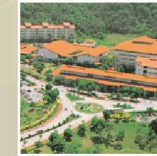


Registered Office

Wisma BBN, PT 7454
Jalan BBN 1/1A
Putra Point Phase 1
Putra Nilai
71800 Nilai
Negeri Sembilan Darul Khusus
Tel : 06 850 1888
Fax : 06 850 2492
Email : pkrb@pojaring.my



PK RESOURCES BERHAD
(17654 P)

A N N U A L R E P O R T 2 0 0 4

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Notice Of 31st Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-first Annual General Meeting of the Company will be held at Nilai Springs Golf & Country Club, Putra Nilai, 71800 Nilai, Negeri Sembilan Darul Khusus, on Tuesday, 21 June 2005 at 10.30 a.m. for the following purposes:

AGENDA

Resolution 1

To receive and adopt the Audited Accounts for the financial year ended 31 December 2004 and the Reports of the Directors and Auditors thereon.

Resolution 2

To approve payment of a first and final dividend of 3% per RM1.00 ordinary share less 28% tax in respect of the financial year ended 31 December 2004.

Resolution 3

To re-elect Tan Sri Dato' Dr Gan Kong Seng who shall retire pursuant to Article 77 of the Company's Articles of Association.

Resolution 4

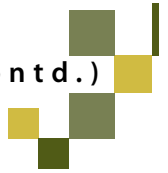
To re-elect Dato' Gan Kong Hiok who shall retire pursuant to Article 77 of the Company's Articles of Association.

Resolution 5

To re-elect Encik Ahmad Bin Mohd Ali who shall retire pursuant to Article 77 of the Company's Articles of Association.

Resolution 6

To re-elect Mr Chor Eng Choon who shall retire pursuant to Article 82 of the Company's Articles of Association.



Resolution 7

To re-elect Dato' Prof. Zainuddin Bin Muhammad who shall retire pursuant to Article 82 of the Company's Articles of Association.

Resolution 8

To approve payment of Directors' fee.

Resolution 9

To re-appoint Messrs. Ernst & Young as auditors and authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolution:

Resolution 10

Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965 (See note 2.1)

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that authority shall continue in force until the conclusion of the Next Annual General Meeting of the Company."

To transact any other ordinary business for which due notice has been given.



Notice Of 31st Annual General Meeting (Contd.)

NOTICE IS ALSO HEREBY GIVEN THAT the First and Final Dividend of 3% per RM1.00 ordinary share less 28% tax for the financial year ended 31 December 2004, if approved by the shareholders in the Annual General Meeting, will be payable on 29 July 2005 to Depositors registered in the Records of Depositors at the close of business on 15 July 2005.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 15 July 2005 in respect of transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

Paul Yong Pow Choy (MIA 9105)
Michelle Sho Lay Hoon (MAICSA 7048049)
Company Secretaries

Nilai
Negeri Sembilan Darul Khusus
27 May 2005

Notes:

1. Appointment Of Proxy

- (a) A Member of the Company entitled to attend and vote is entitled to appoint one or more proxies to vote in his stead. A proxy need not be a member of the Company and the provisions of Section 149 (1) of the Companies Act, 1965 shall not apply to the Company.
- (b) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (c) The instrument appointing a proxy shall be deposited at the Registered Office at Wisma BBN, PT 7454, Jalan BBN 1/1A, Putra Point Phase 1, Putra Nilai, 71800 Nilai, Negeri Sembilan Darul Khusus not less than 48 hours before the time appointed for holding the meeting and at any adjournment thereof.

2. Explanatory Note On Special Business:

2.1 Authority to Issue Shares Pursuant to Section 132D of Companies Act, 1965

The proposed Resolution 10, if passed, will give the Directors authority to allot and issue new ordinary shares up to an amount not exceeding 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority will commence from the date of this Annual General Meeting and unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

Statement Accompanying Notice Of 31st Annual General Meeting

(Pursuant To Paragraph 8.28(2) Of The Listing Requirements Of The Bursa Malaysia Securities Berhad)



1. Names of Directors who are standing for re-election

- a) Tan Sri Dato' Dr Gan Kong Seng
- b) Dato' Gan Kong Hiok
- c) Encik Ahmad Bin Mohd Ali
- d) Mr Chor Eng Choon
- e) Dato' Prof. Zainuddin Bin Muhammad

2. Details of the attendance of Directors at Board Meetings

There were five (5) Board Meetings held during the financial year ended 31 December 2004. Details of attendance of Directors are set out in Statement on Corporate Governance appearing on page 18 of the Annual Report.

3. Date, Time and Venue of the 30th Annual General Meeting of PK Resources Berhad

Date	Time	Venue
29.06.2004	2.30 p.m.	Nilai Springs Golf & Country Club, Putra Nilai, 71800 Nilai Negeri Sembilan Darul Khusus

4. Details of Directors seeking for re-election

Details of Directors seeking for re-election at the 31st Annual General Meeting are set out in the Directors' Profile on pages 8 to 12 of the Annual Report.



Board Of Directors

Tan Sri Dato' Dr Gan Kong Seng	<i>Executive Chairman</i>
Dato' Gan Kong Hiok	<i>Group Managing Director</i>
YM Tengku Dato' Shamsul Bahrin	<i>Executive Director</i>
Gan Eng Hong	<i>Executive Director</i>
Chor Eng Choon	<i>Executive Director</i>
Datuk Alladin Hashim	<i>Independent Non-Executive Director</i>
Dato' Prof. Zainuddin Bin Muhammad	<i>Independent Non-Executive Director</i>
Ooi Soon Kiam	<i>Independent Non-Executive Director</i>
Ahmad Bin Mohd Ali	<i>Non-Independent Non-Executive Director</i>

