

PK RESOURCES BERHAD (Company No. 17654-P)*(Incorporated in Malaysia)***CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2008**

	2008 Current Quarter Ended 30 June (RM '000)	2007 Comparative Quarter Ended 30 June (RM '000)	2008 6 months Cumulative to date (RM '000)	2007 6 months Cumulative to date (RM '000)
<u>Continuing Operations</u>				
Revenue	29,550	22,504	114,234	67,569
Cost Of Sales	(26,867)	(8,400)	(51,371)	(33,136)
Gross Profit	2,683	14,104	62,863	34,433
Other Income	1,083	978	2,420	1,718
Administrative Expenses	(16,160)	(14,071)	(39,830)	(28,853)
Selling and Marketing Expenses	(493)	(1,315)	(957)	(2,469)
Other Expenses	(1,109)	(1,305)	(2,331)	(2,764)
Finance costs	(1,179)	(1,889)	(2,686)	(3,766)
(Loss)/profit before tax	(15,175)	(3,498)	19,479	(1,701)
Taxation	4,871	(516)	(4,986)	(771)
(Loss)/profit for the period from continuing operations	(10,304)	(4,014)	14,493	(2,472)
<u>Discontinued Operation</u>				
Profit from discontinued operations	-	2,885	-	3,787
(Loss)/profit for the period	(10,304)	(1,129)	14,493	1,315
Attributable to:				
Equity holders of the Company	(18,086)	(979)	147	443
Minority interest	7,782	(150)	14,346	872
	(10,304)	(1,129)	14,493	1,315
(Loss)/earnings per share attributable equity holders of the Company				
- Basic (sen)	(15.86)	(0.86)	0.13	0.39
- Diluted (sen)	(15.86)	(0.86)	0.13	0.39

(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2007 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 2008**

	As at 30 Jun 2008 (RM '000)	(Audited) As at 31 Dec 2007 (RM '000)
ASSETS		
Non Current Assets		
Property, plant and equipment	154,332	152,914
Land held for development	134,782	116,325
Investment properties	10,249	10,249
Prepaid land lease payments	5,294	5,376
Investments in associates	824	824
Deferred tax assets	621	1,613
Goodwill	843	842
	<u>306,945</u>	<u>288,143</u>
Current Assets		
Property development costs	216,927	257,409
Inventories	72,626	72,652
Trade and other receivables	90,814	112,630
Tax recoverable	5,869	5,564
Cash and bank balances	44,483	27,502
	<u>430,719</u>	<u>475,757</u>
Non-current assets classified as held for sale	1,801	1,801
	<u>432,520</u>	<u>477,558</u>
TOTAL ASSETS	<u>739,465</u>	<u>765,701</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	114,036	114,036
Reserves	310,673	310,526
	<u>424,709</u>	<u>424,562</u>
Minority Interest	137,766	133,466
Total Equity	<u>562,475</u>	<u>558,028</u>
Non Current Liabilities		
Deferred tax liabilities	37,076	38,036
Other long term liabilities	45,299	49,584
	<u>82,375</u>	<u>87,620</u>
Current Liabilities		
Trade and other payables	57,190	70,054
Bank overdraft	957	839
Short term borrowings	31,287	48,868
Provision for taxation	5,181	292
	<u>94,615</u>	<u>120,053</u>
Total Liabilities	<u>176,990</u>	<u>207,673</u>
TOTAL EQUITY AND LIABILITIES	<u>739,465</u>	<u>765,701</u>
Net Assets Per Share (RM)	<u>3.72</u>	<u>3.72</u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2007 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 2008**

