

**BUKIT KATIL RESOURCES BERHAD**

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30-06-05 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-06-04 RM'000	CURRENT YEAR TO DATE 30-06-05 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-06-04 RM'000
Revenue	795	810	3,223	4,144
Operating Expenses	(1,032)	(3,342)	(5,324)	(4,621)
Other Operating Income/(Expense)	80	745	810	774
Allowance for Doubtful Debts	0	0	(88,602)	0
<b>LOSS FROM OPERATIONS</b>	<b>(157)</b>	<b>(1,787)</b>	<b>(89,893)</b>	<b>297</b>
Finance costs	(1,345)	(1,358)	(5,577)	(5,418)
Share Of Profit From Joint Ventures	0	1	0	16
<b>LOSS BEFORE TAXATION</b>	<b>(1,502)</b>	<b>(3,144)</b>	<b>(95,470)</b>	<b>(5,105)</b>
Taxation	0	209	45	30
<b>LOSS AFTER TAXATION</b>	<b>(1,502)</b>	<b>(2,935)</b>	<b>(95,425)</b>	<b>(5,075)</b>
Minority interest	0	2	0	9
<b>NET LOSS FOR THE PERIOD</b>	<b>(1,502)</b>	<b>(2,933)</b>	<b>(95,425)</b>	<b>(5,066)</b>
<b>EARNINGS PER SHARE (SEN)</b>				
Basic (based on 66,150,000 ordinary Share)	<b>(2.27)</b>	<b>(4.43)</b>	<b>(144.26)</b>	<b>(7.66)</b>

*(The Condensed Consolidated Income Statements should be read in conjunction with the Notes to the Interim Financial Report from pages 5 to 11)*

## CONDENSED CONSOLIDATED BALANCE SHEETS

	30-06-05 RM'000	Unaudited 30-06-04 RM'000
Property, plant and equipment	74,325	74,974
Investment In Joint Venture	0	48,267
Long Term Investment	1,054	1,044
<b>CURRENT ASSETS</b>		
Inventories	26	22
Trade and Other Receivables	468	40,434
Deposits, Cash and Bank Balances	531	211
	1025	40,667
<b>CURRENT LIABILITIES</b>		
Trade and Other Payables	20,940	14,824
Short Term Borrowings	62,042	61,226
Hire Purchase Creditors	42	44
Tax Liabilities	5,762	5,767
	88,786	81,861
<b>NET CURRENT ASSETS / (LIABILITIES)</b>	(87,761)	(41,194)
	<b>(12,382)</b>	<b>83,091</b>
Share Capital	66,150	66,150
Capital Reserves	48,315	48,315
Revenue Reserves	(130,227)	(34,802)
Shareholder's Fund	(15,762)	79,663
Other Long Term Liabilities	17	20
Deferred Taxation	3,363	3,408
	<b>(12,382)</b>	<b>83,091</b>
Net Tangible asset per share (sen)		
Basic (based on 66,150,000 ordinary share)	(23.83)	120.43

*(The Condensed Consolidated Balance Sheets should be read in conjunction with the Notes to the Interim Financial Report from pages 5 to 11)*

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN  
EQUITY**  
**For The Period Ended 30th June 2005**

<u>Distributable</u>	<u>Non – Distributable</u>			
	Share Capital RM'000	Capital Reserve RM'000	Retained Earnings RM'000	Total RM'000
<b>As at 1 July 2004</b>				
As Previously stated	66,150	48,315	(34,802)	79,663
Net Loss For The Year			(95,425)	(95,425)
<b>As at 30<sup>th</sup> June 2005</b>	<u><b>66,150</b></u>	<u><b>48,315</b></u>	<u><b>(130,227)</b></u>	<u><b>(15,762)</b></u>
 <b>As at 1 July 2003</b>				
As Previously stated	66,150	48,315	(29,736)	84,729
Net Loss For The Period			(5,066)	(5,066)
<b>As At 30<sup>th</sup> June 2004</b>	<u><b>66,150</b></u>	<u><b>48,315</b></u>	<u><b>(34,802)</b></u>	<u><b>79,663</b></u>

*(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Interim Financial Report from pages 5 to 11)*

