

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

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2005

	As at 30 September 2005 (Unaudited) RM'000	As at 31 December 2004 (Audited) RM'000
NON-CURRENT ASSETS		
Properties	776	776
Associated company	11,947	11,947
Other investments	3,464	4,619
	<u>16,187</u>	<u>17,342</u>
CURRENT ASSETS		
Tax recoverable	484	424
Sundry receivables	109	121
Cash and bank balances	11,325	10,305
	<u>11,918</u>	<u>10,850</u>
CURRENT LIABILITY		
Sundry payables	1,298	1,897
	<u>1,298</u>	<u>1,897</u>
NET CURRENT ASSETS	<u>10,620</u>	<u>8,953</u>
	<u><u>26,807</u></u>	<u><u>26,295</u></u>
FINANCED BY:		
Share Capital	1,312	1,312
Reserves	25,495	24,983
Shareholders' equity	<u>26,807</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 SEPTEMBER 2005
(The figures have not been audited)

	Individual Quarter		Year to Date	
	Current quarter ended 30 September 2005 RM'000	Comparative quarter ended 30 September 2004 RM'000	Current period ended 30 September 2005 RM'000	Comparative period ended 30 September 2004 RM'000
Revenue	1,014	996	3,653	3,029
Direct Costs	(22)	(15)	(63)	(49)
Gross Profit	992	981	3,590	2,980
Administrative Expenses	(137)	(138)	(458)	(481)
Other Operating (Expenses)/ Income	(69)	94	(244)	57
(Provision)/Write back for Diminution Value in Investment	(153)	(83)	(1,155)	960
Profit Before Taxation	633	854	1,733	3,516
Taxation	(198)	(197)	(701)	(573)
Net profit for the period	435	657	1,032	2,943
Earnings per share (sen) Basic	16.58	25.04	39.33	112.16

(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 SEPTEMBER 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	
9 months quarter ended 30 September 2005					
At 1 January 2005	1,312	13,901	6,000	5,082	26,295
Net profit for the period	-	-	-	1,032	1,032
Transfer (to)/from reserves	-	(1,155)	-	1,155	-
Dividends	-	-	-	(520)	(520)
As 30 September 2005	1,312	12,746	6,000	6,749	26,807
9 months quarter ended 30 September 2004					
At 1 January 2004	1,312	13,121	6,000	2,931	23,364
Net profit for the period	-	-	-	2,943	2,943
Transfer (to)/from reserves	-	960	-	(960)	-
As 30 September 2004	1,312	14,081	6,000	4,914	26,307

(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)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 30 SEPTEMBER 2005

(The figures have not been audited)

	9 months ended	
	30 September 2005 RM'000	30 September 2004 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,733	3,516
Adjustments for:		
Dividend income	(3,040)	(2,465)
Unrealised foreign exchange loss/(gain)	55	(55)
Interest income	(79)	(41)
Provision/(Write back) for diminution in value in investment	1,155	(960)
Operating loss before working capital changes	(176)	(5)
Receivables	13	91
Payables	(599)	(568)
Cash used in operations	(762)	(482)
Taxes paid	(107)	(119)
Net cash used in operating activities	(869)	(601)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	2,385	1,946
Interest received	79	41
Net cash from investing activities	2,464	1,987
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid	(520)	-
Net cash used in financing activity	(520)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,075	1,386
EFFECTS OF EXCHANGE RATE CHANGES	(55)	55
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	10,305	8,578
CASH AND CASH EQUIVALENTS AT END OF PERIOD	11,325	10,019

(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)
(Incorporated in Malaysia)

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 September 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 September 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
REVENUE AND EXPENSES								
Revenue								
External	3,040	2,465	79	42	534	522	3,653	3,029
Total revenue	<u>3,040</u>	<u>2,465</u>	<u>79</u>	<u>42</u>	<u>534</u>	<u>522</u>	<u>3,653</u>	<u>3,029</u>
Result								
Segment result	1,885	3,425	79	42	471	473	2,435	3,940
Unallocated corporate expenses							(702)	(424)
Profit from operations							<u>1,733</u>	<u>3,516</u>
Taxation							(701)	(573)
Profit after taxation							<u>1,032</u>	<u>2,943</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 RM3.653 million for the financial period ended 30 September 2005 was higher than the RM3.029 million achieved during prior financial period ended 30 September 2004, mainly due to higher investment and interest income. However, the pre-tax profit of RM1.733 million was significantly lower as compared to prior corresponding period of RM3.516 million due to the provision for diminution in value of investment of RM1.155 million as compared to a write-back of RM960,000 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 September 2005 of RM633,000 was lower than the immediate preceding quarter ended 30 June 2005 of RM853,000. This was mainly due to lower investment income offset by lower unrealised exchange loss and lower 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 30.9.2005 RM'000	Comparative Quarter 30.9.2004 RM'000	Current Period 30.9.2005 RM'000	Comparative Period 30.9.2004 RM'000
Tax expenses for the period:				
Malaysian Income Tax	1	1	128	68
Foreign Tax	197	196	573	505
	<u>198</u>	<u>197</u>	<u>701</u>	<u>573</u>
Over provision in prior years:				
Malaysian Tax	-	-	-	-
Foreign Tax	-	-	-	-
	<u>198</u>	<u>197</u>	<u>701</u>	<u>573</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>633</u>	<u>1,733</u>
Tax rate applicable for the current year at 28%	177	485
Effects of first RM500,000 at 20%	-	(40)
Expenses not deductible for tax purposes	134	519
Foreign income subjected to tax at source at different tax rate	<u>(113)</u>	<u>(263)</u>
	<u>198</u>	<u>701</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>(1,418)</u>
Total investment at carrying value	<u>3,464</u>
Total investment at market value at end of 30 September 2005	<u>118,024</u>

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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 September 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 September 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 30.9.2005 RM'000	Comparative Quarter 30.9.2004 RM'000	Current Period 30.9.2005 RM'000	Comparative Period 30.9.2004 RM'000
Net profit for the period	435	657	1,032	2,943
Number of ordinary shares	2,624	2,624	2,624	2,624
Basic earnings per share (sen)	16.58	25.04	39.33	112.16

26. Listing Requirements

The Company has not complied with the minimum paid-up capital requirement. On 26 October 2005, Hwang-DBS Securities Berhad, on behalf of the Company's Board of Directors, has applied for a further extension of time of another six months from 1 November 2005 to 30 April 2006 to enable the Company to make an announcement of the proposals to comply with Paragraph 8.16(A) of the Listing Requirements and submit the proposals to the relevant authorities for approval. Currently, awaiting for reply from Bursa Malaysia.

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.