Secretaries

Paul Yong Pow Choy
Michelle Sho Lay Hoon

Registered Office

Wisma BBN, PT 7454, Jalan BBN 1/1A
Putra Point Phase 1,
Putra Nilai, 71800 Nilai
Negeri Sembilan Darul Khusus
Tel: 06 - 850 1888
Fax: 06 - 850 2492
E-mail: pkrb@po.jaring.my

Auditors

Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Registrar

Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03 - 2721 2222
Fax: 03 - 2721 2530 / 2721 2531

Solicitors

Raja Eleena Siew Ang & Associates
8, Jalan Delima
Off Jalan Inai
55100 Kuala Lumpur

Lee Hishammuddin
Level 16, Menara Asia Life
No. 189, Jalan Tun Razak
50400 Kuala Lumpur

Bankers

AmBank Berhad
AmMerchant Bank Berhad
Bumiputra-Commerce Bank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad
OCBC Bank Malaysia Berhad

Listing

Bursa Malaysia Securities Berhad
Main Board



PK Resources Berhad

(17654 F)



PUTRA NILAI

Property

- PK Properties Sdn Bhd
- N.S. Township Development Sdn Bhd
- BBN Development Sdn Bhd
- Arus Ikhlas Sdn Bhd
- Romila Jaya Sdn Bhd
- Nilai Landscape Sdn Bhd



Fertilizer & Agrochemical

- PK Fertilizers Sdn Bhd
- Serba Kimia Sdn Bhd



Education

- Nilai International College



Hotelling & Hospitality

- Allison Klana Resort Seremban
- Allison Klana Bandar Baru Nilai
- Nilai Springs Golf & Country Club
- Advance Point Management Sdn Bhd



Healthcare

- Healthcom Sdn Bhd
- Healthcom Pharma Sdn Bhd

Tan Sri Dato' Dr Gan Kong Seng

*Executive Chairman/Non-Independent Director
Malaysian • aged 62*

Tan Sri Dato' Dr Gan Kong Seng was appointed to the Board of PK Resources Berhad ("PKRB") on 3 June 1991 and has been the Chairman of the Company since 26 February 1992. He holds a degree in Bachelor of Medicine and Bachelor of Surgery from the University of Malaya. He was conferred an Honorary Doctorate Degree in Philosophy (Education) by Oxford Brookes University, United Kingdom in year 1998.

Tan Sri served as a medical doctor with the Ministry of Defence from 1970 to 1973 before entering private medical practices from 1973 to 1982.

In year 1981 to 1982, he was a Senator of Malaysia Senate and in year 1982 to 1985, he was a State Executive Councilor of Negeri Sembilan State Government.

After 1985, he ventured into the world of business of his own until 1991 when he was appointed as a Director of PKRB. He is currently the Chairman of the Executive Committee and the Option Committee of PKRB.

Tan Sri is the brother of Dato' Gan Kong Hiok, the Managing Director of PKRB. He is deemed a major shareholder of PKRB and its subsidiaries by virtue of his interest in PKRB as disclosed in the Directors' Report on pages 39 and 40.

Tan Sri Dato' Dr Gan Kong Seng attended all five Board Meetings of PKRB held during the financial year ended 31 December 2004.

Dato' Gan Kong Hiok

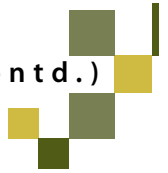
*Group Managing Director/Non-Independent Director
Malaysian • aged 54*

Dato' Gan Kong Hiok was appointed to the Board of PKRB on 3 June 1991. He was the Executive Director of the Company from the date of appointment until 27 April 2001 when he assumed the post of Managing Director. He holds a Bachelor's Degree (Hons) in Chemical Engineering from the University of Aston and a Master of Philosophy from the University of Oxford. He worked as an Investment Manager in London for five years before joining Bumiputra Merchant Bankers Bhd. In 1982, he joined Multi-Purpose Holdings Bhd as their Corporate Planning Manager and in 1984, he was appointed the Group General Manager and Director of Magnum Corporation Bhd.

Dato' Gan is a member of the Executive Committee, Audit Committee, Remuneration Committee and Option Committee.

Dato' Gan is the brother of Tan Sri Dato' Dr Gan Kong Seng, the Chairman of PKRB. He is deemed a major shareholder of PKRB and its subsidiaries by virtue of his interest in PKRB as disclosed in the Directors' Report on pages 39 and 40.

Dato' Gan Kong Hiok attended all five Audit Committee Meetings and Board Meetings of PKRB held during the financial year ended 31 December 2004.

**YM Tengku Dato' Shamsul Bahrin***Non-Independent Executive Director**Malaysian • aged 66*

Tengku Dato' Shamsul Bahrin was appointed to the Board of PKRB on 25 May 2001. He holds a Bachelor's Degree in Geography from the University of Malaya and a Master's Degree in Geography from the University of Sheffield. He started work with the University of Malaya in 1964 and was the Professor in Southeast Asia Geography at University Malaya from 1976 to 1998. From 1978 to 1985, he held various positions in the University of Malaya including Dean, Senate and Council Member. In 1998, he was appointed as a Director of PK Education Sdn Bhd and President to Nilai International College. He is currently the President of The Malaysian Association of Private Colleges & Universities and a member of the National Higher Education Council.

Tengku is a member of the Executive Committee and Audit Committee. He is also a Director of Industronics Bhd.

Tengku has no family relationship with any of the other directors or major shareholders of PKRB and he has no shareholding in PKRB.

Tengku Dato' Shamsul Bahrin attended two out of five Audit Committee Meetings as noted in the Audit Committee Report on page 13 and all five Board Meetings of PKRB held during the financial year ended 31 December 2004.

Gan Eng Hong*Non-Independent Executive Director**Malaysian • aged 34*

Mr Gan Eng Hong was appointed to the Board of PKRB on 26 August 2003. He holds a Graduate Diploma in Legal Practice, Bachelor of Laws and Bachelor of Arts (Asian Studies) from the Australian National University. He is a Barrister of the High Court and Federal Courts of Australia and a Barrister and Solicitor of the Supreme Court of the Australian Capital Territory. He is also an Advocate & Solicitor of the Malaysian High Court and practised law with Messrs Allen & Gledhill on his return to Malaysia in 1995. From 1997 to 1999, he worked with KPMG Management Consulting and subsequently KPMG Corporate Services, as a consultant before he joined Nilai International College as Vice-President (Administration) in September 1999.

