

KUCHAI DEVELOPMENT BERHAD (196701000629 (7573-V))

(Incorporated in Malaysia)

**Statement Of Comprehensive Income
For the Financial Period Ended 31 December 2021
(The figures have not been audited)**

	Note	Individual Quarter 3 months ended		Change Favourable/ (Unfavourable)		Period-To-Date 6 months ended		Change (Unfavourable)/ Favourable	
		31.12.21 RM'000	31.12.20 RM'000	RM'000	%	31.12.21 RM'000	31.12.20 RM'000	RM'000	%
Revenue		373	356	17	5	1,553	1,566	(13)	-1
Direct costs		(32)	(30)	(2)	-7	(63)	(61)	- 2.00	-3
Gross profit		341	326	15	5	1,490	1,505	(15)	-1
Fair value gain/(loss) on investment		129	(255)	384	151	(61)	(58)	(3)	-5
Foreign exchange (loss)/gain		(20)	11	(31)	-282	(33)	19	(52)	-274
Depreciation		-	(3)	3	100	(1)	(6)	5	83
Administrative expenses		(383)	(444)	61	14	(744)	(787)	43	5
Profit/(Loss) from operations		67	(365)	432	118	651	673	(22)	-3
Share of profit of associate		1,898	4,342	(2,444)	-56	179	7,325	(7,146)	-98
Profit before tax	20	1,965	3,977	(2,012)	-51	830	7,998	(7,168)	-90
Income tax expense	21	(19)	(35)	16	46	(36)	(67)	31	46
Profit after tax		1,946	3,942	(1,996)	-51	794	7,931	(7,137)	-90
<u>Other comprehensive (loss)/income</u>									
Fair value (loss)/gain on investments		(10,859)	17,126	(27,985)	-163	(19,535)	3,264	(22,799)	-698
Share of other comprehensive income/(loss) of associate		3,308	145	3,163	2181	2,659	(5,147)	7,806	152
Foreign currency translation		1,134	289	845	292	77	(2,948)	3,025	103
Other comprehensive (loss)/income for the period, net of tax		(6,417)	17,560	(23,977)	-137	(16,799)	(4,831)	(11,968)	-248
Total comprehensive (loss)/income for the period		(4,471)	21,502	(25,973)	-121	(16,005)	3,100	(19,105)	-616
Earnings per share									
attributable to equity									
holders of the Company:									
Basic (Sen)	26(a)	1.57	3.19			0.64	6.41		
Diluted (Sen)	26(b)	1.57	3.19			0.64	6.41		

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 31 December 2021**

	(Unaudited)	(Audited)
	As at	As at
	31.12.21	30.06.21
	RM'000	RM'000
ASSETS		
Non-current assets		
Plant and equipment	7	8
Investment properties	32,730	32,720
Investment in associate	162,112	160,533
Investments	214,953	229,580
	<u>409,802</u>	<u>422,841</u>
Current assets		
Sundry receivables	184	143
Prepayments	7	79
Cash and bank balances	59,137	64,261
	<u>59,328</u>	<u>64,483</u>
TOTAL ASSETS	<u>469,130</u>	<u>487,324</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	63,670	63,670
Reserves	403,838	422,009
	<u>467,508</u>	<u>485,679</u>
Non-current liability		
Deferred tax liability	452	452
Current liabilities		
Sundry payables	1,039	1,023
Tax payable	131	170
	<u>1,170</u>	<u>1,193</u>
Total liabilities	<u>1,622</u>	<u>1,645</u>
TOTAL EQUITY AND LIABILITIES	<u>469,130</u>	<u>487,324</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 31 December 2021**

(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 2021	63,670	80,853	98,902	76,956	165,298	485,679
Total comprehensive income/(loss) for the period	-	2,659	(19,535)	77	794	(16,005)
Transfer of reserve upon disposal of investment by associate	-	(624)	-	-	624	-
Dividends	-	-	-	-	(2,166)	(2,166)
Balance at 31 December 2021	<u>63,670</u>	<u>82,888</u>	<u>79,367</u>	<u>77,033</u>	<u>164,550</u>	<u>467,508</u>
Balance at 1 July 2020	63,670	82,276	74,736	75,275	143,426	439,383
Total comprehensive (loss)/income for the period	-	(5,147)	3,264	(2,948)	7,931	3,100
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	(24)	(174)	198	-
Dividends	-	-	-	-	(1,423)	(1,423)
Balance at 31 December 2020	<u>63,670</u>	<u>77,129</u>	<u>77,976</u>	<u>72,153</u>	<u>150,132</u>	<u>441,060</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 31 December 2021

