

**PK RESOURCES BERHAD (Company No. 17654-P)***(Incorporated in Malaysia)***CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE 6 MONTHS ENDED 30 JUNE 2006**

|   | <u>2006</u><br>Current<br>Quarter Ended<br>30 June<br>(RM '000) | <u>2005</u><br>Comparative<br>Quarter Ended<br>30 June<br>(RM '000) | <u>2006</u><br>6 months<br>Cumulative<br>to date<br>(RM '000) | <u>2005</u><br>6 months<br>Cumulative<br>to date<br>(RM '000) |
|---|---|---|---|---|
| <b><u>Continuing Operations</u></b>                           |   |   |   |   |
| Revenue   | 39,155  | 39,729  | 77,606  | 78,807  |
| Cost Of Sales   | (18,999)  | (12,538)  | (36,916)  | (33,398)  |
| Gross Profit  | 20,156  | 27,191  | 40,690  | 45,409  |
| Other Income  | 781   | 1,882   | 1,650   | 2,620   |
| Administrative Expenses                                       | (14,811)  | (24,221)  | (29,682)  | (38,688)  |
| Selling and Marketing Expenses                                | (1,065)   | (1,219)   | (2,156)   | (1,985)   |
| Other Expenses  | (2,959)   | (3,959)   | (5,727)   | (7,894)   |
| Finance costs   | (2,077)   | (2,683)   | (4,223)   | (5,381)   |
| Share of loss of Associate                                    | (5)   | (5)   | (7)   | (5)   |
| Profit/(loss) before tax                                      | 20  | (3,014)   | 545   | (5,924)   |
| Taxation  | (631)   | (267)   | (2,305)   | (1,076)   |
| Loss for the period from<br>continuing operations             | (611)   | (3,281)   | (1,760)   | (7,000)   |
| <b><u>Discontinued Operation</u></b>                          |   |   |   |   |
| (Loss)/profit for the period from<br>a discontinued operation | -   | (4,856)   | -   | 1,884   |
| <b>Loss for the period</b>                                    | <b>(611)</b>  | <b>(8,137)</b>  | <b>(1,760)</b>  | <b>(5,116)</b>  |
| Attributable to:  |   |   |   |   |
| Equity holders of PK Resources Bhd                            | (894)   | (8,846)   | (2,281)   | (6,790)   |
| Minority interest   | 283   | 709   | 521   | 1,674   |
|   | (611)   | (8,137)   | (1,760)   | (5,116)   |
| EPS - Basic (sen)   | (0.78)  | (7.76)  | (2.00)  | (5.95)  |
| - Diluted (sen)   | N/A   | N/A   | N/A   | N/A   |

(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31<sup>st</sup> December 2005 and the accompanying explanatory notes attached to the interim financial statements)

**PK RESOURCES BERHAD (Company No. 17654-P)***(Incorporated in Malaysia)***CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 30 JUNE 2006**