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	30-06-05 RM'000	30-06-04 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	(1,502)	(3,144)
Adjustments for :		
Depreciation of property, plant and equipment	12	(45)
Share of profit of Joint Venture Company	-	(1)
Interest and dividend income	-	2,417
Sale of Quoted Shares - Profit	(22)	-
Sale of Property, Plant & Equipment - Profit	(13)	-
Interest Expense	1,345	1,358
Writeback of Diminution in Value Shares	(41)	-
Prior Year Adjustments (2003)	-	(35,550)
Deferred Tax	-	(298)
Impairment of Assets	-	6,033
Diminution in Value of Shares	-	1
Operating profit before working capital changes	<u>(221)</u>	<u>(29,229)</u>
Changes in working capital :		
Net change in current assets	(93)	28,940
Net change in current liabilities	269	57
Tax paid	-	(1)
<b>Net cash flows from operating activities</b>	<u>(45)</u>	<u>(233)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposal of Fixed Assets	13	-
Disposal of Quoted Shares	53	-
Purchase of Fixed Assets	-	1
<b>Net cash flows from investing activities</b>	<u>66</u>	<u>1</u>
Bank Borrowings		
- New draw down	122	229
- Repayment	-	(15)
- Interest paid	-	(3)
<b>Net cash flows from financing activity</b>	<u>122</u>	<u>211</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	143	(21)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	(639)	(737)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (Note A14)</b>	<u><b>(496)</b></u>	<u><b>(758)</b></u>

*(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Notes to the Interim Financial Report from pages 5 to 11)*

## **A. NOTES TO THE INTERIM FINANCIAL REPORT**

### **A1 Basis of preparation**

The interim financial report is unaudited and has been prepared in compliance with MASB 26, Interim Financial Reporting and chapter 9 part K of the Bursa Malaysia Securities Berhad Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 30<sup>th</sup> June 2003.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 30<sup>th</sup> June 2003.

### **A2 Preceding annual financial statements**

The audit report of the financial year ended 30<sup>th</sup> June 2003 was qualified as the auditor did not express an opinion as to whether the financial statements of the Company and Group have been prepared in accordance with applicable and approved accounting standards in Malaysia, and matters required to be disclosed by section 169 of the Company Act, 1965.

The auditor's view was based on the following factors :-

- 1) They were unable to carry out all the auditing procedures and to obtain all the information and explanations they considered necessary in determining the recoverability of loans and advances in respect of the following :-
  - a) Advances extended by the Company to Sentral Raya (Melaka) Sdn Bhd in respect of a joint venture for the development of Sentral Raya's Land in Melaka, which has a carrying value of RM 15,308,952 as at 30<sup>th</sup> June 2003 and RM 2,500,000 being the carrying value of advances made by the Company to Vest Bridge (M) Sdn Bhd which in turn utilised it for the project in Melaka.
  - b) Loan and Advances extended by Creative Passage (M) Sdn Bhd, a wholly owned subsidiary, to third parties and subsequently assigned to Sentral Raya (Melaka) Sdn Bhd for a settlement sum of RM 26,550,000 which has a carrying value of RM 23,771,808 as at 30<sup>th</sup> June 2003.
  - c) Loan and Advances extended by Creative Passage Sdn Bhd to Eurodec Development & Construction Sdn Bhd, a joint venture partner, which has a carrying value of RM 6,555,108.
- 2) They were unable to carry out all the auditing procedures and to obtain all the information and explanations considered necessary to determine if the Group and Company are able to realise their interest in the unincorporated joint venture with Eurodec Development & Construction Sdn Bhd ("Eurodec") amounting to RM 40,105,485 as at 30<sup>th</sup> June 2003. In addition, the auditors were not able to determine if the corporate guarantee provided by the Company for a bridging loan facility of RM 28,000,000 extended by a financial institution to Eurodec will be called upon by the financial institution.

## **A. NOTES TO THE INTERIM FINANCIAL REPORT – CONT'D**

- 3) They were unable to ascertain the outcome of all legal proceeding against the Company and the potential impact if the corporate guarantees provided by the Company amounting to RM 11,852,511 for banking facilities extended to subsidiaries could potentially crystallise in view of the loan defaults.
- 4) There were material uncertainties related to events or conditions which may cast significant doubt on the Group's and Company's ability to continue as going concern and therefore, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business. In the event that the Group and Company are not able to continue as going concerns, adjustments would have to be made to reduce the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and liabilities respectively.

With the Company being classified under PN4/2001 condition, the Board of Directors is in the process of reviewing the operations and financial position before deciding the way forward for the Group including formulating and implementing a suitable restructuring scheme.

