of the associate's financial result were profits of RM2.32 million and RM711,000 for the current quarter and period-to-date respectively as compared to the losses of RM1.73 million and RM2.32 million reported for last year's corresponding quarter and period-to-date respectively.
- 5) The operating expenses for the current quarter and period-to-date were lower than last year's corresponding quarter and period-to-date as maintenance and upkeep of the Semenyih land amounting to RM208,000 was spent a year ago. There was none for the current quarter and period-to-date.

During the current quarter, the Economic Entity recorded a total other comprehensive loss of RM10.67 million which was lower than last year's corresponding's quarter's loss of RM24.92 million. This was mainly due to:

- 1) Fair value on investment at FVTOCI was a loss of RM8.93 million which was significantly lower than the loss of RM20.89 million reported a year ago.
- 2) Foreign currency translation for the current quarter was a gain of RM1.00 million which was higher than the gain of RM615,000 reported for last year's corresponding quarter.
- 3) Share of other comprehensive loss of associate of RM2.74 million was lower than last year's corresponding quarter's RM4.65 million.

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 (Cont'd)

For the current 6-month period, the Economic Entity posted a total other comprehensive loss of RM43.34 million which was higher than last year's corresponding period-to-date's loss of RM35.16 million. This was mainly due to:-

- 1) Foreign currency translation for the current period-to-date was a loss of RM2.12 million while it was a gain of RM8.60 million a year ago.
- 2) Share of other comprehensive loss of associate of RM6.36 million was higher than last year's corresponding period-to-date's loss of RM4.78 million.

However, fair value on investment at FVTOCI was a loss of RM34.86 million which was lower than the loss of RM38.97 million reported a year ago.

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

	Current Quarter 31.12.19 RM'000	Preceding Quarter 30.09.19 RM'000	Change (Unfavourable)/ Favourable/ RM'000 %	
Revenue	459	1,343	(884)	-66
Operating gain	66	1,093	(1,027)	-94
Share of profit/(loss) of associate	2,324	(1,613)	3,937	244
Profit/(Loss) before tax	2,390	(520)	2,910	560
Profit/(Loss) after tax	2,370	(545)	2,915	535
Profit/(Loss) after tax attributable to the equity holders of the company	2,370	(545)	2,915	535

The Economic Entity posted a pre-tax profit of RM2.39 million for the current quarter while it was a pre-tax loss of RM520,000 during the immediate preceding quarter. This was mainly due to share of associate's financial results was a gain of RM2.32 million for the current quarter while it was a loss of RM1.61 million in the immediate preceding quarter. However, revenue of RM459,000 achieved during the current quarter was lower than the immediate preceding quarter's RM1.34 million on account of lower dividend income.

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.

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

19. Profit Forecast or Profit Guarantee

There is no profit forecast or profit guarantee.

20. Profit/(Loss) before Tax

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

	Individual Quarter		Period-To-Date	
	31.12.19	31.12.18	31.12.19	31.12.18
	RM'000	RM'000	RM'000	RM'000
Interest income	(206)	(108)	(394)	(195)
Other income including investment income	(15)	(27)	(933)	(935)
Fair value (gain)/loss on investment	(81)	14	(227)	173
Foreign exchange (gain)/loss	(14)	6	(20)	67
	<u>(206)</u>	<u>(108)</u>	<u>(394)</u>	<u>(195)</u>

21. Income Tax Expense

	Individual Quarter		Period-To-Date	
	3 months ended	3 months ended	6 months ended	6 months ended
	31.12.19	31.12.18	31.12.19	31.12.18
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	-	-	3	3
Foreign tax	20	18	50	48
	<u>20</u>	<u>18</u>	<u>53</u>	<u>51</u>
Over provision in prior years:				
Foreign tax	-	-	(8)	-
	<u>-</u>	<u>-</u>	<u>(8)</u>	<u>-</u>
Total income tax expense	<u>20</u>	<u>18</u>	<u>45</u>	<u>51</u>

The effective tax rates for the current quarter and current period-to-date were lower than the statutory tax rate applicable in Malaysia as certain income were not subject to income tax. As for income tax expenses for last year's corresponding quarter and period-to-date, they 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 31 December 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 following dividends in respect of the financial year ended 30 June 2019 on 123,747,334 ordinary shares have been approved by the shareholders at the Annual General Meeting on 28 November 2019 and payable on 6 January 2020:

	Amount RM	Net dividend per share Sen
First and final tax exempt single-tier dividend	1,237,473	1.00
Bonus tax exempt single-tier dividend	494,989	0.40
	<u>1,732,462</u>	<u>1.40</u>

26. Earnings/(Loss) Per Share

(a) Basic

Basic earnings/(loss) per share amounts are calculated by dividing profit/(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		6 months ended	
	31.12.19	31.12.18	31.12.19	31.12.18
Earnings/(Loss) attributable to ordinary equity holders (RM'000)	<u>2,370</u>	<u>(1,862)</u>	<u>1,825</u>	<u>(2,117)</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>1.92</u>	<u>(1.50)</u>	<u>1.47</u>	<u>(1.71)</u>

(b) Diluted

Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as there are no dilutive potential ordinary shares outstanding as at 31 December 2019.

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**

27. Cash and cash equivalents

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

	31.12.19	31.12.18
	RM'000	RM'000
Cash and bank balances	58,995	63,666
Less: Short-term deposits with a licensed bank with maturities more than 90 days	(39,875)	(54,899)
Cash and cash equivalents	<u>19,120</u>	<u>8,767</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 21 February 2020.