|  | As at<br>30 Jun 2006<br><br>(RM '000) | As at<br>31 Dec 2005<br>(restated)<br>(RM '000) |
|--|---------------------------------------|---|
| <b>ASSETS</b>  |                                       |   |
| <b>Non Current Assets</b>                                  |                                       |   |
| Property, Plant and Equipment                              | 215,638                               | 219,703   |
| Land Held For Development                                  | 125,485                               | 125,309   |
| Investments In Associate                                   | 1,054                                 | 1,061   |
| Investment Properties                                      | 4,632                                 | 4,743   |
| Land Use Rights  | 12,680                                | 12,867  |
| Goodwill   | 888                                   | 888   |
| Other Investments  | 1,006                                 | 2,518   |
| Deferred Tax Assets  | 7,715                                 | 7,718   |
|  | <u>369,098</u>                        | <u>374,807</u>                                  |
| <b>Current Assets</b>                                      |                                       |   |
| Property Development Expenditure                           | 262,477                               | 277,724   |
| Inventories  | 79,004                                | 80,764  |
| Trade and Other Debtors                                    | 83,485                                | 84,824  |
| Tax Recoverable  | 7,500                                 | 9,574   |
| Cash and Bank Balances                                     | 15,434                                | 9,909   |
|  | <u>447,900</u>                        | <u>462,795</u>                                  |
| <b>TOTAL ASSETS</b>  | <u>816,998</u>                        | <u>837,602</u>                                  |
| <b>EQUITY AND LIABILITIES</b>                              |                                       |   |
| <b>Equity attributable to equity holders of the parent</b> |                                       |   |
| Share Capital  | 114,036                               | 114,036   |
| Reserves   | 312,685                               | 314,966   |
|  | <u>426,721</u>                        | <u>429,002</u>                                  |
| <b>Minority Interest</b>                                   | <u>131,308</u>                        | <u>130,787</u>                                  |
| <b>Total Equity</b>  | <u>558,029</u>                        | <u>559,789</u>                                  |
| <b>Non Current Liabilities</b>                             |                                       |   |
| Long Term Borrowings                                       | 68,879                                | 53,780  |
| Deferred Tax Liabilities                                   | 38,393                                | 37,811  |
|  | <u>107,272</u>                        | <u>91,591</u>                                   |
| <b>Current Liabilities</b>                                 |                                       |   |
| Trade and Other Creditors                                  | 99,522                                | 108,851   |
| Bank Overdraft   | 6,864                                 | 6,192   |
| Short Term Borrowings                                      | 44,696                                | 70,819  |
| Provision For Taxation                                     | 615                                   | 360   |
|  | <u>151,697</u>                        | <u>186,222</u>                                  |
| <b>Total Liabilities</b>                                   | <u>258,969</u>                        | <u>277,813</u>                                  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        | <u>816,998</u>                        | <u>837,602</u>                                  |
| <b>Net Assets Per Share (RM)</b>                           | <u>3.74</u>                           | <u>3.76</u>                                     |

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31<sup>st</sup> December 2005 and the accompanying explanatory notes attached to the interim financial statements)

**PK RESOURCES BERHAD (Company No. 17654-P)***(Incorporated in Malaysia)***CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE 6 MONTHS ENDED 30 JUNE 2006**

|  | <b><u>2006</u></b><br><b>6 months</b><br><b>ended</b><br><b>30 June</b><br><b>(RM '000)</b> | <b><u>2005</u></b><br><b>6 months</b><br><b>ended</b><br><b>30 June</b><br><b>(RM '000)</b> |
|--|---|---|
| <b>OPERATING ACTIVITIES</b>                              |   |   |
| Profit/(loss) before tax                                 | 545   | (3,316)   |
| <b>Adjustments for non-cash flow items :</b>             |   |   |
| Depreciation of property, plant and equipment            | 5,018   | 5,024   |
| Loss retained in associate                               | 7   | 5   |
| Loss on disposal of subsidiaries                         | -   | 7,503   |
| Impairment of investment                                 | (172)   | 952   |
| Other non-cash items                                     | 3,709   | 7,310   |
| Operating profit before changes in working capital       | 9,107   | 17,478  |
| <b>Changes in working capital</b>                        |   |   |
| Net changes in property development expenditure          | 15,070  | (25,112)  |
| Net changes in current assets                            | 3,032   | 156,619   |
| Net changes in current liabilities                       | (12,944)  | (148,640)   |
| Net cash flows generated from operating activities       | 14,265  | 345   |
| <b>INVESTING ACTIVITIES</b>                              |   |   |
| Property, plant & equipment                              | (327)   | (1,885)   |
| Proceeds from disposal of subsidiaries                   | -   | 15,668  |
| Other investing activities                               | 2,116   | (225)   |
| Net cash flows generated from investing activities       | 1,789   | 13,558  |
| <b>FINANCING ACTIVITIES</b>                              |   |   |
| Bank borrowings  | (11,072)  | (7,455)   |
| Other financing activities                               | (129)   | 20  |
| Net cash flows used in financing activities              | (11,201)  | (7,435)   |
| Net increase in cash and cash equivalents                | 4,853   | 6,468   |
| Cash and cash equivalents at beginning of year           | 3,717   | 2,769   |
| Cash and cash equivalents at end of period               | 8,570   | 9,237   |
| <b>Cash and cash equivalents comprise the following:</b> |   |   |
| Cash and Bank Balances                                   | 15,434  | 15,536  |
| Bank Overdraft   | (6,864)   | (6,299)   |
|  | 8,570   | 9,237   |

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31<sup>st</sup> December 2005 and the accompanying explanatory notes attached to the interim financial statements)

