

SKP RESOURCES BHD
 (formerly known as Vital Conglomerate Berhad)
 (Company No: 524297-T)
 Incorporated in Malaysia under the Companies Act, 1965

Notes (In compliance with MASB 26)

A1. Accounting policies and methods of computation

The interim financial report has been prepared in accordance with MASB 26 Interim Financial Reporting and Paragraph 9.2.2 of the Listing Requirements of Kuala Lumpur Stock Exchange ("KLSE").

A2. Qualification of financial statements

There is no audit opinion to the financial result of the Group as the first audit opinion is going to be issued for financial year ended 31 March 2003 subsequent to the current interim reporting.

A3. Seasonal or cyclical factors

The business operations of the Group were not affected by any seasonal or cyclical factors.

A4. Unusual items

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence during the current quarter.

A5. Nature and amount of changes in estimates

There were no changes in estimates of amounts reported in the current quarter under review.

A6. Issuance, cancellation, repurchase, resale and repayment of debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter under review except for the following:-

The changes in the issued and paid up share capital of SKP Resources Bhd ("SKP") during the period are as follows:-

Date of Allotment	No. of ordinary shares of RM1 each	Consideration	Cumulative total paid-up share capital RM
23-Aug-02	2	Subscribers' share	2
30-Nov-02	28,793,848 *	Issued as consideration for the acquisition of Syarikat Sin Kwang Plastic Industries Sdn Bhd, Goodhart Land Sdn Bhd and Goodhart Industries Sdn Bhd	28,793,850
02-Dec-02	12,006,150 #	Issued as consideration for the acquisition of Syarikat Sin Kwang Plastic Industries Sdn Bhd	40,800,000
31-Jan-03	7,200,000	Subscribers' share	48,000,000

Note:

* Only 14,094,177 SKP ordinary shares of RM1.00 each were issued pursuant to the acquisition of Syarikat Sin Kwang Plastic Industries Sdn Bhd on 30 November 2002. The remaining 12,006,150 SKP ordinary shares of RM1.00 each were in the form of rights to allotment.

Issuance of the remaining 12,006,150 SKP ordinary shares under the acquisition of Syarikat Sin Kwang Plastic Industries Sdn Bhd pursuant to the call on the rights to allotment.

A7. Dividend paid

No dividend was paid or declared during the quarter under review.

A8. Segmental reporting for the current quarter

By business segments

	Revenue	Profit before taxation and minority interest
	<u>RM'000</u>	<u>RM'000</u>
Investment holding and provision of management services	-	(89)
Plastic injection moulding & secondary processes	12,800	3,025
Letting of property	93	220
Mould making	260	(128)
Total	<u>13,153</u>	<u>3,028</u>

A9. Valuation of property, plant and equipment

There were no valuation for property, plant and equipment of the Group.

A10. Material events subsequent to the end of the current quarter

There were no material events subsequent to the end of the current quarter that has not been reflected in the financial statement.

A11. Effect of changes in the composition of the Group

There were no material changes in the composition of the Group for the quarter under review and financial year to-date except for the following :-

- (a) Acquisition of 6,762,728 ordinary shares of RM1.00 each in Syarikat Sin Kwang Plastic Industries Sdn Bhd, representing the entire issued and paid-up share capital of Syarikat Sin Kwang Plastic Industries Sdn Bhd, for a total purchase consideration of RM29,110,877 to be satisfied by the rights to allotment of 26,100,327 new ordinary shares of RM1.00 each in the company which were subsequently issued as fully paid-up at an issue price of approximately RM1.12 per ordinary share. The acquisition of Syarikat Sin Kwang Plastic Industries Sdn Bhd was completed on 30 November 2002;
- (b) Acquisition of 10,000,000 ordinary shares of RM1.00 each in Goodhart Industries Sdn Bhd (GHI), representing the entire issued and paid-up share capital of GHI, for a total purchase consideration of RM6,674,970 to be satisfied by way of an issue of 5,984,667 new ordinary shares of RM1.00 each in the company at an issue price of approximately RM1.12 per ordinary share. The acquisition of GHI was completed on 30 November 2002;
- (c) Acquisition of 2,000,000 ordinary shares of RM1.00 each in Goodhart Land Sdn Bhd (GHL), representing the entire issued and paid-up share capital of GHL, for a total purchase consideration of RM9,720,239 to be satisfied by way of an issue of 8,715,004 new ordinary shares of RM1.00 each in the company at an issue price of approximately RM1.12 per ordinary share. The acquisition of GHL was completed on 30 November 2002;
- (d) Public issue of 7,200,000 new ordinary shares of RM1.00 each at RM1.50 per ordinary shares payable in full as follows:
 - i) 2,400,000 new ordinary shares have been reserved for the eligible employees of the SKPRB group;
 - ii) 3,300,000 new ordinary shares are reserved for private placement to identified investors;

- iii) 1,500,000 new ordinary shares are available for application by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputra individuals, companies, societies, co-operatives and institutions.

