

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

**CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS AT 30 JUNE 2005**

	<b>As at 30 June 2005 (Unaudited) RM'000</b>	<b>As at 31 December 2004 (Audited) RM'000</b>
<b>NON-CURRENT ASSETS</b>		
Properties	776	776
Associated company	11,947	11,947
Other investments	3,617	4,619
	<u>16,340</u>	<u>17,342</u>
<b>CURRENT ASSETS</b>		
Tax recoverable	516	424
Sundry receivables	66	121
Cash and bank balances	10,729	10,305
	<u>11,311</u>	<u>10,850</u>
<b>CURRENT LIABILITY</b>		
Sundry payables	1,279	1,897
	<u>1,279</u>	<u>1,897</u>
<b>NET CURRENT ASSETS</b>	<u>10,032</u>	<u>8,953</u>
	<u>26,372</u>	<u>26,295</u>
<b>FINANCED BY:</b>		
Share Capital	1,312	1,312
Reserves	25,060	24,983
Shareholders' equity	<u>26,372</u>	<u>26,295</u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004)

**KUCHAI DEVELOPMENT BERHAD (7573 V)**  
**(Incorporated in Malaysia)**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE PERIOD ENDED 30 JUNE 2005**  
(The figures have not been audited)

	Individual Quarter		Year to Date	
	Current quarter ended 30 June 2005 RM'000	Comparative quarter ended 30 June 2004 RM'000	Current period ended 30 June 2005 RM'000	Comparative period ended 30 June 2004 RM'000
Revenue	1,814	1,492	2,639	2,033
Direct Costs	(15)	(15)	(41)	(34)
Gross Profit	1,799	1,477	2,598	1,999
Administrative Expenses	(155)	(180)	(321)	(343)
Other Operating Expenses	(119)	(133)	(175)	(37)
Provision for/(Write back of) Diminution in Value in Investment	(672)	-	(1,002)	1,043
Profit Before Taxation	853	1,164	1,100	2,662
Taxation	(361)	(295)	(503)	(376)
Net profit for the period	492	869	597	2,286
Earnings per share (sen) Basic	18.75	33.12	22.75	87.12

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004)

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2005**

(The figures have not been audited)

	Share capital RM '000	Distributable			Total RM '000
		Property and investment reserve RM '000	General reserve RM '000	Retained profits RM '000	
<b>6 months quarter ended 30 June 2005</b>					
At 1 January 2005	1,312	13,901	6,000	5,082	26,295
Net profit for the period	-	-	-	597	597
Transfer (to)/from reserves	-	(1,002)	-	1,002	-
Dividends	-	-	-	(520)	(520)
As 30 June 2005	1,312	12,899	6,000	6,161	26,372
<b>6 months quarter ended 30 June 2004</b>					
At 1 January 2004	1,312	13,121	6,000	2,931	23,364
Net profit for the period	-	-	-	2,286	2,286
Transfer (to)/from reserves	-	1,043	-	(1,043)	-
As 30 June 2004	1,312	14,164	6,000	4,174	25,650

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004)

**KUCHAI DEVELOPMENT BERHAD (7573 V)**  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE QUARTER ENDED 30 JUNE 2005**

(The figures have not been audited)

	6 months ended	
	30 June 2005 RM'000	30 June 2004 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,100	2,662
Adjustments for:		
Dividend income	(2,229)	(1,657)
Unrealised foreign exchange loss/(gain)	55	(39)
Interest income	(51)	(27)
Provision for/(Write back of) diminution in value in investment	1,002	(1,043)
Operating loss before working capital changes	(123)	(104)
Receivables	55	94
Payables	(618)	(376)
Cash used in operations	(686)	(386)
Taxes paid	(102)	(118)
Net cash used in operating activities	(788)	(504)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received	1,736	1,300
Interest received	51	27
Net cash from investing activities	1,787	1,327
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Dividends paid	(520)	-
Net cash used in financing activity	(520)	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>479</b>	<b>823</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	<b>(55)</b>	<b>38</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>10,305</b>	<b>8,578</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>10,729</b>	<b>9,439</b>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004)

**KUCHAI DEVELOPMENT BERHAD (7573 V)**  
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**Part A- Explanatory Notes Pursuant to FRS 134**

**1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 : Interim Financial Reporting (formerly MASB 26) and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2004. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 December 2004.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the year ended 31 December 2004.