**PK RESOURCES BERHAD (Company No. 17654-P)***(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE 6 MONTHS ENDED 30 JUNE 2006**

|  | ← Attributable to Equity Holders of the Parent → |  |  |                                  | Total<br>(RM '000) | Minority<br>Interest<br>(RM '000) | Total<br>Equity<br>(RM '000) |
|--|--|--|--|----------------------------------|--------------------|-----------------------------------|------------------------------|
|  | Share<br>Capital<br>(RM '000)                    | Reserve<br>attributable to<br>Capital<br>(RM '000) | Reserve<br>attributable to<br>Revenue<br>(RM '000) | Retained<br>Profits<br>(RM '000) |                    |                                   |                              |
| <b>6 months<br/>ended 30 June 2006</b>   |  |  |  |                                  |                    |                                   |                              |
| At 1 January 2006  | 114,036  | 133,289  | 333  | 181,344                          | 429,002            | 130,787                           | 559,789                      |
| Movements during<br>the period   |  |  |  |                                  |                    |                                   |                              |
| - Loss for the period  | -  | -  | -  | (2,281)                          | (2,281)            | 521                               | (1,760)                      |
| At 30 June 2006  | 114,036  | 133,289  | 333  | 179,063                          | 426,721            | 131,308                           | 558,029                      |
| <b>(restated)<br/>6 months<br/>ended 30 June 2005</b>                              |  |  |  |                                  |                    |                                   |                              |
| At 1 January 2005  | 114,036  | 134,904  | 357  | 180,292                          | 429,589            | 125,553                           | 555,142                      |
| Movements during<br>the period   |  |  |  |                                  |                    |                                   |                              |
| - Premium on shares<br>issued to<br>non-participating<br>minority interest         | -  | 15   | -  | -                                | 15                 | 5                                 | 20                           |
| - Loss for the period  | -  | -  | -  | (6,790)                          | (6,790)            | 1,674                             | (5,116)                      |
| - Realisation of reserve<br>on consolidation<br>due to disposal<br>of subsidiaries | -  | -  | -  | (284)                            | (284)              | -                                 | (284)                        |
| At 30 June 2005  | 114,036  | 134,919  | 357  | 173,218                          | 422,530            | 127,232                           | 549,762                      |

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31<sup>st</sup> December 2005 and the accompanying explanatory notes attached to the interim financial statements)



## **1. BASIS OF PREPARATION**

The interim financial report has been prepared in accordance with FRS 134<sub>2004</sub> Interim Financial Reporting and Chapter 9 part K of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2005.

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2005 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 January 2006:

|         |  |
|---------|--|
| FRS 2   | Share-based Payment  |
| FRS 3   | Business Combinations  |
| FRS 5   | Non-current Assets Held for Sale and Discontinued Operations |
| FRS 101 | Presentation of Financial Statements                         |
| FRS 102 | Inventories  |
| FRS 108 | Accounting Policies, Changes in Estimates and Errors         |
| FRS 110 | Events after the Balance Sheet Date                          |
| FRS 116 | Property, Plant and Equipment                                |
| FRS 121 | The Effects of Changes in Foreign Exchange Rates             |
| FRS 127 | Consolidated and Separate Financial Statements               |
| FRS 128 | Investments in Associates                                    |
| FRS 131 | Interests in Joint Ventures                                  |
| FRS 132 | Financial Instruments: Disclosure and Presentation           |
| FRS 133 | Earnings Per Share   |
| FRS 136 | Impairment of Assets   |
| FRS 138 | Intangible Assets  |
| FRS 140 | Investment Property  |

In addition to the above, the Group has also taken the option of early adoption of the following new FRS for the financial period beginning 1 January 2006:

|         |                           |
|---------|---------------------------|
| FRS 117 | Leases                    |
| FRS 124 | Related Party Disclosures |

The adoption of FRS 2, 5, 102, 108, 110, 116, 121, 124, 127, 128, 131, 132 and 133 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below:

### **a) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets**

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138.



**1. BASIS OF PREPARATION (CONTD.)**

Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised in profit and loss and subsequent reversal is not allowed. Prior to 1 January 2006, goodwill was amortised on a straight-line basis over its estimated useful life of 25 years. The carrying amount of goodwill as at 1 January 2006 ceased to be amortised.