Mr Gan is a member of the Executive Committee.

Mr Gan is the son of Tan Sri Dato' Dr Gan Kong Seng, the Chairman of PKRB. He is deemed a major shareholder of PKRB and its subsidiaries by virtue of his interest in PKRB as disclosed in the Directors' Report on pages 39 and 40.

Mr Gan Eng Hong attended all five Board Meetings of PKRB held during the financial year ended 31 December 2004.



Directors' Profile (Contd.)

Chor Eng Choon

Non-Independent Executive Director

Malaysian • aged 46

Mr Chor Eng Choon was appointed to the Board of PKRB on 24 February 2005. He holds a Bachelor in Accounting (Hons 1st Class) from the University of Malaya and is a member of Malaysian Institute of Accountants and Malaysian Association of Certified Public Accountants.

Mr Chor joined KPMG Peat Marwick, Kuala Lumpur in 1984 and was seconded to its London office in 1988. He left the international accounting firm in 1991 to join Marshall Cavendish Ltd, a global publishing company as its Financial Controller based in its London office for 4 1/2 years. He was the General Manager of BBN Development Sdn Bhd, the property development arm of PK Resources Berhad after his return to Malaysia in 1996. In 2000, he joined Hua Yang Berhad as its Executive Director and was appointed the Chief Executive Officer of the Group in May 2002. He successfully brought about the listing of Hua Yang on the Bursa Malaysia Securities Berhad's Main Board in 2002. He rejoined PK Resources Berhad as its Group General Manager in July 2004.

Mr Chor is a member of the Executive Committee and Option Committee.

Mr Chor Eng Choon has no family relationship with any of the other directors or major shareholders of PKRB.

Datuk Alladin Hashim

Senior Independent Non-Executive Director

Malaysian • aged 66

Datuk Alladin Hashim was appointed as a Director of PKRB on 6 February 1980. He obtained his Bachelor of Agricultural Science from the University of Malaya and a Master of Science in Agricultural Economics from the University of Massachusetts, USA. Datuk Alladin began his career in the Federal Land Development Authority (FELDA) in 1964 and was its Director General from 1979 until 1989. He attended the executive development program of the Harvard Business School. He is also a Fellow of the Academy of Sciences Malaysia. He served as the Chairman of the Malaysian Rubber Board (MRB) from 1998 to 2001.

Datuk Alladin is a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of PKRB. He sits on the Boards of UAC Berhad, Timberwell Bhd, Kumpulan Guthrie Bhd and Guthrie Ropel Berhad. He is also the Chairman of two Felda joint venture companies, FPM Sdn Bhd and FPG Oleochemicals Sdn Bhd.

Datuk Alladin has no family relationship with any of the other directors or major shareholders of PKRB. His securities holdings were disclosed in the Directors' Report on pages 39 and 40.

Datuk Alladin Hashim attended all five Audit Committee Meetings and Board Meetings of PKRB held during the financial year ended 31 December 2004.

**Dato' Prof. Zainuddin Bin Muhammad***Independent Non-Executive Director**Malaysian • aged 60*

Dato' Prof. Zainuddin Bin Muhammad was appointed to the Board of PKRB on 24 February 2005. He had his early education at the Royal Military College before furthering his studies at the University of Melbourne, Australia. He also holds a Master Degree in Regional and Community Planning from Kansas State University, USA and Certificate in Urban Management from Harvard University, USA and Postgraduate Diploma in Housing Planning and Building from Bouwcentrum International Education, Rotterdam, Holland.

Dato' Prof. Zainuddin held many posts in various states of Malaysia before being promoted to the post of Director General of the Malaysian Federal Department of Town and Country Planning from 1993 to 2001. In 1995 he was named Planner of the Year by the Malaysian Institute of Planners and the Paul Harris Fellow by the Rotary Club International. In recognition of his outstanding achievement and contribution to planning, he was conferred the title of Adjunct Professor of Planning by University Technology Malaysia in 1996. He was conferred Alumni Fellow in 1997 by Kansas State University, USA and Fellow of the Institute for Environment and Development (LESTARI), University Kebangsaan Malaysia and Fellow of the Malaysian Institute of Planners. He was the former Chairman of Putrajaya Holdings Sdn Bhd.

Presently, Dato' Prof. Zainuddin is the Technical Adviser to the State Government of Johore for planning and development of the new State Administrative centre at Nusajaya Johore. He also sits on the Boards of UDA Holdings Berhad, IOI Properties Berhad, Pembinaan Jayabumi Berhad, Pelangi Berhad and T.T. Resources Bhd.

Dato' Prof. Zainuddin is a member of the Audit Committee of PKRB.

Dato' Prof. Zainuddin Bin Muhammad has no family relationship with any of the other directors or major shareholders of PKRB and has no shareholdings in PKRB.



Directors' Profile (Contd.)

Ooi Soon Kiam

Independent Non-Executive Director

Malaysian • aged 61

Mr Ooi Soon Kiam was appointed to the Board of PKRB on 22 January 2002. He holds a B.A. (Hons) in Economics from the University of Malaya and a Degree in Accounting from the University of British Columbia. He is a member of the Malaysian Institute of Accountants and Institute of Chartered Accountants of British Columbia, Canada.

Mr Ooi is the former technical director of the Malaysian Accounting Standards Board. He has many years of working experience as an educator in both public universities and private education institutions and as an economic and financial consultant to local governments, public enterprises and international agencies. He had also been appointed general manager and finance director in various companies.

Mr Ooi is a member of the Audit Committee, Option Committee, Nomination Committee and Remuneration Committee. He is also a director of Industronics Bhd.