### **A3 Seasonal or cyclical factors**

Climate conditions and the age of the palms have an effect on the oil palm plantations' operational performance. Movement in CPO prices in line with the world demand and supply situation will also affect the results.

For the quarter under review, average CPO prices achieved of RM 1,418 /MT was higher than that of the preceding quarter of RM 1,357/MT. The FFB yields achieved was also higher for the quarter under review than that of the preceding quarter.

### **A4 Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no items affecting assets, liabilities, equity, net income or cash flows of the Group that are unusual because of their nature, size or incidence other than provisions for bad debts on certain assets.

### **A5 Material changes in estimates**

There were no changes in estimates of amounts that have had a material effect in the current financial quarter.

### **A6 Issuances, Cancellations, Repurchases, Resale and Repayment of Debt and Equity securities**

There were no issuance or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period ended 30<sup>th</sup> June 2005.

**A7 Dividend paid**

No dividend has been paid in the current financial quarter.

**A. NOTES TO THE INTERIM FINANCIAL REPORT – CONT'D****A8 Segment information**

The analysis of the Group's operations for the 12 months period ended 30<sup>th</sup> June 2005 are as follows:-

	Oil Palm & Rubber	Bricks	Investment Holdings	Money Lending	Services Rendered	Property Development	Elimination	Total
<b>Revenue</b>								
External Revenue	2,914	-	39	-	270	-	-	3,223
	2,914	-	39	-	270	-	-	3,223
<b>Results</b>								
Segment results	1,078	(569)	(1,698)	(6)	(53)	(42)		(1,290)
Loss From Operations								(1,290)
Finance Cost	-	(320)	(5,236)	-	(21)	-		(5,577)
Provision For Bad Debts	-	-	(64,831)	(23,772)	-	-	-	(88,603)
Tax Expense								45
<b>Net Profit For The Period</b>								<b>(95,425)</b>

	Oil Palm & Rubber	Bricks	Investment Holdings	Money Lending	Services Rendered	Property Development	Elimination	Total
<b>Assets</b>								
Segment Assets	70,354	4,204	1,708	-	137	1		76,404
								76,404
<b>Liabilities</b>								
Segment Liabilities	3,524	7,800	79,838	62	516	426		92,166
								92,166

	Oil Palm & Rubber	Bricks	Investment Holdings	Money Lending	Services Rendered	Property Development	Elimination	Total
<b>Other Information</b>								
Depreciation	24	477	34	-	4	-		539
Capital Expenditure	-	-	3	-	-	-		3
Assets Written Off	-	-	98	-	14	-		112
Other Non-cash Expenses	-	-	64,831	23,772	-	-		88,603

**A9 Property, plant and equipment**

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment loss. There were no valuations made for the quarter under review.

**A. NOTES TO THE INTERIM FINANCIAL REPORT – CONT'D**

**A10 Material events subsequent to the end of the interim period**

There were no material events subsequent to the current financial quarter ended 30<sup>th</sup> June 2005 up to the date of this report which, is likely to substantially affect the results of the operations of the Group.

**A11 Changes in the composition of the Group**

There were no changes in the composition of the Group for the quarter under review.

**A12 Contingent liabilities**

The Company has given corporate guarantees amounting to RM 42,335,905 (As at 30/06/2004: RM 41,284,504) to licensed banks and third party for banking and credit facility respectively granted to certain subsidiary companies and joint venture partner.

In addition there is a claim for a sum of RM14.0 million by a third party for breach of a "Call Option" contract.

**A13 Significant related party transactions**

There were no significant related party transactions for the quarter under review.

**A14 Cash and cash equivalents**

	<b>30-06-05 RM'000</b>	<b>30-06-04 RM'000</b>
Deposits, cash and bank balances	531	212
Bank Overdrafts	(1,027)	(970)
	<b>(496)</b>	<b>(758)</b>



**B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

**B1 Review of performance**

The Group recorded a lower turnover of RM 0.795 million for the current quarter ended 30<sup>th</sup> June 2005 as compared to turnover of RM 0.810 million recorded in the preceding year corresponding quarter due to a slight drop in Fresh Fruit Bunch (FFB) output.

**B2 Variation of results against preceding quarter**

The Group's pre-tax loss of RM 1.502 million for the current quarter ended 30<sup>th</sup> June 2005 was lower than the pre-tax loss of RM 3,144 million registered in the preceding year corresponding quarter due to the cessation of business activity in subsidiaries and other cost cutting procedures.