**2. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 December 2004 was not qualified.

**3. Comments About Seasonal or Cyclical Factors**

The principal business operations of the Company are not affected by seasonal or cyclical factors.

**4. 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 30 June 2005.

**5. Changes in Estimates**

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

**6. Debt and Equity Securities**

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares in the current quarter.

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**Part A- Explanatory Notes Pursuant to FRS 134**

**7. Dividend Paid**

The amount of dividends paid during the financial period ended 30 June 2005 were as follows:

	<u>Amount</u> RM	<u>Net dividend</u> <u>per share</u> Sen
First and final dividend of 10% less 28% taxation	95	3.6
Bonus dividend of 45% less 28% taxation	425	16.2
	<u>520</u>	<u>19.8</u>

**8. Segmental Information**

<u>Cumulative to-date</u>	<u>Investment</u>		<u>Interest Income</u>		<u>Rental Income</u>		<u>Consolidated</u>	
	2005	2004	2005	2004	2005	2004	2005	2004
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>REVENUE AND EXPENSES</b>								
<b>Revenue</b>								
External	2,229	1,657	51	27	359	349	2,639	2,033
Total revenue	<u>2,229</u>	<u>1,657</u>	<u>51</u>	<u>27</u>	<u>359</u>	<u>349</u>	<u>2,639</u>	<u>2,033</u>
<b>Result</b>								
Segment result	1,227	2,700	51	27	318	315	1,596	3,042
Unallocated corporate expenses							(496)	(380)
Profit from operations							<u>1,100</u>	<u>2,662</u>
Taxation							(503)	(376)
Profit after taxation							<u>597</u>	<u>2,286</u>

**9. Carrying Amount of Revalued Assets**

The valuations of property, plant and equipment have been brought forward, without amendment from the previous annual financial report.

**10. Subsequent Events**

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

**11. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current quarter.

**12. Changes in Contingent Liabilities**

There were no contingent liabilities 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**

**13. Performance Review**

The Company's revenue of RM2.639 million for the financial period ended 30 June 2005 was higher than the RM2.033 million achieved during prior financial period ended 30 June 2004, mainly due to higher investment and interest income. However, the pre-tax profit of RM1.1 million was significantly lower as compared to prior corresponding period of RM2.662 million due to the provision for diminution in value of investment of RM1 million as compared to a write-back of RM1.043 million in the prior corresponding period.

**14. Comment on Material Change in Profit Before Taxation**

The Company's profit before taxation for the current quarter ended 30 June 2005 of RM853,000 was higher than the immediate preceding quarter ended 31 March 2005 of RM247,000. This was mainly due to higher investment income partially offset by higher unrealised exchange loss and higher provision for diminution in value in investment.

**15. Commentary on Prospects**

The results for the rest of the financial year will be dependent on dividend income receivable from investments, the effect of exchange rate fluctuations and the market valuation of their investments.

**16. Profit Forecast or Profit Guarantee**

There is no profit forecast and profit guarantee.

**17. Taxation**

	Individual Quarter		Year To Date	
	Current Quarter 30.6.2005 RM'000	Comparative Quarter 30.6.2004 RM'000	Current Period 30.6.2005 RM'000	Comparative Period 30.6.2004 RM'000
Tax expenses for the period:				
Malaysian Income Tax	4	4	127	67
Foreign Tax	357	291	376	309
	<u>361</u>	<u>295</u>	<u>503</u>	<u>376</u>
Over provision in prior years:				
Malaysian Tax	-	-	-	-
Foreign Tax	-	-	-	-
	<u>361</u>	<u>295</u>	<u>503</u>	<u>376</u>

