

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

Statement Of Comprehensive Income
For the Financial Period Ended 31 December 2022
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Change Favourable/ (Unfavourable)		Period-To-Date 6 months ended		Change (Unfavourable)/ Favourable	
		31.12.22 RM'000	31.12.21 RM'000	RM'000	%	31.12.22 RM'000	31.12.21 RM'000	RM'000	%
Revenue		719	373	346	93	2,248	1,553	695	45
Direct costs		(34)	(32)	(2)	(6)	(86)	(63)	(23)	(37)
Gross profit		<u>685</u>	<u>341</u>	<u>344</u>	<u>101</u>	<u>2,162</u>	<u>1,490</u>	<u>672</u>	<u>45</u>
Fair value gain/(loss) on investment		101	129	(28)	(22)	(76)	(61)	(15)	(25)
Loss on asset held for distribution		-	-	-	N.M.	(13,912)	-	(13,912)	N.M.
Foreign exchange loss		(44)	(20)	(24)	(120)	(129)	(33)	(96)	(291)
Depreciation		-	-	-	N.M.	-	(1)	1	100
Administrative expenses		(601)	(383)	(218)	(57)	(1,121)	(744)	(377)	(51)
Profit/(Loss) from operations		<u>141</u>	<u>67</u>	<u>74</u>	<u>110</u>	<u>(13,076)</u>	<u>651</u>	<u>(13,727)</u>	<u>(2,109)</u>
Share of profit/(loss) of associate		-	1,898	(1,898)	(100)	(14)	179	(193)	(108)
Profit/(Loss) before tax	20	<u>141</u>	<u>1,965</u>	<u>(1,824)</u>	<u>(93)</u>	<u>(13,090)</u>	<u>830</u>	<u>(13,920)</u>	<u>(1,677)</u>
Income tax credit/(expense)	21	<u>129</u>	<u>(19)</u>	<u>148</u>	<u>779</u>	<u>(94)</u>	<u>(36)</u>	<u>(58)</u>	<u>(161)</u>
Profit/(Loss) after tax		<u>270</u>	<u>1,946</u>	<u>(1,676)</u>	<u>(86)</u>	<u>(13,184)</u>	<u>794</u>	<u>(13,978)</u>	<u>(1,760)</u>
Other comprehensive income/(loss)									
Fair value loss on investments		(2,833)	(10,859)	8,026	74	(11,084)	(19,535)	8,451	43
Share of other comprehensive income of associate		-	3,308	(3,308)	(100)	1,058	2,659	(1,601)	(60)
Foreign currency translation		4,584	1,134	3,450	304	20,940	77	20,863	27,095
Other comprehensive income/(loss) for the period, net of tax		<u>1,751</u>	<u>(6,417)</u>	<u>8,168</u>	<u>127</u>	<u>10,914</u>	<u>(16,799)</u>	<u>27,713</u>	<u>165</u>
Total comprehensive income/(loss) for the period		<u>2,021</u>	<u>(4,471)</u>	<u>6,492</u>	<u>145</u>	<u>(2,270)</u>	<u>(16,005)</u>	<u>13,735</u>	<u>86</u>
Earnings/(Loss) per share attributable to equity holders of the Company:									
Basic (Sen)	26(a)	0.22	1.57			(10.65)	0.64		
Diluted (Sen)	26(b)	<u>0.22</u>	<u>1.57</u>			<u>(10.65)</u>	<u>0.64</u>		

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 31 December 2022**

	(Unaudited)	(Audited)
	As at	As at
	31.12.22	30.06.22
	RM'000	RM'000
ASSETS		
Non-current assets		
Plant and equipment	5	5
Investment properties	38,041	36,754
Investments	212,052	215,787
	<u>250,098</u>	<u>252,546</u>
Current assets		
Sundry receivables	538	222
Prepayments	11	71
Cash and bank balances	67,585	64,644
Asset held for distribution to owners	-	59,258
	<u>68,134</u>	<u>124,195</u>
TOTAL ASSETS	<u>318,232</u>	<u>376,741</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	63,670	63,670
Reserves	250,104	311,118
	<u>313,774</u>	<u>374,788</u>
Non-current liability		
Deferred tax liability	482	466
Current liabilities		
Sundry payables	1,175	1,182
Proposed dividend	2,475	-
Tax payable	326	305
	<u>3,976</u>	<u>1,487</u>
Total liabilities	<u>4,458</u>	<u>1,953</u>
TOTAL EQUITY AND LIABILITIES	<u>318,232</u>	<u>376,741</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 2022
(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 2022	63,670	87,846	73,689	85,473	64,110	374,788
Total comprehensive income/(loss) for the period	-	1,058	(11,084)	20,940	(13,184)	(2,270)
Transfer of reserve upon completion of asset held for distribution	-	(88,904)	-	-	88,904	-
Dividend in-specie distributed	-	-	-	-	(56,269)	(56,269)
Dividends	-	-	-	-	(2,475)	(2,475)
Balance at 31 December 2022	<u>63,670</u>	<u>-</u>	<u>62,605</u>	<u>106,413</u>	<u>81,086</u>	<u>313,774</u>
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>