**b) FRS 101 - Presentation of Financial Statements**

The adoption of the revised FRS 101 has affected the presentation of minority interest and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are now presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

**c) FRS 117 - Leases**

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. Prior to 1 January 2006, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation. A portion of the leasehold land was stated at valuation less accumulated depreciation.

Upon adoption of the revised FRS 117 at 1 January 2006, the unamortised revalued amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and as disclosed in Note 2, certain comparative amounts as at 31 December 2005 have been restated.

These prepaid lease payments are classified as "Land Use Rights" in the Balance Sheet.

**d) FRS 140 - Investment Property**

The adoption of this new FRS has resulted in a change in accounting policy for investment properties.

Investment properties are land or buildings held to earn rentals or for capital appreciation or both and not for:

- i) Use in the production or supply of goods and services or for administrative purposes;
- ii) Sale in the ordinary course of business.

Investment properties are measured at depreciated cost less any accumulated impairment losses under the Cost Model.

In accordance with the transitional provisions of FRS 140, this change in accounting policy is applied retrospectively and the comparatives as at 31 December 2005 are restated.

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**NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE 6 MONTHS ENDED 30 JUNE 2006**

**2. COMPARATIVES**

The following comparative amounts have been restated due to the adoption of new and revised FRSs:

|                                  | <b>Previously<br/>stated<br/>RM '000</b> | <b>FRS 140<br/>Note 1(d)<br/>RM '000</b> | <b>FRS 117<br/>Note 1(c)<br/>RM '000</b> | <b>Restated<br/>RM '000</b> |
|----------------------------------|--|--|--|-----------------------------|
| <b>At 31 December 2005</b>       |  |  |  |                             |
| Property, plant and equipment    | 236,575                                  | (4,005)                                  | (12,867)                                 | 219,703                     |
| Investment properties            | -  | 4,743                                    | -  | 4,743                       |
| Land use rights                  | -  | -  | 12,867                                   | 12,867                      |
| Property development expenditure | 278,462                                  | (738)                                    | -  | 277,724                     |

**3. AUDIT QUALIFICATION OF PRECEDING AUDITED ANNUAL REPORT**

There were no audit qualifications in the Group's preceding audited annual report.

**4. SEASONAL OR CYCLICAL FACTORS**

The Group's operations are not materially affected by any seasonal or cyclical events.

**5. UNUSUAL ITEMS**

There were no unusual items that affect assets, liabilities, equity, net income or cashflows for the current interim quarter and financial period to date.

**6. MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED IN PRIOR INTERIM PERIODS OR FINANCIAL YEARS**

There were no material changes in the estimates of amounts reported in prior interim periods that have material effect in the current interim period.

**7. CHANGES IN SHARE CAPITAL**

There has been no issuance or repayment of debts and equity securities, shares buy-back, share cancellations, shares held as treasury shares and resale of treasury shares for the current interim quarter and period ended 30 June 2006.

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## NOTES TO THE QUARTERLY FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30 JUNE 2006

### 8. SEGMENTAL INFORMATION

The segment revenue and results for the Company and its subsidiaries are set out below:

|                                      | Segment Revenue        |         | Segment Result |          |
|--------------------------------------|------------------------|---------|----------------|----------|
|                                      | 6 months ended 30 June |         |                |          |
|                                      | 2006                   | 2005    | 2006           | 2005     |
|                                      | RM '000                | RM '000 | RM '000        | RM '000  |
| <b><u>Continuing Operations</u></b>  |                        |         |                |          |
| Property development                 | 37,370                 | 43,698  | 1,405          | 8,562    |
| Hotelling                            | 13,568                 | 9,987   | (907)          | (788)    |
| Education                            | 16,929                 | 14,869  | 3,562          | 2,743    |
| Unallocated reconciling items        | 9,739                  | 10,253  | (935)          | (13,958) |
|                                      | 77,606                 | 78,807  | 3,125          | (3,441)  |
| <b><u>Discontinued Operation</u></b> |                        |         |                |          |
| Fertilizers & agrochemical products  | -                      | 148,881 | -              | 4,590    |
|                                      | 77,606                 | 227,688 | 3,125          | 1,149    |

### 9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 December 2005.

### 10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

In the opinion of the Board of Directors, save as disclosed below, there were no material events or transactions which have arisen during the period from the end of the interim quarter to the date of this announcement that would materially affect the results or operations of the Group.

