

**KLUANG RUBBER COMPANY (MALAYA) BERHAD ( 3441 K)**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET**

	<b>As at 31 December 2005 (Unaudited) RM'000</b>	<b>As at 30 June 2005 (Audited) RM'000</b>
<b>NON- CURRENT ASSETS</b>		
Property, plant and equipment	74,144	73,909
Associated companies	76,297	75,527
Other Investments	8,485	7,894
Deferred tax assets	103	103
	<u>159,029</u>	<u>157,433</u>
<b>CURRENT ASSETS</b>		
Inventories	135	10
Tax recoverable	402	309
Trade and other receivables	508	933
Cash and short term deposits	40,060	40,093
	<u>41,105</u>	<u>41,345</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	2,763	2,804
	<u>2,763</u>	<u>2,804</u>
<b>NET CURRENT ASSETS</b>		
	<u>38,342</u>	<u>38,541</u>
	<u>197,371</u>	<u>195,974</u>
<b>FINANCED BY:</b>		
Share Capital	60,191	60,191
Reserves	133,221	131,838
Shareholders' equity	<u>193,412</u>	<u>192,029</u>
Provision for retirement benefits	378	364
Deferred tax liability	3,581	3,581
	<u>197,371</u>	<u>195,974</u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 30 June 2005)

**KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441 K)**  
**(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 period ended 31 December 2005 RM'000	Comparative period ended 31 December 2004 RM'000
Revenue	1,963	2,211	3,128	3,724
Other Operating Income	1	1	1	1
Changes in Inventories	77	75	126	70
Staff Costs	(145)	(158)	(290)	(265)
Depreciation	(23)	(2)	(47)	(3)
Subcontractor Labour Fertilizer and Chemical Costs	(150)	(222)	(635)	(743)
Replanting cost	(42)	-	(75)	-
Foreign Exchange (Loss) / Gain	6	1,476	(122)	1,804
Other Operating Expenses	(347)	(399)	(658)	(683)
Profit from Operations	1,340	2,982	1,428	3,905
Share of Results of Associates	805	2,809	1,419	3,524
Profit before Taxation	2,145	5,791	2,847	7,429
Taxation:				
Company	(267)	(244)	(305)	(362)
Associates	(126)	(157)	(324)	(381)
	(393)	(401)	(629)	(743)
Profit before extraordinary item	1,752	5,390	2,218	6,686
Extraordinary items	(350)	-	(350)	-
Net profit for the period	1,402	5,390	1,868	6,686
Earnings per share (sen)				
Basic	2.33	8.95	3.10	11.11

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 30 June 2005)

**KLUANG RUBER COMPANY (MALAYA) BERHAD (3441 K)**  
(Incorporated in Malaysia)

**Condensed Consolidated Statement of Changes in Equity**  
**for the year ended 31 December 2005**

(The figures have not been audited)

	← Non-distributable →		← Cultivation and replacement reserves →		← Distributable →		Total RM '000
	Share capital RM '000	Capital reserves RM '000	Share of associated companies reserves RM '000	Exchange fluctuation reserve RM '000	General reserve RM '000	Retained profits RM '000	
<b>6 months ended 31 December 2005</b>							
At 1 July 2005	60,191	22,594	85,541	2,672	10,000	7,271	192,029
Arising during the period	-	-	60	(112)	-	-	(52)
Transfer to/(from) reserves	-	-	(1,162)	-	-	1,162	-
- Share of associates other reserves	-	-	-	-	(75)	75	-
- Replanting expenses	-	-	-	-	-	-	-
- Gain from compulsory acquisition of land	-	(350)	-	-	-	350	-
Net profit for the period	-	-	-	-	-	1,868	1,868
Dividends	-	-	-	-	-	(433)	(433)
<b>At 31 December 2005</b>	<b>60,191</b>	<b>22,244</b>	<b>84,439</b>	<b>2,560</b>	<b>10,000</b>	<b>10,293</b>	<b>193,412</b>
<b>6 months ended 31 December 2004</b>							
At 1 July 2004	2,006	12,110	55,336	2,672	10,000	33,649	119,850
Net profit for the period	-	-	-	-	-	6,686	6,686
Transfer (to)/ from reserves	-	-	39,002	-	-	(39,002)	-
Dividends	-	-	-	-	-	-	-
<b>At 31 December 2004</b>	<b>2,006</b>	<b>12,110</b>	<b>94,338</b>	<b>2,672</b>	<b>10,000</b>	<b>1,333</b>	<b>126,536</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Report for the year ended 30 June 2005)

**KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441 K)**  
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**Condensed Consolidated Cash Flow Statement**  
**for the year ended 31 December 2005**  
(The figures have not been audited)

	6 months ended	
	31 December 2005 RM'000	31 December 2004 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,847	7,429
Adjustments for :		
Depreciation	47	3
Provision for retirement benefit	14	4
Dividend income	(850)	(892)
Interest income	(471)	(302)
Share of results of associated company	(1,419)	(3,524)
Unrealised foreign exchange gain	123	(1,805)
Operating profit before working capital changes	291	913
Receivables	(200)	624
Inventories	(126)	(70)
Payables	(60)	(53)
Cash generated from operations	(95)	1,414
Taxes paid	(242)	(347)
Net cash (used in) from operating activities	(337)	1,067
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received	380	873
Interest received	465	228
Purchase of investment	-	(604)
Purchase of property, plant and equipment	-	(4)
Net cash from investing activities	845	493
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Dividend paid	(433)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	75	1,560
EFFECTS OF EXCHANGE RATE CHANGES	(108)	1,805
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	40,093	38,948
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	40,060	42,313

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 30 June 2005)

**KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441 K)**  
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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 30 June 2005. 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 Group since the financial year ended 30 June 2005.

