

PK RESOURCES BERHAD (Company No. 17654-P)*(Incorporated in Malaysia)***CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2006**

	<u>2006</u> Current Quarter Ended 30 September (RM '000)	<u>2005</u> Comparative Quarter Ended 30 September (RM '000)	<u>2006</u> 9 months Cumulative to date (RM '000)	<u>2005</u> 9 months Cumulative to date (RM '000)
<u>Continuing Operations</u>				
Revenue	35,025	52,063	113,105	130,870
Cost Of Sales	(14,541)	(25,775)	(51,457)	(59,173)
Gross Profit	20,484	26,288	61,648	71,697
Other Income	869	705	2,758	3,325
Administrative Expenses	(15,126)	(15,900)	(44,199)	(57,471)
Selling and Marketing Expenses	(1,147)	(1,312)	(3,303)	(3,296)
Other Expenses	(3,809)	(2,407)	(10,858)	(7,382)
Finance costs	(2,053)	(2,623)	(6,276)	(8,040)
Share of loss of Associate	(3)	(2)	(10)	(7)
(Loss)/profit before tax	(785)	4,749	(240)	(1,174)
Taxation	(778)	(189)	(3,083)	(1,265)
(Loss)/profit for the period from continuing operations	(1,563)	4,560	(3,323)	(2,439)
<u>Discontinued Operation</u>				
Profit for the period from a discontinued operation	-	-	-	1,884
(Loss)/profit for the period	(1,563)	4,560	(3,323)	(555)
Attributable to:				
Equity holders of PK Resources Bhd	(1,542)	3,025	(3,823)	(3,765)
Minority interest	(21)	1,535	500	3,210
	(1,563)	4,560	(3,323)	(555)
EPS - Basic (sen)	(1.35)	2.65	(3.35)	(3.30)
- 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 31st 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 SEPTEMBER 2006**

	As at 30 Sep 2006 (RM '000)	As at 31 Dec 2005 (restated) (RM '000)
ASSETS		
Non Current Assets		
Property, Plant and Equipment	166,126	219,703
Land Held For Development	125,485	125,309
Investments In Associate	1,052	1,061
Investment Properties	4,577	4,743
Land Use Rights	5,629	12,867
Goodwill	888	888
Other Investments	-	2,518
Deferred Tax Assets	7,716	7,718
	<u>311,473</u>	<u>374,807</u>
Non Current Assets Held For Sale	54,677	-
Current Assets		
Property Development Expenditure	257,610	277,724
Inventories	78,722	80,764
Trade and Other Debtors	83,446	84,824
Tax Recoverable	5,934	9,574
Cash and Bank Balances	15,819	9,909
	<u>441,531</u>	<u>462,795</u>
TOTAL ASSETS	<u>807,681</u>	<u>837,602</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	114,036	114,036
Reserves	308,680	314,966
	<u>422,716</u>	<u>429,002</u>
Minority Interest	131,583	130,787
Total Equity	<u>554,299</u>	<u>559,789</u>
Non Current Liabilities		
Long Term Borrowings	67,549	53,780
Deferred Tax Liabilities	38,866	37,811
	<u>106,415</u>	<u>91,591</u>
Current Liabilities		
Trade and Other Creditors	100,712	108,851
Bank Overdraft	6,926	6,192
Short Term Borrowings	38,674	70,819
Provision For Taxation	655	360
	<u>146,967</u>	<u>186,222</u>
Total Liabilities	<u>253,382</u>	<u>277,813</u>
TOTAL EQUITY AND LIABILITIES	<u>807,681</u>	<u>837,602</u>
Net Assets Per Share (RM)	<u>3.71</u>	<u>3.76</u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31st 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 9 MONTHS ENDED 30 SEPTEMBER 2006**