On 31 July 2006, the Company paid a first and final dividend of 3 sen per share less income tax of 28% in respect of the financial year ended 31 December 2005, amounted to RM2,463,167. The first and final dividend had been approved for payment to shareholders at the Company's 32nd Annual General Meeting held on 27 June 2006.

### 11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes to the composition of the Group during the interim period including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinuing operations.

### 12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets since the last audited accounts.



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**13. CAPITAL COMMITMENTS**

The changes in capital commitments not provided for since the last annual report are as follows :

|                                 | <b>Group</b>                           |  |
|---------------------------------|--|--|
|                                 | <b>As At<br/>30.06.2006<br/>RM'000</b> | <b>Audited<br/>As At<br/>31.12.2005<br/>RM'000</b> |
| Approved and contracted for     | 332                                    | 84   |
| Approved and not contracted for | -                                      | 43   |
|                                 | <b>332</b>                             | <b>127</b>   |

**14. RELATED PARTY TRANSACTIONS**

The significant related party transactions for the financial year to date are as follows:

|   | <b>Group</b>                           |  |
|---|--|--|
|   | <b>As At<br/>30.06.2006<br/>RM'000</b> | <b>Audited<br/>As At<br/>31.12.2005<br/>RM'000</b> |
| Rental paid to a company in which certain directors have financial interests<br>- G.O. Construction Sdn Bhd | 68                                     | 135  |
| Sales of fertilizers to a substantial shareholder of PK Resources Bhd<br>- FELDA                            | -                                      | 16,943   |
| Sale of subsidiaries to a company in which a director have financial interest<br>- Pristine Acres Sdn Bhd   | -                                      | 31,300   |

**15. REVIEW OF PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES FOR THE CURRENT QUARTER.**

For the current quarter, the Group achieved a turnover of RM39.16 million (2005 : RM72.64 million) with a pre-tax profit of RM0.02 million (2005 : pre-tax loss of RM7.79 million). The higher revenue of the preceding year's corresponding quarter was inclusive of RM32.71 million from the Group's fertilizer and agrochemical business that was disposed in April last year.

Despite a lower turnover, the Group recorded a pre-tax profit as compared to the preceding year's corresponding quarter pre-tax loss which accounted for a loss on disposal of RM7.50 million of the fertilizer and agrochemical business as mentioned above.

The Group's property business remain affected by the slowdown in property market with revenue of RM18.68 million for the quarter (RM18.69 million in the immediate preceding quarter).

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**16. MATERIAL CHANGES IN THE PROFIT BEFORE TAXATION FOR THE QUARTER COMPARED TO THE IMMEDIATE PRECEDING QUARTER**

The Group posted a pre-tax profit of RM0.02 million for the current quarter compared with a pretax profit of RM0.53 million for the immediate preceding quarter, mainly due to the slowdown in the Group's property business

**17. CURRENT YEAR'S PROSPECTS**

The Group's results is largely dependent on its property development activity. As the property sector is expected to continue to be slow, the Group's performance for the 3rd and 4th quarter is not expected to improve significantly as compared to the previous quarters.

**18. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT**

The Group did not issue any profit forecast or profit guarantee in a public document during the financial period to date.

**19. TAXATION**

Taxation is made up as follows:-

|                                | 3 months                      |                               | 6 months                      |                               |
|--------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                                | Ended<br>30.06.2006<br>RM'000 | Ended<br>30.06.2005<br>RM'000 | Ended<br>30.06.2006<br>RM'000 | Ended<br>30.06.2005<br>RM'000 |
| Current tax expense            | 447                           | 324                           | 1,486                         | 1,588                         |
| Under provision for prior year | -                             | -                             | 235                           | -                             |
| Deferred tax expense           | 184                           | 23                            | 584                           | 212                           |
| Total                          | 631                           | 347                           | 2,305                         | 1,800                         |

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**19. TAXATION (CONTD.)**

The effective tax rate for the quarter and period ended 30 June 2006 which was higher than the statutory tax rate, is reconciled as follows :

|  | <b>3 months<br/>Ended<br/>30.06.2006<br/>RM'000</b> | <b>6 months<br/>Ended<br/>30.06.2006<br/>RM'000</b> |
|--|---|---|
| Profit before tax  | 20  | 545   |
| Taxation at Malaysian statutory tax rate of 28%                              | 6   | 153   |
| Tax savings in small and medium scale company                                | (39)  | (39)  |
| Tax effect of expenses that are not deductible in determining taxable profit | 552   | 1,070   |
| Tax benefit not recognised during the year                                   | 112   | 886   |
| Under provision for prior year   | -   | 235   |
| Taxation for the period  | 631   | 2,305   |

**20. SALE OF INVESTMENTS AND PROPERTIES**

There were no sale of investments and/or assets for the current quarter and financial period to date.

