

KUCHAI DEVELOPMENT BERHAD (196701000629 (7573-V))

(Incorporated in Malaysia)

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

	Note	Individual Quarter 3 months ended		Change Favourable/ (Unfavourable)		Period-To-Date 3 months ended		Change (Unfavourable)/ Favourable	
		30.09.20 RM'000	30.09.19 RM'000	RM'000	%	30.09.20 RM'000	30.09.19 RM'000	RM'000	%
Revenue		1,210	1,343	(133)	-10	1,210	1,343	(133)	-10
Direct costs		(31)	(32)	1	3	(31)	(32)	1	3
Gross profit		1,179	1,311	(132)	-10	1,179	1,311	(132)	-10
Fair value gain on investment		197	146	51	35	197	146	51	35
Foreign exchange gain		8	6	2	33	8	6	2	33
Depreciation		(3)	-	(3)	N.M	(3)	-	(3)	N.M
Administrative expenses		(343)	(370)	27	7	(343)	(370)	27	7
Profit from operations		1,038	1,093	(55)	-5	1,038	1,093	(55)	-5
Share of profit/(loss) of associate		2,983	(1,613)	4,596	285	2,983	(1,613)	4,596	285
Profit/(Loss) before tax	20	4,021	(520)	4,541	873	4,021	(520)	4,541	873
Income tax expense	21	(32)	(25)	(7)	-28	(32)	(25)	(7)	-28
Profit/(Loss) after tax		3,989	(545)	4,534	832	3,989	(545)	4,534	832
<u>Other comprehensive loss</u>									
Fair value loss on investments		(13,862)	(25,933)	12,071	47	(13,862)	(25,933)	12,071	47
Share of other comprehensive loss of associate		(5,292)	(3,619)	(1,673)	-46	(5,292)	(3,619)	(1,673)	-46
Foreign currency translation		(3,237)	(3,122)	(115)	-4	(3,237)	(3,122)	(115)	-4
Other comprehensive loss for the period, net of tax		(22,391)	(32,674)	10,283	31	(22,391)	(32,674)	10,283	31
Total comprehensive loss for the period		(18,402)	(33,219)	14,817	45	(18,402)	(33,219)	14,817	45
Earnings/(Loss) per share attributable to equity holders of the Company:									
Basic (Sen)	26(a)	3.22	(0.44)			3.22	(0.44)		
Diluted (Sen)	26(b)	3.22	(0.44)			3.22	(0.44)		

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 (196701000629 (7573-V))

(Incorporated in Malaysia)

Statement of Financial Position**As at 30 September 2020**

	(Unaudited)	(Audited)
	As at	As at
	30.09.20	30.06.20
	RM'000	RM'000
ASSETS		
Non-current assets		
Plant and equipment	17	20
Investment properties	28,606	28,927
Investment in associate	145,520	147,828
Investments	188,465	204,425
	<u>362,608</u>	<u>381,200</u>
Current assets		
Sundry receivables	191	431
Prepayments	43	78
Cash and bank balances	59,696	59,273
	<u>59,930</u>	<u>59,782</u>
TOTAL ASSETS	<u>422,538</u>	<u>440,982</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	63,670	63,670
Reserves	357,311	375,713
	<u>420,981</u>	<u>439,383</u>
Non-current liability		
Deferred tax liability	454	459
Current liabilities		
Sundry payables	896	958
Tax payable	207	182
	<u>1,103</u>	<u>1,140</u>
Total liabilities	<u>1,557</u>	<u>1,599</u>
TOTAL EQUITY AND LIABILITIES	<u>422,538</u>	<u>440,982</u>

The statement of financial position should be read in conjunction with the accompanying explanatory notes attached to the financial statements.

