

KUCHAI DEVELOPMENT BERHAD (7573-V)

(Incorporated in Malaysia)

**Statement Of Comprehensive Income
For the Financial Year Ended 30 June 2020
(The figures have not been audited)**

	Note	Individual Quarter 3 months ended		Change Favourable/ (Unfavourable)		Year-To-Date 12 months ended		Change (Unfavourable)/ Favourable	
		30.06.20 RM'000	30.06.19 RM'000	RM'000	%	30.06.20 RM'000	30.06.19 RM'000	RM'000	%
Revenue		4,978	4,960	18	0	7,222	6,880	342	5
Direct costs		(31)	(32)	1	3	(128)	(146)	18	12
Gross profit		4,947	4,928	19	0	7,094	6,734	360	5
Fair value gain on investment		568	167	401	240	656	61	595	975
Fair value loss on investment properties		(1,007)	-	(1,007)	N.M	(1,007)	-	(1,007)	N.M
Foreign exchange loss		(31)	(161)	130	81	(12)	(224)	212	95
Depreciation		(8)	(1)	(7)	-700	(12)	(2)	(10)	(500)
Administrative expenses		(364)	(366)	2	1	(1,609)	(1,848)	239	13
Profit from operations		4,105	4,567	(462)	-10	5,110	4,721	389	8
Share of profit/(loss) of associate		2,656	(572)	3,228	564	(2,286)	(2,105)	(181)	-9
Profit before tax	20	6,761	3,995	2,766	69	2,824	2,616	208	8
Income tax expense	21	(93)	(286)	193	67	(132)	(375)	243	65
Profit after tax		6,668	3,709	2,959	80	2,692	2,241	451	20
<u>Other comprehensive income/(loss)</u>									
Fair value gain/(loss) on investments		16,609	(5,107)	21,716	425	(54,259)	(33,133)	(21,126)	-64
Foreign currency translation		5,046	5,589	(543)	-10	1,259	12,214	(10,955)	-90
Share of other comprehensive income/(loss) of associate		3,343	1,091	2,252	206	(5,083)	(1,745)	(3,338)	-191
Other comprehensive income/(loss) for the year, net of tax		24,998	1,573	23,425	1489	(58,083)	(22,664)	(35,419)	-156
Total comprehensive income/(loss) for the year		31,666	5,282	26,384	500	(55,391)	(20,423)	(34,968)	-171
Earnings per share									
attributable to equity holders of the Company:									
Basic (Sen)	26(a)	5.39	3.00			2.18	1.81		
Diluted (Sen)	26(b)	5.39	3.00			2.18	1.81		

N.M - Not Meaningful

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 June 2020**

	(Unaudited)	(Audited)
	As at	As at
	30.06.20	30.06.19
	RM'000	RM'000
ASSETS		
Non-current assets		
Plant and equipment	20	6
Investment properties	28,927	29,851
Investment in associate	147,828	155,549
Investments	204,425	242,855
	<u>381,200</u>	<u>428,261</u>
Current assets		
Sundry receivables	431	160
Prepayments	78	82
Cash and bank balances	59,273	69,616
	<u>59,782</u>	<u>69,858</u>
TOTAL ASSETS	<u>440,982</u>	<u>498,119</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	63,670	63,670
Reserves	375,713	432,836
	<u>439,383</u>	<u>496,506</u>
Non-current liability		
Deferred tax liability	459	470
Current liabilities		
Sundry payables	958	982
Tax payable	182	161
	<u>1,140</u>	<u>1,143</u>
Total liabilities	<u>1,599</u>	<u>1,613</u>
TOTAL EQUITY AND LIABILITIES	<u>440,982</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 Year Ended 30 June 2020**

(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	128,994	74,017	142,466	496,506
Total comprehensive (loss)/income for the year	-	-	(5,083)	(54,259)	1,259	2,692	(55,391)
Dividends	-	-	-	-	-	(1,732)	(1,732)
Balance at 30 June 2020	63,670	-	82,276	74,735	75,276	143,426	439,383
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 year	-	-	(1,745)	(33,133)	12,214	2,241	(20,423)
Transition to no-par regime (Note a)	1,796	(1,796)	-	-	-	-	-
Dividend in-specie distributed	-	-	-	-	-	(7,347)	(7,347)
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	-	2,627	(2,025)	(602)	-
Dividends	-	-	-	-	-	(6,187)	(6,187)
Balance at 30 June 2019	63,670	-	87,359	128,994	74,017	142,466	496,506

Note a

The Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. The Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM1,796,000 for purposes as set out in Section 618(3). On 31 January 2019, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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 Year Ended 30 June 2020

(The figures have not been audited)