Mr Ooi has no family relationship with any of the other directors or major shareholders of PKRB and he has no shareholdings in PKRB.

Mr Ooi Soon Kiam attended all five Audit Committee Meetings and Board Meetings of PKRB held during the financial year ended 31 December 2004.

Ahmad Bin Mohd Ali

Non-Independent Non-Executive Director

Malaysian • aged 55

Encik Ahmad Bin Mohd Ali was appointed to the Board of PKRB on 25 August 2000. He holds a B.A. (Hons) from the University of Malaya. He is currently the Chief Executive Officer of State Development Corporation, Negeri Sembilan (SEDC). He joined SEDC in May 1973 after graduating from the University of Malaya as an Assistant Secretary and Project Officer. He was promoted as Manager of the Housing Division in 1981, the Deputy General Manager in 1993 and the Chief Executive Officer in 2000.

Encik Ahmad is a member of the Nomination Committee. He is also a Director of Road Builder (M) Holdings Bhd and Ge-Shen Corporation Bhd.

Encik Ahmad has no family relationship with any of the other directors or major shareholders of PKRB and he has no shareholdings in PKRB.

Encik Ahmad Bin Mohd Ali attended four out of five Board Meetings of PKRB held during the financial year ended 31 December 2004.

Note: All Directors have no conflict of interest with PKRB and has no conviction for offences (other than traffic offences) within the past ten years.



The Board of PK Resources Berhad is pleased to present the report of the Audit Committee for the financial year ended 31 December 2004.

Members and Meetings

During the financial year, the Committee held five (5) meetings. The membership status and attendance record of each of the members during the year are as follows:

Name	Attendance
Datuk Alladin Hashim (Chairman & Independent Non-Executive Director)	5 of 5 meetings
Dato' Mohamed Nizam Bin Tun Abdul Razak (Independent Non-Executive Director - <i>resigned w.e.f. 1 July 2004</i>)	2 of 3 meetings
Ooi Soon Kiam (Independent Non-Executive Director)	5 of 5 meetings
YM Tengku Dato' Shamsul Bahrin (Executive Director)	2 of 5 meetings (see Note 1 below)
Dato' Gan Kong Hiok (Group Managing Director)	5 of 5 meetings

Terms of Reference of the Audit Committee

Composition

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall not be less than three (3) members, the majority of which shall be independent Directors.

The Board shall at all times ensure that at least one (1) member of the Committee shall be a member of the Malaysian Institute of Accountants or fulfils such other requirements as prescribed by the Bursa Securities.

The members of the Committee shall elect a Chairman from among their members who is not an Executive Director or employee of the Company or any related corporation.

Note 1: Arising from Dato' Mohamed Nizam Bin Tun Abdul Razak's resignation, YM Tengku Dato' Shamsul Bahrin did not attend 3 of the 5 meetings so that the quorum for the meeting could be formed, ie. the majority of Audit Committee members present being independent non-executive Directors.



Audit Committee Report (Contd.)

If the number of members is less than three (3), the Board shall within three months, appoint such number of new members as may be required to make up the minimum number of three (3) members.

The term of office of the Committee members should be reviewed by the Board at least once every three years.

The Audit Committee has no authority to act on behalf of the Board but shall have authority to examine all the issues at hand and report back to the Board with recommendations. The Audit Committee shall be governed by the following terms of reference which has been approved by the Board of Directors and which may be amended by the Board from time to time by resolution.

Quorum and Committee's procedures

Meetings shall be held not less than three (3) times annually, each meeting planned to coincide with key dates in the Company's financial reporting cycle, or more frequently as circumstances dictate.

In order to form a quorum for the meeting, the majority of the members present must be independent non-executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Company Secretary shall be the Secretary of the Committee.

The Head of Finance and the Head of Internal Audit shall attend all meetings of the Committee. The Chief Executive Officer (CEO) and other officers of the company shall attend by invitation. At least once a year the Committee shall meet with the External Auditors, without the presence of executive board members.

Authority

The Committee is authorised by the Board to investigate any activities within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

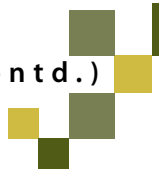
The Committee will seek approval from the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience if it considers this necessary.

Responsibilities & Duties

In fulfilling its primary objectives, the Audit Committee shall undertake the following responsibilities and duties:

Risk management and internal control

- Review the adequacy and effectiveness of risk management, internal control and governance systems.
- Review and recommend to the Board of Directors the Statement on Internal Control in relation to internal control and the management of risk included in the annual report.



Financial reporting

- to review the quarterly results and year end financial statements, prior to the approval by the Board of Directors focusing particularly on:
 - i. any change in accounting policies and practices;
 - ii. significant adjustments arising from the audit;
 - iii. the going concern assumption; and
 - iv. compliance with accounting standards and other legal requirements.

Audit process

- to recommend to the Board the appointment of the external auditors, the audit fee, and any other matters of resignation or dismissal of external auditor.
- to discuss with the external auditors before the audit commences, the nature and scope of the audit.
- to discuss problems and reservations arising from the audit and any matters the external auditors may wish to discuss.
- to review the external auditors' letter to management and management's response.
- to review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work.
- to review the internal audit programme, the results of the internal audit processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- to review any appraisal or assessment of the performance of the members of the internal audit function.

Other responsibilities and duties

- to review any related party transaction and conflict of interest situation that may arise within the group including any transaction, procedure or course of conduct that raises questions of management integrity.
- to consider other topics, as defined by the Board.

Summary of activities during the financial year

For the financial year, the main activities undertaken by the Committee were as follows:

Risks and Controls

- Reviewed the effectiveness of the risk management system, the risk assessment reports and the risk profile of the Group.
- Evaluated the overall effectiveness of the system of internal controls through the review of work performed by internal and external auditors and discussion with key senior management.