KUCHAI DEVELOPMENT BERHAD (196701000629 (7573-V))

(Incorporated in Malaysia)

Statement of Changes in Equity**For the Financial Period Ended 30 September 2020**

(The figures have not been audited)

	← Non-Distributable →		→ Distributable			
	Share Capital 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 2020	63,670	82,276	74,735	75,276	143,426	439,383
Total comprehensive (loss)/income for the period	-	(5,292)	(13,862)	(3,237)	3,989	(18,402)
Balance at 30 September 2020	<u>63,670</u>	<u>76,984</u>	<u>60,873</u>	<u>72,039</u>	<u>147,415</u>	<u>420,981</u>
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)
Balance at 30 September 2019	<u>63,670</u>	<u>83,740</u>	<u>103,062</u>	<u>70,894</u>	<u>141,921</u>	<u>463,287</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 (196701000629 (7573-V))
(Incorporated in Malaysia)

Statement of Cash Flows
For the Financial Period Ended 30 September 2020
(The figures have not been audited)

	3 months ended	
	30.09.20	30.09.19
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit/(Loss) before taxation	4,021	(520)
Adjustments for:		
Depreciation	3	-
Dividend income	(927)	(918)
Unrealised foreign exchange gain	(23)	(21)
Interest income	(124)	(188)
Share of (gain)/loss of associated company	(2,983)	1,613
Fair value gain on investment	(197)	(146)
	<hr/>	<hr/>
Operating cash flows before working capital changes	(230)	(180)
Receivables	118	(37)
Prepayments	35	30
Payables	(53)	(26)
	<hr/>	<hr/>
Cash flows used in operations	(130)	(213)
Taxes paid	(5)	(8)
Net cash flows used in operating activities	<hr/>	<hr/>
	(135)	(221)
INVESTING ACTIVITIES		
Purchase of investments	-	(6,340)
Interest received	274	202
Dividends received	927	918
Withdrawal of fixed deposits	284	374
	<hr/>	<hr/>
Net cash flows generated from/(used in) investing activities	1,485	(4,846)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,350	(5,067)
EFFECTS OF EXCHANGE RATE CHANGES	(643)	(617)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	18,801	29,520
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD (Note 27)	<hr/>	<hr/>
	19,508	23,836

The statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the financial statements.

KUCHAI DEVELOPMENT BERHAD (196701000629 (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 2020 are prepared in accordance with Malaysian Financial Reporting Standards ("MFRS").

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 3: Definition of a Business
Amendments to MFRS 101 and 108: Definition of Material
Amendments to references to the Conceptual Framework in
MFRS Standards
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate
Benchmark Reform
Amendment to MFRS 16: Covid-19-Related Rent Concessions

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 2020 was not qualified.

4. Segmental Information

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

KUCHAI DEVELOPMENT BERHAD (196701000629 (7573-V))
(Incorporated in Malaysia)

Part A - Explanatory Notes Pursuant to MFRS 134

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 2020.

6. Changes in Estimates

There were no changes in estimates that have had a material effect on the current quarter 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 2020.

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 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 September 2020.

12. Changes in Contingent Liabilities and Contingent Assets

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

KUCHAI DEVELOPMENT BERHAD (196701000629 (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	
	30.09.20	30.09.19	30.09.20	30.09.19
	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)	159	236	159	236
Rental expense payable to Kluang Estates (1977) Sdn Bhd, a company in which a director, Lee Chung-Shih Justin, has an interest (recurrent)	15	-	15	-
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)	79	78	79	78
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)	4	4	4	4

14. Subsequent Events

There were no material events subsequent to the end of the current quarter.

KUCHAI DEVELOPMENT BERHAD (196701000629 (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
30.09.20				
Investments	170,778	3,581	-	174,359
Investment properties	-	-	28,606	28,606
	<u>170,778</u>	<u>3,581</u>	<u>28,606</u>	<u>202,965</u>
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>

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 (196701000629 (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 RM1.21 million for the 1st fiscal quarter was lower than last year's corresponding quarter of RM1.34 million. This was mainly due to lower rental and interest income. The decrease in rental income was mainly due to rental waiver given to tenant of a property in Singapore who fell under the category of non-essential services during the various phases of the Covid-19 pandemic.