	<u>2006</u> 9 months ended 30 September (RM '000)	<u>2005</u> 9 months ended 30 September (RM '000)
OPERATING ACTIVITIES		
(Loss)/profit before tax	(240)	1,434
Adjustments for non-cash flow items :		
Depreciation of property, plant and equipment	7,547	8,170
Loss retained in associate	10	7
Loss on disposal of subsidiaries	-	7,503
(Writeback)/impairment of investment	(171)	981
Other non-cash items	5,898	9,480
Operating profit before changes in working capital	13,044	27,575
Changes in working capital		
Net changes in property development expenditure	19,938	(26,623)
Net changes in current assets	2,900	(63,505)
Net changes in current liabilities	(12,508)	46,690
Net cash flows generated from/(used in) operating activities	23,374	(15,863)
INVESTING ACTIVITIES		
Property, plant & equipment	(752)	(3,049)
Proceeds from disposal of subsidiaries	-	19,827
Other investing activities	3,819	243
Net cash flows generated from investing activities	3,067	17,021
FINANCING ACTIVITIES		
Bank borrowings	(18,450)	(13,113)
Other financing activities	(2,815)	24,312
Net cash flows used in/(generated from) financing activities	(21,265)	11,199
Net increase in cash and cash equivalents	5,176	12,357
Cash and cash equivalents at beginning of year	3,717	2,769
Cash and cash equivalents at end of period	8,893	15,126
Cash and cash equivalents comprise the following:		
Cash and Bank Balances	15,819	21,520
Bank Overdraft	(6,926)	(6,394)
	8,893	15,126

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31st 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 9 MONTHS ENDED 30 SEPTEMBER 2006**

	← Attributable to Equity Holders of the Parent →				Total (RM '000)	Minority Interest (RM '000)	Total Equity (RM '000)
	Share Capital (RM '000)	Reserve attributable to Capital (RM '000)	Reserve attributable to Revenue (RM '000)	Retained Profits (RM '000)			
9 months ended 30 September 2006							
At 1 January 2006	114,036	133,289	333	181,344	429,002	130,787	559,789
Movements during the period							
- Premium on shares issued to non-participating minority interest	-	-	-	-	-	452	452
- Loss for the period	-	-	-	(3,823)	(3,823)	500	(3,323)
- Dividend paid for the year ended 31 December 2005	-	-	-	(2,463)	(2,463)	-	(2,463)
- Dividend paid to minority shareholders in a subsidiary for the year ended 31 December 2005	-	-	-	-	-	(156)	(156)
At 30 September 2006	114,036	133,289	333	175,058	422,716	131,583	554,299
(restated) 9 months ended 30 September 2005							
At 1 January 2005	114,036	134,904	357	180,292	429,589	125,552	555,141
Movements during the period							
- Premium on shares issued to non-participating minority interest	-	15	-	-	15	5	20
- Loss for the period	-	-	-	(3,765)	(3,765)	3,210	(555)
- Realisation of reserve on consolidation due to disposal of subsidiaries	-	-	-	(284)	(284)	-	(284)
- Dividend paid for the year ended 31 December 2004	-	-	-	(2,463)	(2,463)	-	(2,463)
- Dividend paid to minority shareholders in a subsidiary for the year ended 31 December 2004	-	-	-	-	-	(207)	(207)
At 30 September 2005	114,036	134,919	357	173,780	423,092	128,560	551,652

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



**NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2006**

1. BASIS OF PREPARATION

The interim financial report has been prepared in accordance with FRS 134₂₀₀₄ 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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2. COMPARATIVES

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

	Previously stated RM '000	FRS 140 Note 1(d) RM '000	FRS 117 Note 1(c) RM '000	Restated RM '000
At 31 December 2005				
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 September 2006.

PK RESOURCES BERHAD (Company No. 17654-P)*(Incorporated in Malaysia)***NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2006****8. SEGMENTAL INFORMATION**

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

	Segment Revenue		Segment Result	
	← 9 months ended 30 September →			
	2006	2005	2006	2005
	RM '000	RM '000	RM '000	RM '000
<u>Continuing Operations</u>				
Property development	53,745	76,823	2,025	14,918
Hotelling	20,677	20,222	(1,185)	(1,343)
Education	26,294	22,743	4,938	4,669
Unallocated reconciling items	12,389	11,082	(2,490)	(14,567)
	113,105	130,870	3,288	3,677
<u>Discontinued Operation</u>				
Fertilizers & agrochemical products	-	148,881	-	4,178
	113,105	279,751	3,288	7,855

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 9 November 2006, PK Hotels & Leisure Sdn Bhd, a wholly owned subsidiary, disposed its hotel building together with the furniture, fittings and equipment to Al-Hasry Trevel & Tours Sdn Bhd for a cash consideration of RM12,613,290. Based on the latest audited financial statements for the FYE 31 December 2005, the Group is expected to record a gain on disposal of approximately RM2,527,144 which is set out as follows :

	RM
Disposal consideration	12,613,290
Less : carrying value of the property disposed in PK Hotels	<u>(10,086,146)</u>
Gain arising from disposal	<u>2,527,144</u>

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**NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 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.