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

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable rate is as follows :

	Current Quarter RM'000	Financial year-to-date RM'000
Profit before tax	<u>853</u>	<u>1,100</u>
Tax rate applicable for the current year at 28%	239	308
Effects of first RM500,000 at 20%	-	(40)
Expenses not deductible for tax purposes	224	385
Foreign income subjected to tax at source at different tax rate	(102)	(150)
Over provision in prior years:		
Malaysian Income Tax	-	-
Foreign Tax	-	-
	<u>361</u>	<u>503</u>

**18. Sale of Unquoted investments and Properties**

There was no sale of unquoted investments and properties.

**19. Quoted Securities**

(a) There was no purchase or disposal of quoted securities for the current quarter and year to-date. The decrease in the investments is mainly due to the additional provision for diminution in value of investments.

(b) Summary of details of all investments in quoted securities:

	RM '000
Total investment at cost	4,882
Less: Provision for diminution in value of investments	<u>(1,265)</u>
Total investment at carrying value	<u>3,617</u>
Total investment at market value at end of 30 June 2005	<u>111,716</u>



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

**20. Corporate Proposals**

On 31 March 2005, Hwang-DBS Securities Berhad, on behalf of the Company's Board of Directors, announced that the Company had on 31 March 2005 entered into a Memorandum of Understanding ("MOU") with The Nyalas Rubber Estates Limited ("Nyalas") in regards to the proposed acquisition of an oil palm and rubber estate measuring 813.6926 hectares situated at Mukim of Nyalas, District of Jasin, Melaka and Mukim of Ayer Kuning, District of Tampin, Negeri Sembilan ("Estate") by the Company from Nyalas for an agreed purchase consideration of RM40,000,000 ("Estate Transaction Consideration")("Estate Transaction"), which is to be satisfied by the following:

- (i) the proceeds arising from the sale of the plot of land known as 9, Emerald Hill Road, Singapore 229293, Town Subdivision 27, Lot 99611W, together with the building thereon ("Land") by the Company to Nyalas for an agreed consideration of Singapore Dollars 3,900,000 ("Land Transaction Consideration") and;
- (ii) either by way of cash or by the transfer of the requisite number of shares of Great Eastern Holdings Limited ("GEHL") ("Consideration Shares"), at an exchange share price to be fixed upon the execution of a binding formal agreement, equivalent in value to the Estate Transaction Consideration less the Land Transaction Consideration by the Company to Nyalas.

**21. Borrowings and Debt Securities**

There were no borrowings and debt securities as at 30 June 2005.

**22. Off Balance Sheet Financial Instruments**

There were no financial instruments with off balance sheet risk as at the date of the issue of this quarterly report.

**23. Changes in Material Litigation**

There was no litigation pending or threatened as at the date of the issue of this quarterly report.

**24. Dividend Payable**

No interim dividend has been declared for the financial period ended 30 June 2005.

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

**25. Basic Earnings Per Share**

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit for the period by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter		Year To Date	
	Current Quarter 30.6.2005 RM'000	Comparative Quarter 30.6.2004 RM'000	Current Period 30.6.2005 RM'000	Comparative Period 30.6.2004 RM'000
Net profit for the period	492	869	597	2,286
Number of ordinary shares	2,624	2,624	2,624	2,624
Basic earnings per share (sen)	18.75	33.12	22.75	87.12

**26. Listing Requirements**

The Company has not complied with the minimum paid-up capital requirement. However, Bursa Malaysia Securities Berhad has granted, vide its letter dated 26 August 2005, a further extension of time until 31 October 2005 to enable the Company to make an announcement of the proposals to comply with paragraph 8.16A of the Listing Requirements and submit the proposals to the relevant authorities for approval.

In relation to the public shareholding requirement, Bursa Malaysia Securities Berhad has granted, vide its letter dated 5 July 2005, an extension of time until 31 December 2005 to comply with Paragraph 8.15(1) of the Listing Requirements.