Financial Results

- Reviewed the quarterly and year-to-date unaudited financial results and the annual audited financial statements before recommending them to the Board for approval.
- In respect of the quarterly and year end financial statements, reviewed the Company's compliance with the Listing Requirements of the Bursa Securities, MASB and other relevant legal and regulatory requirements. These were discussed in the presence of the external auditors together with their report, comments and advice.



Audit Committee Report (Contd.)

External Audit

- Reviewed the external auditors' scope of work and audit plan for the year.

Internal Audit

- Reviewed the internal audit department's resource requirements, programmes and plans for the financial year under review.
- Reviewed the internal audit reports, considered the findings of internal audit in the Group's operating subsidiaries and the management responses thereto and ensured that significant findings are adequately addressed by management.

Related Party Transactions

- Reviewed the related party transactions entered into by the Group.

Internal Audit Function

In the discharge of its duties, the Audit Committee is supported by the Internal Audit Department that adopts a risk-based audit methodology, which is aligned with the risks of the Group to ensure that relevant controls addressing those risks are reviewed on a rotational basis. The internal audit function is independent of operational activities.

During the financial year, activities carried out by internal audit include amongst others, the review of the adequacy of risk management, system of internal control for effectiveness and efficiency, compliance with established rules, guidelines, laws and regulations, reliability and integrity of information and means of safeguarding assets. In addition, follow up audits were carried out to ensure that corrective actions on internal audit reports are being implemented.

Reports/Minutes

Detailed audit reports by Internal Audit are circulated to all members of the Audit Committee and the relevant Directors. Minutes of the meeting of the Audit Committee are circulated to all members of the Board, and significant issues are discussed at Board Meetings.



The Board of Directors ("Board") supports the Malaysian Code on Corporate Governance ("Code") and is committed to ensuring that the highest standards of corporate governance is practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder's value and the financial performance of the Group.

The Board is pleased to set out below a statement outlining the main corporate governance practices of the Group and the manner in which they have been applied throughout the twelve months ended 31 December 2004.

The Board of Directors

The Board of Directors has the overall responsibility for the performance of the Group by maintaining full effective control over strategic, financial, operational, compliance and governance issues. The following are specific areas of responsibilities of the Board:

- Strategic planning of the Group
- Overseeing the conduct and management of the Company's business
- Identification of risks and ensuring appropriate systems of risk management
- Internal control system
- Investor relations programme and shareholder communications policy
- Succession planning for senior management

Board Balance

The Board currently has nine (9) members, comprising five (5) Executive Directors and four (4) Non-Executive Directors. Three (3) of the Non-Executive Directors are Independent. The Board composition is in compliance with the Listing Requirements of the Bursa Malaysia Securities Berhad (Bursa Securities) as well as the Code which requires a minimum of 1/3 of the Board to be Independent Directors.

The Board is currently made up of professionals with skills and experiences in various fields including medicine, engineering, agriculture, education, business, accounting, law and regional and community planning. With their intimate knowledge of the Group's business, the Executive Directors take on the primary responsibilities for the conduct of the Group's business operations.

The profile of each Director is included in this Annual Report.

The roles of the Chairman and Group Chief Executive Officer are combined. He has overall responsibilities over the operating units, organisational effectiveness and implementation of Board policies and decisions.

The three Independent Directors who are individuals of calibre and credibility whose skills and experiences bring independent judgment to bear on issues of strategy, performance, resources and standards of conduct.

On the recommendation of the Nomination Committee, the Board has reaffirmed Datuk Alladin Hashim to continue to be the Senior Independent Non-Executive Director of the Board to whom shareholders concerns may be conveyed.

The Board meets at least five times a year, with additional meetings convened as and when necessary.



Statement On Corporate Governance (Contd.)

During the financial year ended 31 December 2004, five (5) Board Meetings were held. The attendance record of each Director during the financial year is as follows:

	Total number of meetings held	Number of meetings attended
Executive Directors		
Tan Sri Dato' Dr Gan Kong Seng	5	5
Dato' Gan Kong Hiok	5	5
Mr Loke Keng Hung (<i>resigned w.e.f. 1.1.05</i>)	5	5
YM Tengku Dato' Shamsul Bahrin	5	5
Mr Gan Eng Hong	5	5
Non-Executive Directors		
Datuk Alladin Hashim	5	5
Encik Ahmad Bin Mohd Ali	5	4
Dato' Mohamed Nizam Bin Tun Abdul Razak (<i>resigned w.e.f. 1.7.04</i>)	3	2
Mr Ooi Soon Kiam	5	5

Supply of Information

All Directors are provided with an agenda and a set of Board papers one week prior to Board Meetings to enable them to obtain further explanations, where necessary, and in order to be briefed properly before the meeting. The Board papers includes, amongst others, the following details:

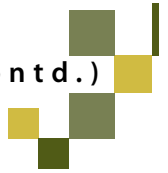
- Quarterly financial results
- Performance report of the Group
- Business plans and budgets
- Major operational and financial matters
- Risk assessment of the Group
- Updates on statutory regulations and requirements affecting the Company

In addition, there is a schedule of matter reserved specifically for the Board's decision, including the approval of business plans and budgets, material acquisitions and disposals of assets, financial results, dividend recommendations and board appointments.

The Board Policy Manual has been drawn up with the aim to assist Board Members in discharging their duties and responsibilities.

Directors have full access to all information within the Company whether as a board member or in their individual capacity. Where necessary the Directors may obtain independent professional advice in furtherance of their duties, at the Company's expense.

All Directors have access to the advice and services of the Company Secretaries in carrying out their duties.



Appointments to the Board

The Nomination Committee is responsible for making recommendation for appointments to the Board. Any new nomination received is put to the Board for assessment and endorsement.

The Board has the services of the Company Secretaries who ensure that all appointments are properly made, all necessary information is obtained from the Directors, both for the Company's records and for the purposes of meeting statutory requirements as well as obligations arising from the Listing Requirements or other regulatory requirements.