13. CAPITAL COMMITMENTS

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

	Group	
	As At 30.09.2006 RM'000	Audited As At 31.12.2005 RM'000
Approved and contracted for	157	84
Approved and not contracted for	231	43
	388	127

14. RELATED PARTY TRANSACTIONS

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

	Group	
	As At 30.09.2006 RM'000	Audited As At 31.12.2005 RM'000
Rental paid to a company in which certain directors have financial interests - G.O. Construction Sdn Bhd	102	135
Sales of fertilizers to a substantial shareholder of PK Resources Bhd - FELDA	-	16,943
Sale of subsidiaries to a company in which a director have financial interest - Pristine Acres Sdn Bhd	-	31,300



**NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
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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 RM35.03 million as compared with the preceding year's corresponding quarter of RM52.06 million.

The lower turnover for the current year's quarter was mainly because the Group's property business remained sluggish amid weak property market. As a result, the Group incurred a pre-tax loss of RM0.79 million, as compared with preceding year's corresponding quarter pre-tax profit of RM4.75 million.

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

The Group posted a pre-tax loss of RM0.79 million for the current quarter compared with a pretax profit of RM0.02 million for the immediate preceding quarter, mainly due to the continuing slowdown in the Group's property business.

The Group's property business achieved a revenue of RM35.03 million for the quarter as compared to RM39.16 million for the immediate preceding quarter.

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 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		9 months	
	Ended 30.09.2006 RM'000	Ended 30.09.2005 RM'000	Ended 30.09.2006 RM'000	Ended 30.09.2005 RM'000
Current tax expense	259	36	1,744	1,624
Under provision for prior year	46	17	281	17
Deferred tax expense	473	136	1,058	348
Total	778	189	3,083	1,989

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**NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2006**

19. TAXATION (CONTD.)

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

	3 months Ended 30.09.2006 RM'000	9 months Ended 30.09.2006 RM'000
Loss before tax	(785)	(240)
Taxation at Malaysian statutory tax rate of 28%	(220)	(67)
Tax savings in small and medium scale company	14	(25)
Tax effect of expenses that are not deductible in determining taxable profit	616	1,686
Tax benefit not recognised during the year	322	1,208
Under provision for prior year	46	281
Taxation for the period	778	3,083

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 :

	3 months Ended 30.09.2006 RM'000	9 months Ended 30.09.2006 RM'000
Total disposal (at cost)	1,004	2,688
Purchase consideration (at cost)	1,975	4,945
Total loss on disposal	179	1,465

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

	As At 30.09.2006 RM'000	As At 31.12.2005 RM'000
Investment in quoted securities: *		
At cost	-	4,946
At book value	-	2,518
At market value	-	2,518

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

22. STATUS OF CORPORATE PROPOSALS

Save as disclosed in Note 10, there were no corporate proposals announced but not completed as at 27 November 2006.

23. GROUP BORROWINGS

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

(a) Secured and unsecured :

	9 months Ended 30.09.2006 RM '000
Total secured borrowings	111,871
Total unsecured borrowings	1,278
Total borrowings	113,149

(b) Short-term and long-term

	9 months Ended 30.09.2006 RM '000
Total short-term borrowings	45,600
Total long-term borrowings	67,549
Total short-term and long-term borrowings	113,149

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

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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 a Notice of Appeal to the Federal Court and the Federal Court had dismissed Nilai Springs Berhad's application for leave to appeal against the Court of Appeal's decision, on 13 April 2006. The trial fixed on 21 September 2006 was deferred to 7 December 2006 to be held at the Seremban High Court.

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 September 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 RM1.54 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
27 November 2006