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 2022

(The figures have not been audited)

	6 months ended	
	31.12.22	31.12.21
	RM'000	RM'000
OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(13,090)	830
Adjustments for:		
Depreciation	-	1
Dividend income from quoted investments	(986)	(938)
Unrealised foreign exchange loss	140	33
Interest income	(753)	(252)
Share of loss/(gain) of associated company	14	(179)
Fair value loss on investment	76	61
Loss on asset held for distribution	13,912	-
	<hr/>	<hr/>
Operating cash flows before working capital changes	(687)	(444)
Receivables	(21)	(7)
Prepayments	60	72
Payables	(47)	16
	<hr/>	<hr/>
Cash flows used in operations	(695)	(363)
Taxes paid	(84)	(75)
Net cash flows used in operating activities	<hr/> <u>(779)</u>	<hr/> <u>(438)</u>
INVESTING ACTIVITIES		
Purchase of investments	(1,614)	(4,974)
Interest received	574	299
Dividends received	986	2,169
Early redemption of investment in bond	1,640	-
Addition of fixed deposits	(8,201)	(53)
Net cash flows used in investing activities	<hr/> <u>(6,615)</u>	<hr/> <u>(2,559)</u>
FINANCING ACTIVITY		
Dividends paid, representing net cash flow used in financing activity	<hr/> <u>-</u>	<hr/> <u>(2,166)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,394)	(5,163)
EFFECTS OF EXCHANGE RATE CHANGES	2,134	(13)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	<hr/> <u>22,551</u>	<hr/> <u>23,319</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD (Note 27)	<hr/> <u><u>17,291</u></u>	<hr/> <u><u>18,143</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 2022 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 2022 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 2022 as set out below:

Annual Improvements to MFRS Standards 2018-2020

Amendments to MFRS 3: Business Combinations - Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets

- Onerous Contracts - Cost of Fulfilling a Contract

The adoption of the above amendments to MFRS 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 2022 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 unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 31 December 2022.

KUCHAI DEVELOPMENT BERHAD (196701000629 (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 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 2022.

10. Changes in Composition of the Economic Entity

Asset held for distribution to owners

On 22 April 2022, the Company announced the proposed distribution of 17,584,030 ordinary shares in its associate, Sungei Bagan Rubber Company (Malaya) Berhad ("SG Bagan") representing all of the 26.51% equity interest held by the Company in SG Bagan, to the entitled shareholders of the Company by way of dividend-in-specie. This was approved by the shareholders during the Extraordinary General Meeting held on 3 August 2022.

During the last financial year ended 30 June 2022, this investment in associate has been presented on the statements of financial position as asset held for distribution to owners and measured at the lower of its carrying amount and fair value less costs to sell in accordance with the requirements of MFRS 5. The Economic Entity accordingly recognised an impairment loss amounted to RM102.08 million on the investment in associate. Following the asset held for distribution was completed on 9 September 2022, SG Bagan ceased to be an associate (referred to as the Economic Entity) of the Company. The Economic Entity recognised a loss of RM13.91 million (including realisation of foreign currency translation loss of RM9.88 million) from the asset held for distribution.

Other than the above, there were no changes in the composition of the Company for the financial period ended 31 December 2022.

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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 2022.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 31 December 2022.

13. Related Party Transactions

Transactions with related parties are as follows:

	Individual Quarter		Period-To-Date	
	31.12.22	31.12.21	31.12.22	31.12.21
	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)	257	241	507	362
Rental expense payable to Kluang Estates (1977) Sdn Bhd, a company in which a director, Lee Chung-Shih Justin, has an interest (recurrent)	-	3	-	6
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)	109	86	192	166
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)	5	4	9	8

14. Subsequent Events

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

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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
31.12.22				
Investments	187,774	3,297	-	191,071
Investment properties	-	-	38,041	38,041
	<u>187,774</u>	<u>3,297</u>	<u>38,041</u>	<u>229,112</u>
30.06.22				
Investments	192,126	3,260	-	195,386
Investment properties	-	-	36,754	36,754
	<u>192,126</u>	<u>3,260</u>	<u>36,754</u>	<u>232,140</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.

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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 RM719,000 for the current quarter was higher than last year's corresponding quarter's RM373,000. 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 RM2.25 million was reported. It was also higher than last year's RM1.55 million. The increase in revenue was mainly due to higher rental and interest income. The lower rental income for last year's corresponding period-to-date was mainly due to 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 RM270,000 for the current quarter which was lower than last year's corresponding quarter of RM1.95 million despite higher revenue achieved. This was mainly due to share of associate's financial result which was a profit of RM1.90 million for last year's corresponding quarter while there was none during the current quarter as SG Bagan ceased to be an associate of the Company on 9 September 2022.