	<u>2008</u> 6 months ended 30 June (RM '000)	<u>2007</u> 6 months ended 30 June (RM '000)
OPERATING ACTIVITIES		
Profit/(loss) before tax		
- Continuing operations	19,479	(1,701)
- Discontinuing operations	-	3,787
Adjustments for non-cash flow items :		
Depreciation of property, plant and equipment	2,400	2,964
Other non-cash items	7	(1,927)
Operating profit before changes in working capital	21,886	3,123
Changes in working capital		
Net changes in property development expenditure	22,024	4,002
Net changes in current assets	21,841	(31,424)
Net changes in liabilities	(13,239)	30,818
Net cash flows generated from operating activities	52,512	6,519
INVESTING ACTIVITIES		
Property, plant & equipment	(4,346)	12,257
Other investing activities	-	-
Net cash flows (used in)/generated from investing activities	(4,346)	12,257
FINANCING ACTIVITIES		
Bank borrowings	(21,256)	(7,083)
Other financing activities	(10,047)	(175)
Net cash flows used in financing activities	(31,303)	(7,258)
Net increase in cash and cash equivalents	16,863	11,518
Cash and cash equivalents at beginning of year	26,663	8,355
Cash and cash equivalents at end of period	43,526	19,873
Cash and cash equivalents comprise the following:		
Cash and Bank Balances	44,483	25,791
Bank Overdraft	(957)	(5,918)
	43,526	19,873

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2007 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 2008**

	← 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)			Total (RM '000)
6 months ended 30 June 2008							
At 1 January 2008	114,036	133,645	-	176,881	424,562	133,466	558,028
Movements during the period							
- Profit for the period, representing total recognised income and expense for the period	-	-	-	147	147	14,346	14,493
- Dividend paid to minority shareholders in a subsidiary for the year ended 31 December 2007	-	-	-	-	-	(10,046)	(10,046)
At 30 June 2008	114,036	133,645	-	177,028	424,709	137,766	562,475
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

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2007 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 2007.

The accounting policies and basis of measurement 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 2007 except for the adoption of FRS 107, 112, 118, 119, 134 and 137 which became effective for this financial period. The adoption of these standards did not have any significant impact on the financial statements.

The revised FRS 111, 120 and 121, and Issues Committee Interpretations ("IC Interpretations") 1,2,5,6,7 and 8 that have been issued on 1 July 2007 are not applicable to the Group and the Company.

FRS 139, Financial Instruments : Recognition and Measurement application has been deferred to January 2010. The Company is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

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 2008.

PK RESOURCES BERHAD (Company No. 17654-P)

(Incorporated in Malaysia)



NOTES TO THE QUARTERLY FINANCIAL STATEMENTS FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2008

7. SEGMENTAL INFORMATION

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

	Segment Revenue		Segment Results	
	2008	2007	2008	2007
	RM '000	RM '000	RM '000	RM '000
<u>Continuing Operations</u>				
Property development	87,161	40,055	21,099	(1,527)
Hospitality	4,252	3,829	(6)	74
Education	18,862	19,397	371	3,562
Unallocated reconciling items	3,959	4,288	(1,719)	(1,762)
	114,234	67,569	19,745	347
<u>Discontinued Operation</u>				
Hotelling	-	7,311	-	1,123
	114,234	74,880	19,745	1,470

8. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment have been brought forward from the financial statements for the year ended 31 December 2007 at cost.

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 2008, the Company paid a first and final dividend of 3 sen per share less income tax of 26% in respect of the financial year ended 31 December 2007, amounting to RM2,531,588. The first and final dividend had been approved for payment to shareholders at the Company's 34th Annual General Meeting held on 26 June 2008.

10. 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.

11. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

PK RESOURCES BERHAD (Company No. 17654-P)

(Incorporated in Malaysia)



NOTES TO THE QUARTERLY FINANCIAL STATEMENTS FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2008

12. CAPITAL COMMITMENTS

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

	As At 30.06.2008 RM'000	Audited As At 31.12.2007 RM'000
Approved and contracted for	16,056	2,227
Approved but not contracted for	44,915	41,673
	60,971	43,900

13. RELATED PARTY TRANSACTIONS

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

	As At 30.06.2008 RM'000	Audited As At 31.12.2007 RM'000
Rental paid to a company in which certain directors have financial interests - G.O. Construction Sdn Bhd	68	135

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

For the current quarter, the Group achieved a turnover of RM29.55 million as compared with the preceding year's corresponding quarter of RM22.50 million. The higher turnover for the current quarter compared to the preceding year's corresponding quarter was attributed to the Group's property sector which recorded higher percentage of completion from projects such as Desa Kolej, Acacia Avenue and Impiana Residence. The property sector contributed revenue of RM14.52 million for the current quarter as compared to RM8.63 for the preceding year corresponding quarter.



**NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2008**

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

The Group posted a pre-tax loss of RM15.17 million for the current quarter as compared to the pre-tax profit of RM34.66 million for the immediate preceding quarter. The main changes in the profit before tax between the two quarters were mainly attributed to the property sector, detailed as follows:

- i) Included in the pre-tax profit for the immediate preceding quarter was a profit of RM50.42 million from the sale of land.
- ii) Due to the rising costs of building materials and amendments to be made to the Putra Nilai Master Development Plan, the costs to complete the remaining common infrastructure in Putra Nilai, which forms part of property development costs, have been revised upwards. As a result, there was an additional charge to cost of sales of RM13.27 million during the current quarter.

16. CURRENT YEAR'S PROSPECTS

With the rising costs of fuel and building materials, the second half of the year is expected to be challenging. Nevertheless the Group expects to remain profitable for the financial year ending 31 December 2008.

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	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
	RM'000	RM'000	RM'000	RM'000
Current tax expense	(4,616)	80	5,005	73
Over provision for prior year	-	-	(51)	-
Deferred tax	(255)	436	32	698
Total	(4,871)	516	4,986	771

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(Incorporated in Malaysia)



NOTES TO THE QUARTERLY FINANCIAL STATEMENTS FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2008

18. TAXATION (CONTD.)

The effective tax rate for the period ended 30 June 2008 which was lower than the statutory tax rate, is reconciled as follows :

	3 months ended 30.06.2008 RM'000	6 months ended 30.06.2008 RM'000
(Loss)/profit before tax	(15,175)	19,479
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	(3,946)	5,065
Tax effect of expenses that are not deductible in determining taxable profit	1,995	2,442
Tax benefit not recognised during the year	(2,920)	(2,470)
Over provision for prior year	-	(51)
Taxation for the period	(4,871)	4,986

19. SALE OF INVESTMENTS AND PROPERTIES

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

20. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at 29 August 2008.

21. GROUP BORROWINGS

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

(a) Secured and unsecured :

	As At 30.06.2008 RM'000	Audited As At 31.12.2007 RM'000
Total secured borrowings	76,586	98,452
Total unsecured borrowings	957	839
Total borrowings	77,543	99,291

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(Incorporated in Malaysia)



NOTES TO THE QUARTERLY FINANCIAL STATEMENTS FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2008

21. GROUP BORROWINGS (CONTD.)

- (b) Short-term and long-term

	As At 30.06.2008 RM'000	Audited As At 31.12.2007 RM'000
Total short-term borrowings	32,244	49,707
Total long-term borrowings	45,299	49,584
Total short-term and long-term borrowings	<u>77,543</u>	<u>99,291</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

As at 29 August 2008, there were no changes in material litigation, including the status of pending material litigation since the last annual balance sheet date of 31 December 2007, except for the pending claim of RM10.00 million against a subsidiary, Nilai Springs Berhad which was disclosed in the first quarter this year. The trial was subsequently deferred to 14 October 2008.

24. DIVIDENDS

No interim dividend has been declared for the current quarter ended 30 June 2008.

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 RM18.09 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 (loss)/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.

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***NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2008***

BY ORDER OF THE BOARD

PAUL YONG POW CHOY

Company Secretary

29 August 2008