Re-election of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed to the Board are subject to re-election by shareholders at the next Annual General Meeting after their appointment. The Articles also provides that at least one-third of the Board, including the Managing Director, be subject to re-election at regular intervals and at least once every three years.

Board Committees

The following Board Committees have been established to assist the Board in the execution of its responsibilities:

(a) Executive Committee

The Executive Committee is responsible for implementing the decisions and policies by the Board as well as the coordination of activities necessary to ensure the successful implementation of the Group's business plan.

The members of the Executive Committee are as follows:

Tan Sri Dato' Dr Gan Kong Seng (*Executive Chairman*)
Dato' Gan Kong Hiok (*Managing Director*)
YM Tengku Dato' Shamsul Bahrin (*Executive Director*)
Mr Gan Eng Hong (*Executive Director*)
Mr Chor Eng Choon (*Executive Director*)

(b) Audit Committee

The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling their responsibilities relating to the accounting and reporting practices of the holding company and each of its subsidiaries. Further details on the terms and reference of the Audit Committee are set out in pages 13 to 16.

The composition of the Audit Committee meets the Listing Requirements of the Bursa Securities in respect of its majority being independent Directors and one of its member being a member of the Malaysian Institute of Accountants.

The members of the audit Committee are as follows:

Datuk Alladin Hashim (*Chairman/Independent Director*)
Dato' Gan Kong Hiok (*Managing Director*)
YM Tengku Dato' Shamsul Bahrin (*Executive Director*)
Mr Ooi Soon Kiam (*Independent Director*)
Dato' Prof. Zainuddin Bin Muhammad (*Independent Director*)



Statement On Corporate Governance (Contd.)

(c) Nomination Committee

The Nomination Committee comprises exclusively of non-executive Directors, a majority of whom are independent, with the responsibility for proposing new nominees to the Board as well as assessing Directors' performance on an on-going basis. The actual decision as to who shall be nominated is the responsibility of the full Board.

The Board through the Nomination Committee reviews annually its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board.

The Committee has implemented a process to assess the effectiveness of the Board as a whole and the Committees of the Board and the contribution of each individual Director.

All the Directors have attended the Mandatory Accreditation Programme (MAP). During the year, all Directors except one, have successfully completed the Continuing Education Programme (CEP) for Directors of public listed companies accredited by Bursa Securities. The Directors will continue to undergo other relevant training programmes to further enhance their skills and knowledge and to keep abreast with relevant changes in laws, regulations and business environment.

The members of the Nomination Committee are as follows:

Datuk Alladin Hashim (*Chairman/Independent Director*)

Mr Ooi Soon Kiam (*Independent Director*)

Encik Ahmad Bin Mohd Ali (*Non-Executive Director*)

(d) Remuneration Committee

The Remuneration Committee comprising two (2) Non-Executive Directors and one (1) Executive Director is responsible for recommending to the Board the remuneration of the Executive Directors. Executive Directors play no part in decisions on their own remuneration.

The members of the Remuneration Committee are as follows:

Mr Ooi Soon Kiam (*Chairman/Independent Director*)

Datuk Alladin Hashim (*Independent Director*)

Dato' Gan Kong Hiok (*Managing Director*)

(e) Option Committee

The Option Committee is responsible for administering the Employee Share Option Scheme in accordance with the By-Laws.

The members of the Option Committee are as follows:

Tan Sri Dato' Dr Gan Kong Seng (*Executive Chairman*)

Dato' Gan Kong Hiok (*Managing Director*)

Mr Ooi Soon Kiam (*Independent Director*)

Mr Chor Eng Choon (*Executive Director*)



Directors' Remuneration

The remuneration of Executive Directors, based on the recommendations of the Remuneration Committee, takes into account the individual responsibility, contribution and performance. The level of remuneration for the Non-executive Directors reflects the experience and level of responsibilities undertaken by the particular Non-executive Director concerned.

The fees of Directors, including non-executive directors, are endorsed by the Board for approval by the shareholders of the Company at Annual General Meeting.

The details of the remuneration of Directors of the Company comprising of remuneration received from the Company and subsidiary companies during the financial year ended 31 December 2004 are as follows:

- Aggregate remuneration of Directors categorised into appropriate components:

In RM'000	Executive Directors	Non-Executive Directors
Fees	95,600	99,500
Salaries	1,550,145	0
Bonus	387,660	0
Benefit-in-kind	87,029	0
Others	378,740	78,500
TOTAL	2,499,174	178,000

- Number of Directors whose remuneration fall into the following bands:

Range of Remuneration (RM)	Number of Directors	
	Executive	Non-Executive
50,000 and below	-	3
50,001 – 100,000	-	1
100,001 – 500,000	3	-
500,001 – 1,000,000	2	-



Relationship with Shareholders and Investors

Investor Relations & Shareholder Communication

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company. In addition to various announcements made from time to time during the year, the timely release of financial results on a quarterly basis provides shareholders with an overview of the Group's performance and operations. Summaries of the financial results are advertised in a national newspaper.

At each Annual General Meeting, the Board presents the progress and performance of the business. The Annual General Meeting is the principal forum for dialogue with the shareholders and the Board encourages shareholders participation. It has always been the practice for the Chairman to provide ample time for participation at the Annual General Meeting.

Accountability and Audit

(a) Financial reporting

In its financial reporting to shareholders and other interested parties by means of annual financial statements and quarterly results announcements, the Board aims to present a balanced and understandable assessment of the Group's financial position and prospects.

(b) Internal Control

The information on the Group's internal controls is presented in the Statement on Internal Control.

(c) Relationship with Auditors

The Company, through the Audit Committee, has established a transparent relationship with the auditors in seeking professional advice and ensuring compliance with the accounting standards of Malaysia.

An Audit Committee Report and the terms of reference are set out on pages 13 to 16.



