

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

**CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2005**

	<b>As at 31 December 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	3,329	4,619
	<u>16,052</u>	<u>17,342</u>
<b>CURRENT ASSETS</b>		
Tax recoverable	461	424
Sundry receivables	388	121
Cash and bank balances	11,627	10,305
	<u>12,476</u>	<u>10,850</u>
<b>CURRENT LIABILITY</b>		
Sundry payables	1,218	1,897
	<u>1,218</u>	<u>1,897</u>
<b>NET CURRENT ASSETS</b>	<u>11,258</u>	<u>8,953</u>
	<u>27,310</u>	<u>26,295</u>
<b>FINANCED BY:</b>		
Share Capital	1,312	1,312
Reserves	25,998	24,983
Shareholders' equity	<u>27,310</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 YEAR ENDED 31 DECEMBER 2005**  
(The figures have not been audited)

	Individual Quarter		Year to Date	
	Current quarter ended 31 December 2005 RM'000	Comparative quarter ended 31 December 2004 RM'000	Current year ended 31 December 2005 RM'000	Comparative year ended 31 December 2004 RM'000
Revenue	896	400	4,549	3,429
Direct Costs	(86)	(66)	(149)	(115)
Gross Profit	810	334	4,400	3,314
Administrative Expenses	(104)	(181)	(562)	(662)
Other Operating (Expenses)/ Income	121	169	(123)	226
(Provision)/Write back for Diminution in Value in Investment	(135)	(180)	(1,290)	780
Profit Before Taxation	692	142	2,425	3,658
Taxation	(189)	(60)	(890)	(633)
Net profit for the period	503	82	1,535	3,025
Earnings per share (sen) Basic	19.17	3.13	58.50	115.28

(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 YEAR ENDED 31 DECEMBER 2005**

(The figures have not been audited)

Year ended	Share capital RM '000	Distributable			Total RM '000
		Property and investment reserve RM '000	General reserve RM '000	Retained profits RM '000	
<b>31 December 2005</b>					
At 1 January 2005	1,312	13,901	6,000	5,082	26,295
Net profit for the year	-	-	-	1,535	1,535
Transfer (to)/from reserves	-	(1,155)	-	1,155	-
Dividends	-	-	-	(520)	(520)
As 31 December 2005	1,312	12,746	6,000	7,252	27,310
<b>Year ended</b>					
<b>31 December 2004</b>					
At 1 January 2004	1,312	13,121	6,000	2,931	23,364
Net profit for the year	-	-	-	3,025	3,025
Transfer (to)/from reserves	-	780	-	(780)	-
	-	-	-	(94)	(94)
As 31 December 2004	1,312	13,901	6,000	5,082	26,295

(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 YEAR ENDED 31 DECEMBER 2005**

(The figures have not been audited)

	Year ended	
	31 December 2005 RM'000	31 December 2004 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,425	3,658
Adjustments for:		
Dividend income	(3,733)	(2,666)
Unrealised foreign exchange loss/(gain)	125	(226)
Interest income	(107)	(60)
Provision/(Write back) for diminution in value in investment	1,290	(780)
Operating loss before working capital changes	-	(74)
Receivables	(266)	30
Payables	(663)	(436)
Cash used in operations	(929)	(480)
Taxes paid	(108)	(119)
Net cash used in operating activities	<u>(1,037)</u>	<u>(599)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received	2,913	2,108
Interest received	107	60
Net cash from investing activities	<u>3,020</u>	<u>2,168</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Dividends paid	(520)	(94)
Net cash used in financing activity	<u>(520)</u>	<u>(94)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,463	1,475
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	(141)	252
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	10,305	8,578
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>11,627</u></u>	<u><u>10,305</u></u>

(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 year ended 31 December 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 year ended 31 December 2005 were as follows:

In respect of the financial year ended 31 December 2004.

	<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	<u>425</u>	<u>16.2</u>
	<u><u>520</u></u>	<u><u>19.8</u></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	3,733	2,666	107	61	709	702	4,549	3,429
Total revenue	<u>3,733</u>	<u>2,666</u>	<u>107</u>	<u>61</u>	<u>709</u>	<u>702</u>	<u>4,549</u>	<u>3,429</u>
<b>Result</b>								
Segment result	2,443	3,446	107	61	560	587	3,110	4,094
Unallocated corporate expenses							(685)	(436)
Profit from operations							<u>2,425</u>	<u>3,658</u>
Taxation							(890)	(633)
Profit after taxation							<u><u>1,535</u></u>	<u><u>3,025</u></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 RM4.549 million for the financial year ended 31 Decemberr 2005 was higher than the RM3.429 million achieved during prior financial year ended 31 December 2004, mainly due to higher investment and interest income. However, the pre-tax profit of RM2.425 million was significantly lower as compared to prior corresponding year of RM3.658 million due to the provision for diminution in value of investment of RM1.29 million as compared to a write-back of RM780,000 in the prior corresponding year.

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

The Company's profit before taxation for the current quarter ended 31 December 2005 of RM692,000 was higher than the immediate preceding quarter ended 30 September 2005 of RM633,000. This was due to unrealised exchange gain and lower provision for diminution in value in investment after offsetting the lower investment income and higher direct cost.

**15. Commentary on Prospects**

The results for the coming 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 31.12.2005 RM'000	Comparative Quarter 31.12.2004 RM'000	Current Period 31.12.2005 RM'000	Comparative Period 31.12.2004 RM'000
Tax expenses for the period:				
Malaysian Income Tax	92	2	220	70
Foreign Tax	97	67	670	572
	<u>189</u>	<u>69</u>	<u>890</u>	<u>642</u>
Over provision in prior years:				
Malaysian Tax	-	(9)	-	(9)
	<u>189</u>	<u>60</u>	<u>890</u>	<u>633</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>692</u>	<u>2,425</u>
Tax rate applicable for the current year at 28%	194	679
Effects of first RM500,000 at 20%	-	(40)
Expenses not deductible for tax purposes	29	548
Foreign income subjected to tax at source at different tax rate	<u>(34)</u>	<u>(297)</u>
	<u>189</u>	<u>890</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>(1,553)</u>
Total investment at carrying value	<u>3,329</u>
 Total investment at market value at end of 31 December 2005	 <u>112,968</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 31 December 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 pending material litigation as at the date of the issue of this quarterly report.

**24. Dividend Payable**

No interim dividend has been declared for the financial year ended 31 December 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 earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter		Year To Date	
	Current Quarter 31.12.2005 RM'000	Comparative Quarter 31.12.2004 RM'000	Current Period 31.12.2005 RM'000	Comparative Period 31.12.2004 RM'000
Net profit for the period	503	82	1,535	3,025
Number of ordinary shares	2,624	2,624	2,624	2,624
Basic earnings per share (sen)	19.17	3.13	58.50	115.28

**26. Listing Requirements**

The Company has not complied with the minimum paid-up capital requirement. Bursa Malaysia Securities Berhad has granted, vide its letter dated 10 February 2006, an extension of time until 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.

In relation to the non-compliance with the Public Spread Requirement, Hwang-DBS Securities Berhad, on behalf of the Company's Board of Directors, had on 22 December 2005 applied for a further extension of time until 30 June 2006 for the Company to comply with the Public Spread Requirement. The approval of Bursa Securities for the extension of time is still pending.