

SKP RESOURCES BHD

(Company No: 524297-T)

Incorporated in Malaysia under the Companies Act, 1965

Notes (In compliance with FRS 134)

A1. Accounting policies and methods of computation

The unaudited interim financial report has been prepared in accordance with FRS 134 Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

The interim financial report should be read in conjunction with the Group's annual audited Financial Statements for the year ended 31 March 2005.

The accounting policies and computation method adopted for the interim financial statements are consistent with those adopted for the last annual audited financial statements.

A2. Qualification of financial statements

There were no audit qualifications on the annual financial statements for the year ended 31 March 2005.

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, repurchases, resale and repayment of debt and equity securities for the current quarter under review. As at 31 December 2005, total shares repurchased were 3,670,500 and all the shares repurchased were held as treasury shares in accordance with Section 67A of the Companies Act, 1965. None of the shares held were resold or cancelled during the current quarter.

A7. Dividend paid

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

A8. Segmental reporting for the current year to date**By business segments**

| | Investment holding and provision of management services <u>RM'000</u> | Plastic injection moulding & secondary processes <u>RM'000</u> | Letting of property <u>RM'000</u> | Mould making <u>RM'000</u> | Dormant <u>RM'000</u> | Elimination <u>RM'000</u> | Total <u>RM'000</u> |
|---------------------|---|---|---|----------------------------------|--------------------------|------------------------------|------------------------|
| Revenue | | | | | | | |
| External sales | 50 | 77,655 | 278 | - | - | - | 77,983 |
| Inter-segment sales | 326 | 22,111 | 584 | - | - | (23,021) | - |
| Total | 376 | 99,766 | 862 | - | - | (23,021) | 77,983 |

Results

| | | | | | | | |
|------------------------|-----|-------|----|------|-----|--|--------------|
| Operating profit | 428 | 8,564 | 47 | (33) | (6) | | 9,000 |
| Interest expense | | | | | | | (152) |
| Interest income | | | | | | | 784 |
| Profit before taxation | | | | | | | 9,632 |
| Tax expense | | | | | | | (1,714) |
| Profit after taxation | | | | | | | <u>7,918</u> |

A9. Valuation of property, plant and equipment

There was no revaluation 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.

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 except that the Company's wholly-owned subsidiary Syarikat Sin Kwang Plastic Industries Sdn Bhd ("SSKPI") had on 15 December 2005 acquired the remaining 117,332 Ordinary Shares of RM1.00 each representing 37% of the issued and paid-up capital of Goodhart Technology Sdn Bhd ("GT") for a total cash consideration of RM3-00.

A12. Changes in contingent liabilities or contingent assets

As at 16 February 2006 (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 or assets, which upon materialisation would have a material impact on the profit or net assets of the group.

Additional information required by the BMSB Listing Requirements**B1. Review of performance of the Company and its principal subsidiaries**

The group recorded a turnover of RM77.98 million with profit before tax of RM9.63 million for the current financial year to date as compared to RM60.61 million and RM10.34 million in the preceding year corresponding period respectively.

The increase in turnover was primarily attributed to increase of sales of certain products. The profit before tax decreased by 6.8% from RM10.34 million to RM9.63 million mainly due to increase in assembly projects which used higher cost externally purchased parts and components.

B2. Comparison with preceding quarter's results

Compared with preceding quarter, the revenue increased by 3.6% from RM27.69 million to RM 28.71 million. The profit before tax increased by 4.1% from RM3.19 million to RM3.32 million following an increase in revenue.

B3. Current year prospects

Barring unforeseen circumstances, the Directors are optimistic of achieving satisfactory results for the financial year ending 31 March 2006.

B4. Variance of actual and forecasted profit

The group has not provided any quarterly profit forecast and therefore no variance information is available for presentation.

B5. Taxation

| | Individual period | | Cumulative period | |
|---|----------------------|--------------------------------------|----------------------|-------------------------------------|
| | Current year quarter | Preceding year corresponding quarter | Current year to-date | Preceding year corresponding period |
| | 31/12/2005 | 31/12/2004 | 31/12/2005 | 31/12/2004 |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Current taxation | 378 | 370 | 1,342 | 1,438 |
| Transfer to deferred taxation | 122 | 79 | 336 | 173 |
| Under/(Over) provision of income tax in prior year | - | - | 28 | (30) |
| Under/(Over) provision of deferred taxation in prior year | - | - | 8 | (9) |
| | <u>500</u> | <u>449</u> | <u>1,714</u> | <u>1,572</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.

B6. Profit on sale of unquoted investments and/or properties

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

B7. Purchase or disposal of quoted securities

(a) Total purchase consideration of quoted securities for the current quarter and financial year to date are as follow :-

| | Current year quarter | Current year to-date |
|------------------------------|----------------------|----------------------|
| | 31/12/2005 | 31/12/2005 |
| | <u>RM'000</u> | <u>RM'000</u> |
| Total purchase consideration | 1,000 | 1,000 |

(b) Investment in quoted securities as at 31 December 2005 are summarised below :-

| | |
|--------------------------------|-------|
| At cost | 2,855 |
| At carrying value / book value | 2,080 |
| At market value | 1,764 |

B8. Status of corporate proposals

There were no corporate proposals announced but not completed as at 16 February 2006.

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 the end of this financial year.

| | <u>RM'000</u> |
|---|---------------|
| Unutilised | |
| Upgrading of computer hardware and software | <u>2,100</u> |
| Utilised | |
| Purchase of machinery | 6,060 |
| Working capital | 640 |
| Listing expenses | <u>2,000</u> |
| | <u>8,700</u> |
| Total Proceeds | <u>10,800</u> |

B9. 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 December 2005 were as follows:

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|-----------------------|-------------------|---------------------|-----------------|
| Long term borrowings | 8,153 | - | 8,153 |
| Short term borrowings | 858 | - | 858 |
| | <u>9,011</u> | <u>-</u> | <u>9,011</u> |

B10. Off balance sheet financial instruments

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

B11. Material litigation

There are no litigations as at 31 December 2005.

B12. Dividend

The board of directors does not recommend the payment of dividend for the quarter under review.

B13. Earnings per share**(a) Basic**

Basic earnings per share is calculated by dividing the net profit for the period by the number of ordinary shares in issue during the period.

| | Current year quarter 31/12/2005 | Current year to date 31/12/2005 |
|---|--|--|
| Net profit for the period (RM'000) | 2,820 | 7,918 |
| Number of ordinary shares in issue ('000) | 596,330 | 597,199 |
| Basic earnings per share (sen) | 0.47 | 1.33 |

(b) Diluted

There is no diluted earnings per share as the Group does not have any convertible financial instruments as at the current quarter and current year to date.