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 30 June 2005.

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

The auditors' report on the financial statements for the year ended 30 June 2005 was not qualified.

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

The revenue and earnings are impacted by the production of fresh fruit bunches and volatility of the selling price of crude palm oil. The production of fresh fruit bunches is influenced by weather conditions, production cycle and age of palms.

**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 31 December 2005 other than the write-back of the extraordinary gain which was recognised in the last financial year based on the issuance of Form K on 11 December 2004. This write-back was due to the State Government 's subsequent decision on 11 November 2005 not to acquire part of the Company's estate.

**5. Changes in Estimates**

There were no changes in estimates of amounts reported in prior financial year.

**6. Debt and Equity Securities**

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellation, share held as treasury shares and resale of treasury shares for the 6 months to-date.

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**PART A- EXPLANATORY NOTES PURSUANT TO FRS 134**

**7. Dividends Paid**

The amount of dividends paid during the financial period ended 31 December 2005 were as follows:

In respect of the financial year ended 30 June 2005, as reported in the directors' report of that year:

	Amount RM'000	Net Dividend per share (Sen)
First and final ordinary dividend of 1% less 28% taxation	<u>433</u>	<u>0.7</u>

**8. Segmental Information**

<u>Cumulative to-date</u>	<u>Plantation</u>		<u>Investments</u>		<u>Consolidated</u>	
	2005 RM '000	2004 RM '000	2005 RM '000	2004 RM '000	2005 RM '000	2004 RM '000
<b>REVENUE AND EXPENSES</b>						
<b>Revenue</b>						
External	1,807	2,530	1,321	1,194	3,128	3,724
Total revenue	<u>1,807</u>	<u>2,530</u>	<u>1,321</u>	<u>1,194</u>	<u>3,128</u>	<u>3,724</u>
<b>Result</b>						
Segment result	871	1,608	1,304	2,068	2,175	3,676
Unallocated corporate expenses					(626)	(1,575)
Foreign exchange gain/(loss)	1	-	(122)	1,804	(121)	1,804
Profit from operations					<u>1,428</u>	<u>3,905</u>
Share of results of associates	-	-	1,419	3,524	1,419	3,524
Taxation					(629)	(743)
					<u>2,218</u>	<u>6,686</u>
Extraordinary item					(350)	-
					<u>1,868</u>	<u>6,686</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. 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 Group's revenue of RM3.128 million for the 6-month period ended 31 December 2005 was lower by RM596,000 as compared to that of prior corresponding 6-month period ended 31 December 2004. This was due to lower sales and dividend income offset by higher interest income. Profit before taxation of RM2.850 million was significantly lower than the RM7.429 million achieved during the 6-month period ended 31 December 2004. This was mainly due to lower share of results of associates and unrealised exchange loss of RM122,000 incurred for the current period as compared to the unrealised exchange gain of RM1.804 million attained for the prior corresponding period.

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

For the quarter under review, the Group's pre-tax profit of RM2.148 million was higher than the immediate preceding quarter's RM702,000 despite lower share of profit of associates. The better result was due to higher investment income, lower operating expenses and unrealised exchange gain as compared to a loss of RM128,000 in the immediate preceding quarter.

**15. Commentary on Prospects**

The plantation contribution is not expected to improve for the rest of the financial year due to lower production expected from older palms and replanting. The performance of the associated companies is affected by the market valuation of their investments. Currency fluctuations will continue to have an effect on the results.

**16. Profit Forecast and Profit Guarantee**

There is no profit forecast or 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
Current period's provision:				
Malaysian income tax	111	186	149	304
Foreign tax	48	58	48	58
	<u>159</u>	<u>244</u>	<u>197</u>	<u>362</u>
Share of taxation of associated companies	234	157	432	381
	<u>393</u>	<u>401</u>	<u>629</u>	<u>743</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	Year To Date RM'000
Profit before tax	2,145	2,847
Tax rate applicable for the current year at 28%	601	797
Expenses not deductible for tax purposes	23	59
Foreign source income at lower tax rate	(24)	(24)
Profits in subsidiary not subject to tax	(215)	(237)
Share of associated companies results at lower tax rate	8	34
	<u>393</u>	<u>629</u>

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

There were no sales of unquoted investments and properties.

**19. Quoted securities**

(a) There was no purchase or disposal of quoted securities for the current quarter.

(b) Summary of details of all investments in quoted securities as at 31 December 2005:

	RM'000
Total investment at cost	<u>8,485</u>
Total investment at market value	<u>19,266</u>

**20. Corporate Proposals**

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

**21. Borrowings and Debt Securities**

There were no group borrowings and debt securities as at 31 December 2005.

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

**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 period ended 31 December 2005.

**25. Basic Earnings Per Share**

	Individual Quarter		Year To Date	
	Current Quarter 31.12.2005	Comparative Quarter 31.12.2004	Current Period 31.12.2005	Comparative Period 31.12.2004
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to shareholders	1,402	5,390	1,868	6,686
Ordinary shares	60,191	60,191	60,191	60,191
Basic (loss)/earnings per share (sen)	<u>2.33</u>	<u>8.95</u>	<u>3.10</u>	<u>11.11</u>

The comparative basic earnings per share has been restated to take into account the effect of the bonus issue.