**B3 Prospects**

In view of the uncertainties in global economic conditions and the company's current financial position, the directors expect the Group to operate under a very challenging environment for the subsequent financial year.

**B4 Profit forecast and profit guarantee**

The Group did not issue any profit forecast nor profit guarantee during the current financial quarter.

**B5 Taxation**

	3 months ended	
	30-06-05 RM'000	30-06-04 RM'000
Current Taxation	0	209
	<u>0</u>	<u>209</u>

There was no provision for taxation charge for the quarter under review as the Group is in a tax loss position.

**B6 Unquoted investment and properties**

There were no disposal of unquoted investments and properties for the current quarter and financial period ended 30<sup>th</sup> June 2005.

**B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS - CONT'D**

**B7 Quoted securities**

Disposals of quoted securities for the current quarter and financial period ended 30<sup>th</sup> June 2005 are as follows.

	<b>Sale Value RM</b>	<b>Book Value RM</b>	<b>Profit / (Loss) RM</b>
Tabung Amanah Bakti	20,640	21,898	(1,258)
The Savings Fund Singapore	32,139	8,336	23,803
	<u>52,779</u>	<u>30,234</u>	<u>22,545</u>

Investments in quoted securities as at 30<sup>th</sup> June 2005 are as follows:

**RM'000**

At Cost	1,624
Less: Provision for diminution in value	(570)
<b>Book Value</b>	<u><b>1,054</b></u>
<b>Market Value</b>	<u><b>1,055</b></u>

**B8 Status of corporate proposals**

There were no corporate proposals announced from the date of the last quarterly report to the date of this interim report.

**B9 Borrowings and debt securities**

Details of the Group's borrowings as at 30<sup>th</sup> June 2005 are as follows :

	<b>Short-term RM'000</b>	<b>Long-term RM'000</b>	<b>Total RM'000</b>
Secured	59,542	-	<b>59,542</b>
Unsecured	2,500	-	<b>2,500</b>
Total Group borrowings	<u><b>62,042</b></u>	<u>-</u>	<u><b>62,042</b></u>

**B10 Off balance sheet financial instruments**

There were no financial instruments with off balance sheet risk as at the date of this report.

**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS - CONT'D**

## **B11 Material litigation**

1. The Company has initiated legal proceedings in January 2000 against a financial institution in respect of a dispute arising from the disposal of quoted shares held as security for a banking facility.
2. A financial institution has initiated legal proceedings against the company and its subsidiary due to default in the payment of principal and interest. The financial institution had obtained a winding-up petition under Section 218(2) of the Companies Act, 1965 on 6 October 2003 and was served on the company on 14<sup>th</sup> November 2003. The court allowed the financial institution's application for the winding-up petition on 8<sup>th</sup> September 2004. The Company however has filed a Notice of Appeal to the Court of Appeal against the decision of the High Court. A stay of execution of the winding-up order was filed on 5<sup>th</sup> October 2004. The High Court dismissed the Company's application for stay on 10<sup>th</sup> May 2005. The Company has filed a motion of stay at the Court of Appeal.
3. A financial institution has initiated legal proceedings against the company due to default in the payment of principal and interest. The application by the financial institution to enter summary judgement against the Company was allowed by the Learned Senior Registrar on 16<sup>th</sup> July 2004. The Company has filed a Notice of Appeal against the said decision to the Judge in Chambers. No date has been set for hearing.
4. A financial institution has initiated legal proceedings against the company and its subsidiary due to default in the payment of principal and interest. No date has been set to consider the Bank's application for summary judgment.
5. A third party has initiated legal proceedings against the company in breach of a "Call Option" contract. On 19<sup>th</sup> April 2004, a final judgement was granted by the High Court for RM14.0 million against the company, inclusive of interest until the date of full settlement. The company's appeal against the said judgement was dismissed by the court on 18<sup>th</sup> November 2004. The Company intends to file a Notice of Appeal to the Court of Appeal.

The Company is currently in the process of formulating a debt restructuring proposal for all the above liabilities.

## **B12 Dividends**

No dividends have been proposed for the current financial quarter.

## **B13 Earnings per share**

The basic earnings per share and diluted earnings per share of the Group was the same for the reporting period because there were no effects of dilutive potential ordinary shares.

The basic earning per share is calculated by dividing the Group net profit for the quarter/period by the number of ordinary shares in issue during the quarter/period.