**21. QUOTED SECURITIES**

Details of investment in quoted securities are as follows :

|                                  | <b>3 months<br/>Ended<br/>30.06.2006<br/>RM'000</b> | <b>6 months<br/>Ended<br/>30.06.2006<br/>RM'000</b> |
|----------------------------------|---|---|
| Total disposal (at cost)         | 1,684   | 1,684   |
| Purchase consideration (at cost) | 2,970   | 2,970   |
| Total loss on disposal           | 1,286   | 1,286   |

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**NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
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**21. QUOTED SECURITIES (CONTD.)**

|                                    | <b>As At<br/>30.06.2006<br/>RM'000</b> | <b>As At<br/>31.12.2005<br/>RM'000</b> |
|------------------------------------|--|--|
| Investment in quoted securities: * |  |  |
| At cost                            | 1,976                                  | 4,946                                  |
| At book value                      | 1,006                                  | 2,518                                  |
| At market value                    | 1,006                                  | 2,518                                  |

\* Quoted shares received as consideration from sale of Asiaprise Biotech Sdn Bhd. in 2004.

**22. STATUS OF CORPORATE PROPOSALS**

There were no corporate proposals announced but not completed as at 23 August 2006.

**23. GROUP BORROWINGS**

The Group's borrowings as at the end of the reporting period are as follows :-

(a) Secured and unsecured :

|                            | <b>6 months<br/>Ended<br/>30.06.2006<br/>RM '000</b> |
|----------------------------|--|
| Total secured borrowings   | 119,223  |
| Total unsecured borrowings | 1,216  |
| Total borrowings           | 120,439  |

(b) Short-term and long-term

|   | <b>6 months<br/>Ended<br/>30.06.2006<br/>RM '000</b> |
|---|--|
| Total short-term borrowings               | 51,560   |
| Total long-term borrowings                | 68,879   |
| Total short-term and long-term borrowings | 120,439  |

(c) All the debts/borrowings are denominated in Ringgit Malaysia.

**PK RESOURCES BERHAD (Company No. 17654-P)**

*(Incorporated in Malaysia)*



**NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE 6 MONTHS ENDED 30 JUNE 2006**

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**24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no off balance sheet financial instruments at the latest practicable date.

**25. MATERIAL LITIGATION**

There is a pending claim of RM10.00 million against a subsidiary, Nilai Springs Bhd for an alleged breach of contract. Nilai Springs Bhd has denied the claim, and its application to the High Court to strike off the claim was allowed on 28 November 2001. The plaintiff filed a notice of appeal to the Court of Appeal against the High Court's decision on 20 December 2001. The appeal was heard on 22 November 2005 and was allowed with costs. Nilai Springs Berhad had subsequently filed an application with the Federal Court for leave to appeal to the Federal Court. No date has been fixed by the Federal Court for the said application.

**26. DIVIDENDS**

- a) On 31 July 2006, the Company paid a first and final dividend of 3 sen per share less income tax of 28% in respect of the financial year ended 31 December 2005, amounted to RM2,463,167. The first and final dividend had been approved for payment to shareholders at the Company's 32nd Annual General Meeting held on 27 June 2006.
- b) No interim dividend has been declared for the current quarter ended 30 June 2006.

**27. EARNINGS PER SHARE**

- a) Basic earnings/(loss) per share

The calculation of basic loss per share for the current quarter is based on the net loss attributable to ordinary shareholders of RM0.89 million and the weighted average number of ordinary shares outstanding during the current year to date of 114,035,500 ordinary shares.

- b) Fully diluted earnings per share

The fully diluted earnings per share is anti-dilutive and hence it is not presented.

**BY ORDER OF THE BOARD**

**PAUL YONG POW CHOY  
IRENE WONG SOOK PING**

Company Secretaries  
23 August 2006