(The figures have not been audited)

	6 months ended	
	31.12.21	31.12.20
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before taxation	830	7,998
Adjustments for:		
Depreciation	1	6
Dividend income	(938)	(926)
Unrealised foreign exchange loss/(gain)	33	(22)
Interest income	(252)	(242)
Share of profit of associated company	(179)	(7,325)
Fair value loss on investment	61	58
	<hr/>	<hr/>
Operating cash flows before working capital changes	(444)	(453)
Receivables	(7)	159
Prepayments	72	72
Payables	16	53
	<hr/>	<hr/>
Cash flows used in operations	(363)	(169)
Taxes paid	(75)	(75)
	<hr/>	<hr/>
Net cash flows used in operating activities	<u>(438)</u>	<u>(244)</u>
INVESTING ACTIVITIES		
Purchase of investments	(4,974)	-
Interest received	299	424
Dividends received	2,169	926
Proceeds from disposal of investment	-	200
(Addition)/Uplift of fixed deposits	(53)	238
	<hr/>	<hr/>
Net cash flows (used in)/generated from investing activities	<u>(2,559)</u>	<u>1,788</u>
FINANCING ACTIVITY		
Dividends paid, representing net cash flow used in financing activity	<u>(2,166)</u>	<u>-</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(5,163)	1,544
EFFECTS OF EXCHANGE RATE CHANGES	(13)	(585)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	<hr/>	<hr/>
	23,319	18,801
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD (Note 27)	<u><u>18,143</u></u>	<u><u>19,760</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 (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 31 December 2021 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

The accounting policies and methods of computation adopted by the Economic Entity in these interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2021 except for the adoption of the amended FRSs and annual improvements which are relevant to the Economic Entity's operations with effect from 1 July 2021 as set out below:

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 2021 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))
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Part A - Explanatory Notes Pursuant to MFRS 134

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

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 31 December 2021.

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

In respect of the financial year ended 30 June 2021, as reported in the directors' report of that year, the following cash dividends were paid during the financial period ended 31 December 2021:

	Amount	Net dividend
	RM	per share
		Sen
First and final tax exempt (single tier) dividend	1,237,473	1.00
Bonus tax exempt (single tier) dividend	928,106	0.75
	<u>2,165,579</u>	<u>1.75</u>

9. Debt and Equity Securities

There were no issuance, repurchase and repayment of debts and equity securities for the financial period ended 31 December 2021.

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 2021.

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

Part A - Explanatory Notes Pursuant to MFRS 134

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 2021.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 31 December 2021.

13. Related Party Transactions

Transactions with related parties are as follows:

	Individual Quarter		Period-To-Date	
	31.12.21	31.12.20	31.12.21	31.12.20
	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)	241	238	362	397
Rental expense payable to Kluang Estates (1977) Sdn Bhd, a company in which a director, Lee Chung-Shih Justin, has an interest (recurrent)	3	15	6	30
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)	86	80	166	159
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	20	8	24

14. Subsequent Events

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

KUCHAI DEVELOPMENT BERHAD (196701000629 (7573-V))
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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
31.12.21				
Investments	192,385	3,401	-	195,786
Investment properties	-	-	32,730	32,730
	<u>192,385</u>	<u>3,401</u>	<u>32,730</u>	<u>228,516</u>
30.06.21				
Investments	211,851	3,461	-	215,312
Investment properties	-	-	32,720	32,720
	<u>211,851</u>	<u>3,461</u>	<u>32,720</u>	<u>248,032</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 RM373,000 for the current quarter was slightly higher than last year's corresponding quarter's RM356,000. This was mainly due to higher interest income. Rental income remained the same in Singapore Dollar for the current quarter and last year's corresponding quarter. As for the current period-to-date, revenue of RM1.55 million was reported. It was slightly lower than last year's RM1.57 million despite higher interest income. This was mainly due to lower rental income. The decrease in rental income for the current period-to-date was mainly due to higher rental waiver given to the tenant of a property in Singapore during the various phases of the Covid-19 pandemic.

The Economic Entity posted an after-tax profit of RM1.95 million and RM794,000 for the current quarter and period-to-date respectively which were lower than last year's corresponding quarter of RM3.94 million and last year's period-to-date of RM7.93 million. This was mainly due to the share of associate's profit of RM1.90 million and RM179,000 for the current quarter and period-to-date respectively were significantly lower than last year's corresponding quarter's profit of RM4.34 million and last year's period-to-date's profit of RM7.33 million.

However, revaluation of the investment measured at fair value through profit or loss for the current quarter was a gain of RM129,000 while a loss of RM255,000 was reported for last year's corresponding quarter.