Additional Compliance Information

To comply with the Listing Requirements of the Bursa Malaysia Securities Berhad, the following additional information is provided:

(i) Share buybacks

During the financial year, there were no share buybacks by the Company.

(ii) Options, warrants or convertible securities

The Company has obtained approval from the Securities Commission to implement an Employees Shares Option Scheme which was first implemented on 1 March 2004.

None of the 2,348,650 outstanding Warrants 1995/2005 was exercised during the financial year.

None of the 36,645,850 outstanding Warrants 2000/2005 was exercised during the financial year.

Both Warrants 1995/2005 and Warrants 2000/2005 will expire on 28 May 2005.

The Company did not issue any convertible securities.

(iii) American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

(iv) Imposition of sanctions/penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

(v) Non-audit fees

Other than the following, there were no non-audit fees paid to the external auditors for the financial year:

Auditors	Services	Amount Paid
Ernst & Young	Professional services in connection with the renewal of prospectus in a subsidiary company.	RM13,125.00
	Tax Fees	RM174,681.00
	Capital Allowance maximization study	RM31,500.00

(vi) Profit guarantee

No profit guarantee was given by the Company in respect of the financial year.



Statement On Corporate Governance (Contd.)

(vii) Material contracts

Save as disclosed below, there were no other material contracts entered into by the Company and its subsidiary companies which involved Directors' and major shareholders' interest either still subsisting at the end of the financial year ended 31 December 2004 or entered into since the end of the previous financial year.

- (a) On 13 August 1998, PK Resources Berhad ("PKR") entered into a Sales and Purchase Agreement with Akarmas Sdn Bhd ("Akarmas") to purchase 350,000 ordinary shares in Arus Ikhlas Sdn Bhd ("Arus Ikhlas") at a total cash consideration of RM144,291,276.00. A balance sum of RM12,128,842.00 is still to be paid to Akarmas.

Akarmas is a major shareholder of PKR which holds 5.57% of the issued share capital of PKR.

- (b) On 21 February 1995, Arus Ikhlas, a subsidiary of the Company, entered into a Sales and Purchase Agreement with Pristine Acres Sdn Bhd ("Pristine") to dispose several pieces and parcels of vacant land at a total cash consideration of RM7,442,191.87. As of the end of the financial year 2004, a balance sum of RM6,556,467.00 is still outstanding.

Pristine is a major shareholder of PKR which holds 6.01% of the issued share capital of PKR.

- (c) On 21 February 1995, Arus Ikhlas, a subsidiary of the Company, entered into a Sales and Purchase Agreement with Ragan Jaya Sdn Bhd ("Ragan Jaya") to dispose several pieces and parcels of vacant land at a total cash consideration of RM4,498,399.44. As of the end of the financial year 2004, a balance sum of RM2,938,958.00 is still outstanding.

Ragan Jaya is a major shareholder of PKR which holds 22.83% of the issued share capital of PKR.

- (d) On 30 November 2004, PKR entered into a conditional Share Sale Agreement with Pristine to dispose off 30,000,000 ordinary shares of RM1.00 each in PK Fertilizers Sdn Bhd ("PKF") representing 100% equity interest in PKF to Pristine, for a cash consideration of RM31.3 million ("Proposed Disposal").

Pristine is a major shareholder of PKR which holds 6.01% of the issued share capital of PKR.

(viii) Profit estimate, forecast, projection or unaudited results announced

The Company did not make or release any profit estimate, forecast or projections for the financial year.

(ix) Revaluation policy

The Company does not have a revaluation policy on landed properties.

(x) Recurrent related party transactions of a revenue nature

Recurrent related party transactions of a revenue nature of PK Resources Group for the financial year ended 31 December 2004 were disclosed in Note 28 of the audited financial statement.

Statement Of Directors' Responsibility

In Relation To Preparation Of The Financial Statements



The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the Company and the Group's state of affairs. Following discussions with the external auditors, the Directors consider that the Company uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgments and estimates, and that all accounting standards which they consider applicable have been followed during the preparation of the financial statements.

The Directors are responsible for ensuring that the Company keeps the accounting records and that they are disclosed with reasonable accuracy which enables them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have the general responsibility for taking such steps to safeguard the assets of the Group, and to detect and prevent fraud as well as other irregularities.



Statement On Internal Control

The Malaysian Code on Corporate Governance stipulates that the board of directors of listed companies should maintain a sound system of internal control to safeguard shareholder's investments and Group assets. The Board of Directors recognises the importance of sound internal control to good corporate governance and is taking appropriate initiatives to further strengthen the transparency, accountability and efficiency of operations.

Board Responsibility

The Board of Directors affirms its responsibility for the Group's approach to assessing risks and the systems of internal control, and for reviewing its effectiveness, adequacy and integrity. It should be noted, however, that such systems are designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

Nonetheless, the Board remains committed towards operating a sound system of internal control and has recognised that the system must continuously evolve to support the type of business and size of operations of the Group. The Board, in striving for continuous improvement will put in place appropriate action plans, when necessary, to further enhance the Group's system of internal control.

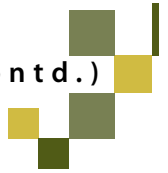
The system of internal control covers, inter alia, financial, operational and compliance controls and risk management procedures.

The Systems of Internal Control

The Board maintains full control and direction over appropriate strategic, financial, organisational and compliance issues. It has delegated to executive management the implementation of the systems of internal control within an established framework.

The key features of this framework are:

- i. an organisational structure with formally defined lines of responsibility.
- ii. clearly defined authorisation limits at appropriate levels.
- iii. yearly budgets approved at operating unit level and ultimately by the Board.
- iv. monthly budget variances requiring appropriate management follow-up and action.
- v. timely financial and operations reports.
- vi. scheduled operations and management meetings.
- vii. quarterly meeting for Audit Committee and Board of Directors held to discuss on internal audit reports and periodic financial statements.
- viii. setting up formalised standard operating manuals.
- ix. independent internal audit function.



