

PK RESOURCES BERHAD (Company No. 17654-P)*(Incorporated in Malaysia)***CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2007**

	2007 Current Quarter Ended 30 June (RM '000)	2006 Comparative Quarter Ended 30 June (RM '000)	2007 6 months Cumulative to date (RM '000)	2006 6 months Cumulative to date (RM '000)
<u>Continuing Operations</u>				
Revenue	22,504	33,881	67,569	67,719
Cost Of Sales	(8,400)	(18,052)	(33,136)	(35,065)
Gross Profit	14,104	15,829	34,433	32,654
Other Income	978	712	1,718	1,504
Administrative Expenses	(14,071)	(12,785)	(28,853)	(25,674)
Selling and Marketing Expenses	(1,315)	(773)	(2,469)	(1,642)
Other Expenses	(1,305)	(773)	(2,764)	(1,493)
Finance costs	(1,889)	(1,964)	(3,766)	(4,003)
Share of loss of Associate	-	(5)	-	(7)
(Loss)/profit before tax	(3,498)	241	(1,701)	1,339
Taxation	(516)	(631)	(771)	(2,305)
Loss for the period from continuing operations	(4,014)	(390)	(2,472)	(966)
<u>Discontinued Operation</u>				
Profit/(loss) for the period from discontinued operation	2,885	(221)	3,787	(794)
(Loss)/profit for the period	(1,129)	(611)	1,315	(1,760)
Attributable to:				
Equity holders of the Company	(979)	(894)	443	(2,281)
Minority interest	(150)	283	872	521
	(1,129)	(611)	1,315	(1,760)
(Loss)/earnings per share attributable equity holders of the Company				
- Basic (sen)	(0.86)	(0.78)	0.39	(2.00)
- Diluted (sen)	(0.86)	(0.78)	0.39	(2.00)

(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2006 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 2007**

	As at 30 Jun 2007 (RM '000)	As at 31 Dec 2006 (Audited) (RM '000)
ASSETS		
Non Current Assets		
Property, plant and equipment	153,975	154,762
Land held for development	119,549	118,372
Investment properties	12,051	12,061
Prepaid land lease payments	5,470	5,565
Investments in associates	971	970
Deferred tax assets	3,103	3,036
Goodwill	842	842
	295,961	295,608
Current Assets		
Property development costs	256,413	261,592
Inventories	77,616	78,664
Trade and other receivables	126,303	93,839
Tax recoverable	6,137	7,297
Cash and bank balances	25,791	15,525
	492,260	456,917
Non-current assets classified as held for sale	-	57,424
	492,260	514,341
TOTAL ASSETS	788,221	809,949
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	114,036	114,036
Reserves	313,052	312,609
	427,088	426,645
Minority Interest	132,901	132,204
Total Equity	559,989	558,849
Non Current Liabilities		
Deferred tax liabilities	39,162	38,396
Other long term liabilities	66,941	66,129
	106,103	104,525
Current Liabilities		
Trade and other payables	82,464	98,884
Bank overdraft	5,918	7,170
Short term borrowings	33,457	40,023
Provision for taxation	290	294
	122,129	146,371
Liabilities directly associated with assets classified as held for sale	-	204
	122,129	146,575
Total Liabilities	228,232	251,100
TOTAL EQUITY AND LIABILITIES	788,221	809,949
Net Assets Per Share (RM)	3.75	3.74

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2006 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 QUARTER AND PERIOD ENDED 30 JUNE 2007**

	2007 6 months ended 30 June (RM '000)	2006 6 months ended 30 June (RM '000)
OPERATING ACTIVITIES		
Profit before tax		
- Continuing operations	(1,701)	1,339
- Discontinuing operations	3,787	(794)
Adjustments for non-cash flow items :		
Depreciation of property, plant and equipment	2,964	5,018
Loss retained in associate	-	7
Writeback of investment	-	(172)
Other non-cash items	(1,927)	3,709
Operating profit before changes in working capital	3,123	9,107
Changes in working capital		
Net changes in property development expenditure	4,002	15,070
Net changes in receivables	(31,424)	3,032
Net changes in payables	30,818	(12,944)
Net cash flows generated from operating activities	6,519	14,265
INVESTING ACTIVITIES		
Property, plant & equipment	12,257	(327)
Other investing activities	-	2,116
Net cash flows generated from investing activities	12,257	1,789
FINANCING ACTIVITIES		
Bank borrowings	(7,083)	(11,072)
Other financing activities	(175)	(129)
Net cash flows used in financing activities	(7,258)	(11,201)
Net increase in cash and cash equivalents	11,518	4,853
Cash and cash equivalents at beginning of year	8,355	3,717
Cash and cash equivalents at end of period	19,873	8,570
Cash and cash equivalents comprise the following:		
Cash and Bank Balances	25,791	15,434
Bank Overdraft	(5,918)	(6,864)
	19,873	8,570