The public issue was completed on 10 February 2003.

A12. Changes in contingent liabilities or contingent assets

As at 20 May 2003(the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report), the group has no material contingent liabilities which upon materialisation would have a material impact on the profit or net assets of the group.

Additional information required by the KLSE Listing Requirements

B1. Review of performance of the Company and its principal subsidiaries

As the acquisition of subsidiaries was only completed on 30 November 2002, the group recorded a turnover of RM13.2 million and 17.7 million with profit after tax and minority interest of approximately RM2.343 million and RM3.086 million respectively for the current quarter and financial year to date. The profit after tax achieved is slightly higher as compared with the forecasted profit after tax after pre-acquisition profit of RM2.976 million for the financial year to date as disclosed in the Prospectus dated 28 December 2002.

B2. Current year prospects

The negative impact of the SARS epidemic on the Asian economy and the uncertainty of the global economy surrounding the post-Iraq war are expected to affect consumer confidence and domestic economies of Malaysia and Singapore. While the additional economic stimulus package recently announced by the Government is expected to have a positive impact upon the Malaysian economy, the impact upon the Group's operations is however uncertain at this stage. Barring unforeseen circumstances, the Directors are cautiously optimistic of a better performance for the financial year ending 31 March 2004.

B3. Variance of actual profit from forecast profit for 12 months period ended 31 March 2003

	Forecast RM'000	Actual RM'000	Variance %
Consolidated Profit after taxation and minority interests	9,008	9,542	6%
Less: Pre-acquisition profit	(6,032)	(6,456)	7%
Consolidated Profit after taxation, minority interest and pre-acquisition profit	<u>2,976</u>	<u>3,086</u>	<u>4%</u>

B4. Taxation

	Individual period		Cumulative period	
	Current year quarter	Preceding year corresponding quarter	Current year to-date	Preceding year corresponding period
	31/03/2003		31/03/2003	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current taxation	732	N/A	967	N/A
Transfer (from) / to deferred taxation	-	N/A	-	N/A
	<u>732</u>	<u>N/A</u>	<u>967</u>	<u>N/A</u>

The effective tax rate of the Group for the current quarter and financial year to-date is lower than the statutory income tax rate due to the utilisation of reinvestment allowances of subsidiaries.

B5. Profit on sale of unquoted investments and/or properties

There were no sale of unquoted investments and/or properties during the current quarter under review.

B6. Purchase or disposal of quoted securities

The company purchase RM2,000,000 Prudential Bonds during the quarter under review.

There are no disposal of any quoted securities during the quarter under review.

B7. Status of corporate proposals

Save for the proposed listing and quotation of the Company's entire share capital of 48,000,000 ordinary shares of RM 1.00 each on the Second Board of the Kuala Lumpur Stock Exchange, which were listed on 10 February 2003, there are no other further changes in the corporate proposals announced but not completed at the latest practicable date which shall not be earlier than 7 days from the date of this quarterly report.

Status of Utilisation of Proceeds

The proceeds from public issue of RM10.80 million are expected to be fully utilised for the core business of the company and its subsidiaries by year 2004 as follows:

	RM'000
Purchase of machinery	6,060
Upgrading of computer hardware and software	2,100
Working capital	640
Listing expenses	2,000
	10,800

As at 31 March 2003 the group has not utilised proceeds from the public issue except payment for the listing expenses.

B8. Borrowings and debt securities

The company did not issue any debt securities or long term borrowing during the quarter period.

The Group's borrowings all of which were denominated in Ringgit Malaysia as at 31 March 2003 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Long term borrowings	886	-	886
Short term borrowings	300	32	332
	1,186	32	1,218

B9. Off balance sheet financial instruments

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

B10. Material litigation

There are no material litigation as at 31 March 2003.

B11. Dividend

The board of directors recommend the payment of 5% tax-exempt final dividend per ordinary share for the quarter under review.

B12. Earnings per share

The earnings per share (basic) is calculated by dividing the Group's profit after taxation and minority interest of RM2.343 million for the current quarter and RM3.086 million for the financial year to date by the number of weighted average shares in issue of 45.6 million and 14.8 million respectively.

Approved by the Board.
Board resolution dated 27 May 2003.