Risk Management Framework

The Group has in place an on-going process for identifying, evaluating and managing significant risks faced by the Group. As an integral part of planning and review, management from each business area identify their risks, the probability of those risks occurring, the impact if they do occur and the actions being taken to manage those risks to the desired level.

This process has been in place throughout the year and up to the date of approval of the annual report and financial statements. Internal audit independently reviews the risk identification procedures and control processes implemented by the Management and report to the Audit Committee.

Internal audit also reviews the internal controls in the key activities of the Group's businesses based on a detailed annual internal audit plan approved by the Audit Committee.

Assurance Mechanism

The Board, through the Audit Committee examines the effectiveness of the Group's system of internal control. The activities undertaken by the Audit Committee in this respect include:

- i. assessment of risk by reviewing evidence of risk assessment activity.
- ii. agreeing the scope of the internal audit programme and reviewing its findings.
- iii. reviews of the interim and annual financial statements.
- iv. review of the scope of the external audit and the external auditors' plans.

Associated Companies

The scope of this statement does not extend to the associated companies, as their internal control is not within the Group's framework.



Property Sales Office - Wisma BBN

Dear Shareholders,

On behalf of the Board of Directors of PK Resources Berhad, I am pleased to present the Annual Report and Audited Accounts of the Group and the Company for the financial year ended 31 December 2004.

Financial Performance

The Group achieved a substantially higher turnover of RM452.7 million during the year, an increase of 37.0% compared to RM330.4 million in year 2003. As a result the Group registered a turnaround in performance with a profit before tax of RM9.79 million compared to a loss before tax of RM8.97 million in 2003. The Group's total assets and shareholders' funds as at 31 December 2004 stood at RM1,017.8 million and RM429.6 million respectively.

Group Performance

Turnover from the property development business improved to RM84.4 million for the year due to improved performance from the sale of commercial properties. Demand for residential properties, primarily single and double-storey terrace houses, continue to remain stable.

Being close to the Kuala Lumpur International Airport and the new administrative capital of Putrajaya, and with modern infrastructure in place, Putra Nilai is developed towards 4 primary objectives which are in line with the Negeri Sembilan Fourth Development Plan ie.:

- (a) Trading hub
- (b) Education hub
- (c) Biotech Centre and
- (d) Tourism hub

During the year, the 'Nilai 1' wholesale centre in Putra Nilai was successfully launched by YAB Dato' Seri Utama Haji Mohamad Bin Haji Hasan, Menteri Besar Negeri Sembilan Darul Khusus. The wholesale centre comprises over a hundred shops offering a variety of goods particularly textile and garments.

'Nilai Square' comprising of another 201 units of shops will be launched by YAB Dato' Seri Utama Haji Mohamad Bin Haji Hassan, Menteri Besar Negeri Sembilan Darul Khusus, in August this year as a textile and fabric centre. This will make Putra Nilai one of the largest textile fabric centre in the country. Efforts are also being made to attract other traders, domestic and foreign, to Putra Nilai so that eventually Putra Nilai can become a domestic and international trading hub.



Nilai Square - Putra Nilai

Another milestone was achieved in Putra Nilai with the ground breaking ceremony of the RM100 million biopharmaceutical plant belonging to the Government of Malaysia, officiated by the Prime Minister of Malaysia in April this year. The plant, which conforms to Good Manufacturing Practice, is situated in the Biotech Centre of Putra Nilai.

The fertilizer business showed substantial increase in sales with turnover achieving a higher record of RM280.9 million during the year. Palm oil prices during the year remained high which resulted in strong demand for fertilizers.



Nilai International College performed creditably with turnover increasing further to RM28.8 million and corresponding rise in profitability. The College continues to expand the number of prestigious universities in the United Kingdom, Australia and United States of America which it has collaborative or partnership arrangements with. These arrangements cover a wide range of courses including engineering, business and hospitality.



The Group's hotel Allson Klana Resort Seremban registered an improvement in turnover to RM14.5 million due to higher room occupancy and growth in revenue from its food and beverage outlets. Allson Klana Bandar Baru Nilai however registered a slight drop in revenue due to lower room occupancy, whilst Nilai Springs Golf & Country Club's turnover remained stable.

The Group's healthcare business through the distribution of its own 'Healthcome' brand of herbal therapeutic enhancement products was delayed due to the ongoing product registrations with the Ministry of Health. We anticipate the products will be launched and on sale to the public in 2005.



Chairman's Statement (Contd.)

New Development

On 30 November 2004, the Group proposed to dispose its fertilizer/agrochemical business in order to focus its resources on its major core activity viz property development and related businesses. This disposal is subject to approval from the shareholders and the relevant authorities.

Dividend

Your Board of Directors has recommended a first and final dividend of 3% less 28% tax in respect of the financial year ended 31 December 2004.

Outlook for Year 2005

The Malaysian economy is projected to grow at between 5%-6% in 2005. Interest rates are expected to remain stable. However higher crude oil prices are expected to create an inflationary effect on the cost of living. With this scenario, the Group will remain focused on selling affordable properties in Putra Nilai, and are confident that the property development business will perform better in 2005.

Directorate

During the year under review, YBhg. Dato' Mohamed Nizam Bin Tun Abdul Razak and Mr Loke Keng Hung retired from the Board. On behalf of the Board, I wish to express my deepest appreciation to them for their services to the Group. On 24 February 2005, YBhg. Dato' Prof. Zainuddin Bin Muhammad and Mr Chor Eng Choon joined the Board, and on the Board's behalf I wish to extend a warm welcome to them.

Acknowledgement

On behalf of the Board, I would like to express my appreciation to our staff for their commitment and dedication. I would also like to thank our shareholders, valued customers, business associates and government authorities for their continued confidence, support and patronage for the Group.

Tan Sri Dato' Dr Gan Kong Seng

Executive Chairman

April 2005