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2006 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 QUARTER AND PERIOD ENDED 30 JUNE 2007**

	← Attributable to Equity Holders of the Company →				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)			
6 months ended 30 June 2007							
At 1 January 2007	114,036	133,399	333	178,877	426,645	132,204	558,849
Movements during the period							
- Profit for the period, representing total recognised income and expense for the period	-	-	-	443	443	872	1,315
- Dividend paid to minority shareholders in a subsidiary for the year ended 31 December 2006	-	-	-	-	-	(175)	(175)
At 30 June 2007	114,036	133,399	333	179,320	427,088	132,901	559,989
6 months ended 30 June 2006							
At 1 January 2006	114,036	133,289	333	181,344	429,002	130,787	559,789
Movements during the period							
- Loss for the period, representing total recognised income and expense 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

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2006 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 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 2006.

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 2006.

The new FRS 6, the amendment to FRS 119 and FRS 121, which are effective for financial periods beginning on or after 1 January 2007 are not applicable to the Group.

2. AUDIT QUALIFICATION OF PRECEDING AUDITED ANNUAL REPORT

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

3. SEASONAL OR CYCLICAL FACTORS

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

4. 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.

5. 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.

6. 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 2007.

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NOTES TO THE QUARTERLY FINANCIAL STATEMENTS FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2007

7. SEGMENTAL INFORMATION

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

	Segment Revenue		Segment Results	
	2007	2006	2007	2006
	RM '000	RM '000	RM '000	RM '000
<u>Continuing Operations</u>				
Property development	40,055	37,683	(1,527)	1,442
Hospitality	3,829	3,368	74	(224)
Education	19,397	16,929	3,562	3,562
Unallocated reconciling items	4,288	9,739	(1,762)	(935)
	67,569	67,719	347	3,845
<u>Discontinued Operation</u>				
Hotelling	7,311	9,887	1,123	(720)
	74,880	77,606	1,470	3,125

8. 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 2006.

9. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

In the opinion of the Board, 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 2007, the Company paid a first and final dividend of 3 sen per share less income tax of 27% in respect of the financial year ended 31 December 2006, amounted to RM2,497,377. The first and final dividend had been approved for payment to shareholders at the Company's 33rd Annual General Meeting held on 28 June 2007.

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NOTES TO THE QUARTERLY FINANCIAL STATEMENTS FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2007

10. CHANGES IN THE COMPOSITION OF THE GROUP

Saved as disclosed below, 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.

- a) On 6 April 2007, the disposal of the hotel property in Nilai to Al-Hasry Trevel & Tours Sdn Bhd was completed. Accordingly, the Group will record a gain on disposal set out as follows :

	RM
Net Disposal consideration	11,051,961
Less : carrying value of the property disposed	<u>(9,179,676)</u>
Gain arising from disposal	<u>1,872,285</u>

- b) On 26 April 2007, Advance Point (M) Sdn Bhd ("APM") and Emerald Spirit Sdn Bhd ("EMS"), both subsidiaries of the Company, entered into a Subscription Agreement with Gen Glamour Sdn. Bhd. ("GGR") whereby GGR has agreed to subscribe to 1,000,000 ordinary shares of RM1,000,000 in EMS for RM1,000,000 in cash ("Proposed Divestment"). APM had on 1 January 2007 transferred its hotel business, namely Allson Klana Resort, Seremban, to EMS. Following the subscription of 1,000,000 ordinary shares of RM1.00 each by GGR in EMS for a cash consideration of RM1,000,000, EMS became a 99.99% owned subsidiary of GGR. In return, the Company and APM shall receive RM39,309,859 in cash from the Proposed Divestment.

	RM
Proceeds from settlement of debt	39,309,859
Less : carrying value of divestment	<u>(39,309,861)</u>
Loss arising from disposal	<u>(2)</u>

Peladang Chemicals (S) Pte Ltd, a wholly-owned subsidiary of the Company, had been wound-up on 16 March 2007. The final members' meeting was also held in Singapore on 16 March 2007.

11. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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NOTES TO THE QUARTERLY FINANCIAL STATEMENTS FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2007

12. CAPITAL COMMITMENTS

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

	As At 30.06.2007 RM'000	Audited As At 31.12.2006 RM'000
Approved and contracted for	804	-
Approved and not contracted for	-	162
	<hr/> 804	<hr/> 162

13. RELATED PARTY TRANSACTIONS

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

	As At 30.06.2007 RM'000	Audited As At 31.12.2006 RM'000
Rental paid to a company in which certain directors have financial interests - G.O. Construction Sdn Bhd	68	135
	<hr/> 68	<hr/> 135

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

For the current quarter, the Group's continuing and discontinued operations achieved a turnover of RM25.00 million as compared with the preceding year's corresponding quarter of RM39.16 million. The lower revenue was mainly due to a slower progressive completion of its development projects in Putra Nilai coupled with the loss of revenue from the Group's Nilai hotelling operation.

The property and hotelling sectors contributed RM8.86 million and RM2.95 million of the turnover respectively for the quarter as compared with RM18.68 million and RM5.33 million respectively for the preceding year's corresponding quarter. As a result, the Group achieved a pre-tax loss of RM0.61 million, as compared with preceding year's corresponding quarter pre-tax profit of RM0.02 million.

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

The Group's continuing and discontinued operations posted a pre-tax loss of RM0.61 million for the current quarter compared to pre-tax profit of RM2.70 million for the immediate preceding quarter. The higher pre-tax profit in the immediate preceding quarter was mainly due to the completion of sale of two pieces of land in Putra Nilai.

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NOTES TO THE QUARTERLY FINANCIAL STATEMENTS FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2007

16. CURRENT YEAR'S PROSPECTS

The Group's performance is, to a certain extent, affected by its property development business. For the current year taken as a whole, the Group is expected to perform slightly better than the 1st half of the year.

17. 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.

18. TAXATION

Taxation is made up as follows:-

	3 months ended		6 months ended	
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
	RM'000	RM'000	RM'000	RM'000
Current tax expense	80	447	73	1,486
Under provision for prior year	-	-	-	235
Deferred tax expense	436	184	698	584
Total	516	631	771	2,305

The effective tax rate for the quarter and period ended 30 June 2007 which was higher than the statutory tax rate, is reconciled as follows :

	3 months ended	6 months ended
	30.06.2007	30.06.2007
	RM'000	RM'000
(Loss)/profit before tax	(615)	2,086
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	(166)	563
Tax savings in small and medium scale company	19	(3)
Tax effect of expenses that are not deductible in determining taxable profit	81	499
Tax benefit not recognised during the year	582	(288)
Taxation for the period	516	771

19. SALE OF INVESTMENTS AND PROPERTIES

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

PK RESOURCES BERHAD (Company No. 17654-P)

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NOTES TO THE QUARTERLY FINANCIAL STATEMENTS FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2007

20. STATUS OF CORPORATE PROPOSALS

Save as disclosed in Note 9 and 10, there were no corporate proposals announced but not completed as at 28 August 2007.

21. GROUP BORROWINGS

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

(a) Secured and unsecured :

	As At 30.06.2007 RM'000	Audited As At 31.12.2006 RM'000
Total secured borrowings	105,050	112,621
Total unsecured borrowings	1,266	905
Total borrowings	<u>106,316</u>	<u>113,526</u>

(b) Short-term and long-term

	As At 30.06.2007 RM'000	Audited As At 31.12.2006 RM'000
Total short-term borrowings	39,375	47,397
Total long-term borrowings	66,941	66,129
Total short-term and long-term borrowings	<u>106,316</u>	<u>113,526</u>

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

22. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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



23. 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 case has been fixed for trial on 30 and 31 October 2007 to be held at the Seremban High Court.

As at 28 August 2007, there were no changes in material litigation, including the status of pending material litigation since the last annual balance sheet date of 31 December 2006, except as disclosed above.

24. DIVIDENDS

No interim dividend has been declared for the current quarter ended 30 June 2007.

25. EARNINGS PER SHARE

a) Basic (loss)/earnings per share

Basic loss per share for the current quarter is based on the net loss attributable to ordinary shareholders of RM0.98 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 outstanding ESOS have been excluded from the computation of fully diluted profit per share as their conversion to ordinary shares would be anti-dilutive in nature. Accordingly, the basic and fully diluted profit per share are the same.

BY ORDER OF THE BOARD

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

Company Secretaries

28 August 2007