	12 months ended	
	30.06.20	30.06.19
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before taxation	2,824	2,616
Adjustments for:		
Depreciation	12	2
Dividend income	(5,544)	(5,529)
Unrealised foreign exchange loss	15	232
Interest income	(807)	(408)
Share of loss of associated company	2,286	2,105
Fair value gain on investment	(656)	(61)
Fair value loss of investment properties	1,007	-
	<hr/>	<hr/>
Operating cash flows before working capital changes	(863)	(1,043)
Receivables	(158)	23
Prepayments	4	(1)
Payables	(27)	41
	<hr/>	<hr/>
Cash flows used in operations	(1,044)	(980)
Taxes paid	(144)	(73)
Taxes refunded	20	1
	<hr/>	<hr/>
Net cash flows used in operating activities	<u>(1,168)</u>	<u>(1,052)</u>
INVESTING ACTIVITIES		
Purchase of investments	(14,370)	-
Interest received	771	473
Dividends received	5,896	6,584
Proceeds from disposal of investment	-	6
(Addition)/Withdrawal of fixed deposits	(377)	15,258
Purchase of plant and equipment	(27)	-
	<hr/>	<hr/>
Net cash flows (used in)/generated from investing activities	<u>(8,107)</u>	<u>22,321</u>
FINANCING ACTIVITY		
Dividends paid, representing net cash flow used in financing activity	<u>(1,732)</u>	<u>(6,187)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(11,007)	15,082
EFFECTS OF EXCHANGE RATE CHANGES	287	2,185
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	<hr/>	<hr/>
	29,521	12,254
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (Note 27)	<u><u>18,801</u></u>	<u><u>29,521</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 year ended 30 June 2020 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 year, 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

The adoption of the above new standards, IC Interpretation and amendments did not have any significant impact on the financial statements

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 year ended 30 June 2020.

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 current year 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

In respect of the financial year ended 30 June 2019, as reported in the directors' report of that year, the following cash dividends were paid during the financial year ended 30 June 2020:

	Amount	Net dividend per share
	RM	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>

9. Debt and Equity Securities

There were no issuance, repurchase and repayment of debts and equity securities for the financial year ended 30 June 2020.

10. Changes in Composition of the Economic Entity

There were no changes in the composition of the Economic Entity for the financial year ended 30 June 2020.

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 June 2020.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 30 June 2020.

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		Year-To-Date	
	30.06.20	30.06.19	30.06.20	30.06.19
	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)	160	237	870	943
Rental expense payable to Kluang Estates (1977) Sdn Bhd, a company in which a director, Lee Chung-Shih Justin, has an interest (recurrent)	15	-	50	-
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)	20	76	253	305
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)	12	7	40	79

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
30.06.20				
Investments	186,708	3,424	-	190,132
Investment properties	-	-	28,927	28,927
	<u>186,708</u>	<u>3,424</u>	<u>28,927</u>	<u>219,059</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 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)
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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 of RM4.98 million and RM7.22 million for the current quarter and financial year respectively were slightly higher than last year's corresponding quarter of RM4.96 million and last year's RM6.88 million. The increases in revenue for the current quarter and financial year were mainly due to higher interest income. Interest income from investment in bonds was RM92,000 and RM259,000 for the current quarter and financial year respectively while there was none a year ago. However, rental income of RM160,000 and RM871,000 for the current quarter and financial year respectively were lower than last year's corresponding quarter of RM237,000 and last financial year of RM943,000. The decreases were mainly due to rental waiver given to the tenant who fall under the category of non-essential services during the various phases of the circuit breaker period.

The Economic Entity posted an after-tax profit of RM6.67 million and RM2.69 million for the current quarter and financial year respectively which were higher than last year's corresponding quarter of RM3.71 million and last financial year of RM2.24 million. This was mainly due to:

- 1) Higher revenue achieved for the current quarter and current financial year.
- 2) Revaluation on its fair value through profit or loss investment for the current quarter and financial year were gains of RM568,000 and RM656,000 respectively which were higher than last year's corresponding quarter's gain of RM167,000 and last financial year's gain of RM61,000.
- 3) The foreign exchange loss of RM31,000 and RM12,000 for the current quarter and financial year respectively were lower than last year's corresponding's quarter loss of RM161,000 and last year's loss of RM224,000.
- 4) The administrative expenses of RM1.61 million for the current financial year was lower than last financial year's RM1.85 million as maintenance and upkeep of the Semenyih land amounting to RM212,000 was spent a year ago while there was none for the current financial year.
- 5) Share of the financial results of the associate for the current quarter was a profit of RM2.66 million while it was a loss of RM572,000 during last year's corresponding quarter. However, during the current financial year, share of loss of associate of RM2.29 million was slightly higher than last financial year's loss of RM2.11 million.
- 6) Tax expense of RM132,000 for the current financial year was lower than last financial year's RM375,000 mainly due to Real Property Gain Tax rate in Malaysia increased from 5% to 10% in year 2019.

However, the revaluation of its investment properties was a fair value loss of RM1.01 million for the current financial year while there was none 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**

16. Performance Review (Cont'd)

During the current quarter, the Economic Entity posted a total comprehensive income of RM25.00 million which was significantly higher than last year's corresponding's quarter's income of RM1.57 million. This was mainly due to:-

- 1) Fair value on investment at FVTOCI was a gain of RM16.61 million while it was a loss of RM5.11 million a year ago.
- 2) Share of other comprehensive income of associate of RM3.34 million was higher than last year's corresponding quarter's RM1.09 million.