The Economic Entity posted an after-tax loss of RM13.18 million at the end of the 6-month period-to-date while it was a profit of RM794,000 reported a year ago. This was mainly due to:-

- 1) Recognition of loss on asset held for distribution of RM13.91 million as mentioned in note 10 above.
- 2) The operating expenses for the current period-to-date was higher than last year's corresponding period-to-date. This was mainly due to professional fees incurred for the distribution of the Company's equity interest in its associate SG Bagan by way of dividend-in-specie to its entitled shareholders.

The Economic Entity posted total other comprehensive income of RM1.75 million and RM10.91 million for the current quarter and period-to-date respectively as compared to the loss of RM6.42 million and RM16.80 million reported during last year's corresponding quarter and period-to-date. This was mainly due to:-

- 1) The investment measured at fair value through other comprehensive income ("FVTOCI") registered losses of RM2.83 million and RM11.08 million for the current quarter and period-to-date respectively. These were lower than last year's corresponding quarter's and period-to-date's losses of RM10.86 million and 19.54 million respectively.
- 2) Foreign currency translation for the current quarter and period-to-date were gains of RM4.58 million and RM20.94 million respectively which were higher than last year's corresponding quarter's and period-to-date's gains of RM1.13 million and RM77,000 respectively.

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**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 quarter, there was no share of other comprehensive income of associate as SG Bagan ceased to be an associate. Share of other comprehensive income of associate for the current period-to-date of RM1.06 million was lower than last year's corresponding period-to-date's income of RM2.66 million.

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

	Current Quarter 31.12.22 RM'000	Preceding Quarter 30.09.22 RM'000	Change (Unfavourable)/ Favourable	
			RM'000	%
Revenue	719	1,529	(810)	(53)
Operating profit/(loss)	141	(13,217)	13,358	101
Share of loss of associate	-	(14)	14	100
Profit/(Loss) before tax	141	(13,231)	13,372	101
Profit/(Loss) after tax	270	(13,454)	13,724	102
Profit/(Loss) after tax attributable to the equity holders of the company	270	(13,454)	13,724	102

The Economic Entity posted a pre-tax profit of RM141,000 for the current quarter while it was a pre-tax loss of RM13.23 million during the immediate preceding quarter. This was mainly due to:-

- 1) Loss of RM13.91 million on asset held for distribution was recorded in the immediate preceding quarter while there was none during the current quarter.
- 2) Revaluation on its investments measured at fair value through profit or loss for the current quarter was a gain of RM101,000 while it was a loss of RM177,000 for the immediate preceding quarter.

18. Commentary on Prospects

The Economic Entity's results for the rest of the financial year ending 30 June 2023 will be dependent on rental income, dividend income receivable from investments, the effect of exchange rate fluctuations and market value 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/(Loss) before Tax

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

	Individual Quarter		Period-To-Date	
	31.12.22	31.12.21	31.12.22	31.12.21
	RM'000	RM'000	RM'000	RM'000
Interest income	(448)	(134)	(753)	(252)
Changes on foreign exchange/ dividend income	(13)	3	(986)	(938)
Fair value (gain)/loss on investment	(101)	(129)	76	61
Depreciation	-	-	-	1
Loss on asset held for distribution	-	-	13,912	-
Foreign exchange loss	44	20	129	33
	<u>44</u>	<u>20</u>	<u>129</u>	<u>33</u>

21. Income Tax (Credit)/Expense

	Individual Quarter		Period-To-Date	
	3 months ended	3 months ended	6 months ended	6 months ended
	31.12.22	31.12.21	31.12.22	31.12.21
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	(190)	-	3	-
Foreign tax	61	19	91	36
Total income tax expense	<u>(129)</u>	<u>19</u>	<u>94</u>	<u>36</u>

For the current quarter, Malaysian income tax credit arose from overprovision of tax on foreign source dividend income in the previous quarter. With effect from 1 January 2022 to 31 December 2026, tax on foreign source dividend income will be exempted. For current period-to-date, last year's corresponding quarter's and last year's period-to-date's, the Malaysian tax liability was derived from interest income being taxable.

22. Corporate Proposals

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

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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 2022.

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 2022 on 123,747,334 ordinary shares have been approved by the shareholders at the Annual General Meeting on 8 December 2022 and paid on 6 January 2023:

	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	1,237,473	1.00
	<u>2,474,946</u>	<u>2.00</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 3 months ended		Period-To-Date 6 months ended	
	31.12.22	31.12.21	31.12.22	31.12.21
Profit/(Loss) attributable to ordinary equity holders (RM'000)	<u>270</u>	<u>1,946</u>	<u>(13,184)</u>	<u>794</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>0.22</u>	<u>1.57</u>	<u>(10.65)</u>	<u>0.64</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 2022.

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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:

	31.12.22	31.12.21
	RM'000	RM'000
Cash and bank balances	67,585	59,137
Less: Short-term deposits with a licensed bank with maturities more than 90 days	<u>(50,294)</u>	<u>(40,994)</u>
Cash and cash equivalents	<u><u>17,291</u></u>	<u><u>18,143</u></u>

28. Authorisation for Issue

The interim financial statements were approved by the Board of Directors on 27th February 2023 and authorised for issue on 28th February 2023.