The Economic Entity's posted an after-tax profit of RM3.99 million for the current quarter as compared to the after-tax loss of RM545,000 reported during the corresponding quarter of a year ago despite lower revenue. It was mainly due to share of financial results of the associate for the current quarter which was a profit of RM2.98 million while it was a loss of RM1.61 million a year

For the current quarter, the Economic Entity reported a total other comprehensive loss of RM22.39 million which was lower than last year's corresponding quarter's loss of RM32.67 million. This was mainly due to the investment's fair value loss (FVTOCI) of RM13.86 million being lower than the loss of RM25.93 million reported a year ago.

However, share of associate's other comprehensive loss of RM5.29 million for the current quarter was higher than last year's corresponding quarter's loss of RM3.62 million.

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

	Current Quarter 30.09.20 RM'000	Preceding Quarter 30.06.20 RM'000	Change (Unfavourable)/ Favourable/	
			RM'000	%
Revenue	1,210	4,978	(3,768)	-76
Operating gain	1,038	4,105	(3,067)	-75
Share of profit of associate	2,983	2,656	327	12
Profit before tax	4,021	6,761	(2,740)	-41
Profit after tax	3,989	6,668	(2,679)	-40
Profit after tax attributable to the equity holders of the company	3,989	6,668	(2,679)	-40

The Economic Entity posted a pre-tax profit of RM4.02 million for the current quarter which was lower than the immediate preceding quarter's pre-tax profit of RM6.76 million. This was mainly due to:-

- 1) The current quarter's revenue of RM1.21 million was significantly lower than the immediate preceding quarter's revenue of RM4.98 million due to lower dividend income.

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**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) Revaluation on its fair value through profit or loss investment for the current quarter was a gain of RM197,000 which was lower than the gain of RM568,000 reported in the immediate preceding quarter.

However, a fair value loss of RM1.01 million on its investment properties was reported during the immediate preceding quarter while there was none for the current quarter. In addition, share of profit of associate for the current quarter was a profit of RM2.98 million which was higher than the immediate preceding quarter's RM2.66 million.

18. Commentary on Prospects

The Economic Entity's results for the rest of 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.

Rental income may be impacted for the financial year ending 30 June 2021 due to the Covid-19 pandemic.

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.

20. Profit/Loss) before Tax

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

	Individual Quarter		Period-To-Date	
	30.09.20	30.09.19	30.09.20	30.09.19
	RM'000	RM'000	RM'000	RM'000
Interest income	(124)	(188)	(124)	(188)
Other income including investment income	(927)	(918)	(927)	(918)
Fair value gain on investment	(197)	(146)	(197)	(146)
Depreciation	3	-	3	-
Foreign exchange gain	(8)	(6)	(8)	(6)

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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
Bursa Malaysia Securities Berhad**

21. Income Tax Expense

	Individual Quarter		Period-To-Date	
	3 months ended		3 months ended	
	30.09.20	30.09.19	30.09.20	30.09.19
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	-	3	-	3
Foreign tax	29	30	29	30
	<u>29</u>	<u>33</u>	<u>29</u>	<u>33</u>
Over provision in prior years:				
Foreign tax	3	(8)	3	(8)
	<u>3</u>	<u>(8)</u>	<u>3</u>	<u>(8)</u>
Total income tax expense	<u>32</u>	<u>25</u>	<u>32</u>	<u>25</u>

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

23. Borrowings

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

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Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

26. Earnings 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		3 months ended	
	30.09.20	30.09.19	30.09.20	30.09.19
Earnings/(Loss) attributable to ordinary equity holders (RM'000)	<u>3,989</u>	<u>(545)</u>	<u>3,989</u>	<u>(545)</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>3.22</u>	<u>(0.44)</u>	<u>3.22</u>	<u>(0.44)</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 30 September 2020.

27. Cash and cash equivalents

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

	30.09.20	30.09.19
	RM'000	RM'000
Cash and bank balances	59,696	63,558
Less: Short-term deposits with a licensed bank with maturities more than 90 days	(40,188)	(39,722)
Cash and cash equivalents	<u>19,508</u>	<u>23,836</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 26 November 2020.