For the current financial year, the Economic Entity recorded a total other comprehensive loss of RM58.08 million which was higher than last financial year's loss of RM22.66 million. This was mainly due to:-

- 1) Fair value on investment at FVTOCI was a loss of RM54.26 million which was higher than the loss of RM33.13 million reported a year ago.
- 2) Foreign currency translation for the current financial year was a gain of RM1.26 million which was lower than last year's gain of RM12.21 million.
- 3) Share of associate's other comprehensive loss of RM5.08 million for the current financial year was higher than last year's loss of RM1.75 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

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

	Current Quarter 30.06.20 RM'000	Preceding Quarter 31.03.20 RM'000	Change (Unfavourable)/ Favourable/ RM'000	%
Revenue	4,978	442	4,536	1026
Operating gain/(loss)	4,105	(154)	4,259	2766
Share of profit/(loss) of associate	2,656	(5,653)	8,309	147
Profit/(Loss) before tax	6,761	(5,807)	12,568	216
Profit/(Loss) after tax	6,668	(5,801)	12,469	215
Profit/(Loss) after tax attributable to the equity holders of the company	6,668	(5,801)	12,469	215

The Economic Entity posted a pre-tax profit of RM6.76 million for the current quarter while it was a pre-tax loss of RM5.81 million during the immediate preceding quarter. This was mainly due to:-

- 1) Revenue of RM4.98 million was achieved during the current quarter. This was higher than the immediate preceding quarter's RM442,000 as dividend income of RM4.61 million was received during the current quarter while there was none during the immediate preceding quarter.
- 2) Revaluation on its fair value through profit or loss investment for the current quarter was a gain of RM568,000 while it was a loss of RM139,000 in the immediate preceding quarter.
- 3) Share of associate's financial result was a profit of RM2.66 million for the current quarter while it was a loss of RM5.65 million during the immediate preceding quarter.

However, the revaluation of its investment properties was a fair value loss of RM1.01 million for the current quarter while there was none during the immediate preceding quarter.

18. Commentary on Prospects

The Economic Entity's results for the financial year ending 30 June 2021 will be dependent on rental income, dividend income receivable from investments, the effect of exchange rate fluctuations and market value of its investments.

As a result of the COVID-19 situation, rental income may be impacted for the financial year ending 30 June 2021.

The results of the associated company will be affected by the plantation contribution and market valuation of its investments.

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 year is arrived after (crediting)/charging:

	Individual Quarter		Year-To-Date	
	30.06.20	30.06.19	30.06.20	30.06.19
	RM'000	RM'000	RM'000	RM'000
Interest income	(203)	(129)	(807)	(408)
Other income including investment income	(4,614)	(4,593)	(5,544)	(5,529)
Fair value gain on investment	(568)	(167)	(656)	(61)
Depreciation	-	1	12	2
Foreign exchange loss	31	161	12	224

21. Income Tax Expense

	Individual Quarter		Year-To-Date	
	3 months ended		12 months ended	
	30.06.20	30.06.19	30.06.20	30.06.19
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	3	3	6	9
Foreign tax	101	48	185	146
	<u>104</u>	<u>51</u>	<u>191</u>	<u>155</u>
Over provision in prior years:				
Foreign tax	-	-	(48)	(15)
	<u>-</u>	<u>-</u>	<u>(48)</u>	<u>(15)</u>
Deferred tax:				
Relating to origination of temporary differences	(11)	235	(11)	235
	<u>(11)</u>	<u>235</u>	<u>(11)</u>	<u>235</u>
Total income tax expense	<u>93</u>	<u>286</u>	<u>132</u>	<u>375</u>

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

The deferred tax of RM235,000 for the last financial year was mainly due to the increase in Real Property Gain Tax rate from 5% to 10%.

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**

22. Corporate Proposals

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

23. Borrowings

There were no borrowings and debt securities as at 30 June 2020.

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 year attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the financial year.

	Individual Quarter		Year-To-Date	
	3 months ended		12 months ended	
	30.06.20	30.06.19	30.06.20	30.06.19
Earnings attributable to ordinary equity holders (RM'000)	<u>6,668</u>	<u>3,709</u>	<u>2,692</u>	<u>2,241</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>5.39</u>	<u>3.00</u>	<u>2.18</u>	<u>1.81</u>

(b) Diluted

Diluted earnings per share is the same as basic earnings per share as there are no dilutive potential ordinary shares outstanding as at 30 June 2020.

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:

	30.06.20	30.06.19
	RM'000	RM'000
Cash and bank balances	59,273	69,616
Less: Short-term deposits with a licensed bank with maturities more than 90 days	(40,472)	(40,095)
Cash and cash equivalents	<u>18,801</u>	<u>29,521</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 27 August 2020.