During the current quarter, the Economic Entity posted a total other comprehensive loss of RM6.42 million as compared to the profit of RM17.56 million reported during the corresponding quarter of a year ago. This was mainly due to the revaluation of its investments at fair value through other comprehensive income ("FVTOCI") for the current quarter was a loss of RM10.86 million while it was a profit of RM17.13 million reported during last year's corresponding quarter. However, share of other comprehensive income of associate for the current quarter of RM3.31 million was higher than last year's corresponding quarter's income of RM145,000. In addition, foreign currency translation for the current quarter was a gain of RM1.13 million which was higher than last year's corresponding quarter's gain of RM289,000.

For the current 6-month period, the Economic Entity posted a total other comprehensive loss of RM16.80 million which was significantly higher than last year's corresponding period-to-date's loss of RM4.83 million. This was mainly due to investments measured at FVTOCI registering a loss of RM19.54 million while it was a gain of RM3.26 million a year ago. However, share of other comprehensive income/(loss) of associate for the current period-to-date was an income of RM2.66 million while last year's corresponding quarter period-to-date was a loss of RM5.15 million. Foreign currency translation for the current period-to-date was a gain of RM77,000 as compared to the loss of RM2.95 million reported during last year's corresponding period-to-date.

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(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 31.12.21 RM'000	Preceding Quarter 30.09.21 RM'000	Change (Unfavourable)/ Favourable/ RM'000	%
Revenue	373	1,180	(807) -	68
Operating profit	67	584	(517) -	89
Share of profit/(loss) of associate	1,898	(1,719)	3,617	210
Profit/(Loss) before tax	1,965	(1,135)	3,100	273
Profit/(Loss) after tax	1,946	(1,152)	3,098	269
Profit/(Loss) after tax attributable to the equity holders of the company	1,946	(1,152)	3,098	269

The Economic Entity posted a pre-tax profit of RM1.97 million for the current quarter while it was a pre-tax loss of RM1.14 million during the immediate preceding quarter. This was mainly due to:-

- 1) Revaluation on its investments measured at fair value through profit or loss for the current quarter was a gain of RM129,000 while it was a loss of RM190,000 for the immediate preceding quarter.
- 2) Share of associate's financial result was a profit of RM1.90 million for the current quarter while it was a loss of RM1.72 million during the immediate preceding quarter.

Revenue of RM373,000 was achieved during the current quarter. This was lower than the immediate preceding quarter's RM1.18 million as dividend income of RM941,000 was received while there was none during the current quarter.

18. Commentary on Prospects

The Economic Entity's results for the financial year ending 30 June 2022 will be dependent on rental income, dividend income receivable from investments, the effect of exchange rate fluctuations, financial performance of the associate and market value of its investments.

Rental income may be impacted for the financial year ending 30 June 2022 due to the Covid-19 pandemic.

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

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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 period is arrived after (crediting)/charging:

	Individual Quarter		Period-To-Date	
	31.12.21	31.12.20	31.12.21	31.12.20
	RM'000	RM'000	RM'000	RM'000
Interest income	(134)	(118)	(252)	(242)
Changes on foreign exchange/ dividend income	3	1	(938)	(926)
Fair value (gain)/loss on investment	(129)	255	61	58
Depreciation	-	3	1	6
Foreign exchange loss/(gain)	20	(11)	33	(19)

21. Income Tax Expense

	Individual Quarter		Period-To-Date	
	3 months ended		6 months ended	
	31.12.21	31.12.20	31.12.21	31.12.20
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Foreign tax	19	35	36	64
	<u>19</u>	<u>35</u>	<u>36</u>	<u>64</u>
Under provision in prior years:				
Foreign tax	-	-	-	3
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>
Total income tax expense	<u>19</u>	<u>35</u>	<u>36</u>	<u>67</u>

The foreign taxes arose mainly from the rental income from its investment property in Singapore.

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 (196701000629 (7573-V))
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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 2021.

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 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	
	31.12.21	31.12.20	31.12.21	31.12.20
Earnings attributable to ordinary equity holders (RM'000)	<u>1,946</u>	<u>3,942</u>	<u>794</u>	<u>7,931</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>1.57</u>	<u>3.19</u>	<u>0.64</u>	<u>6.41</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 31 December 2021.

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**

27. Cash and cash equivalents

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

	31.12.21	31.12.20
	RM'000	RM'000
Cash and bank balances	59,137	59,994
Less: Short-term deposits with a licensed bank with maturities more than 90 days	(40,994)	(40,234)
Cash and cash equivalents	<u>18,143</u>	<u>19,760</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 24th February 2022.