

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 March 2006, 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	54	103,379	365	-	-	-	103,798
Inter-segment sales	435	28,371	779	-	-	(29,585)	-
Total	<u>489</u>	<u>131,750</u>	<u>1,144</u>	<u>-</u>	<u>-</u>	<u>(29,585)</u>	<u>103,798</u>
Results							
Operating profit	<u>217</u>	<u>10,449</u>	<u>53</u>	<u>(43)</u>	<u>(7)</u>		<u>10,669</u>
Interest expense							(232)
Interest income							<u>951</u>
Profit before taxation							11,388
Tax expense							(2,263)
Profit after taxation							<u><u>9,125</u></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 and financial year to-date.

A12. Changes in contingent liabilities or contingent assets

As at 11 May 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 RM103.80 million with profit before tax of RM11.39 million for the current financial year to date as compared to RM81.25 million and RM14.58 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 21.9% from RM14.58 million to RM11.39 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 decreased by 10.1% from RM28.71 million to RM 25.82 million. The profit before tax decreased by 47.0% from RM3.32 million to RM1.76 million due to increase in assembly projects which used higher cost externally purchased parts and components..

B3. Next year's prospects

Barring unforeseen circumstances, the Directors is optimistic of achieving satisfactory results for the financial year ending 31 March 2007.

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
	31/03/2006	31/03/2005	31/03/2006	31/03/2005
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current taxation	15	934	1,357	2,429
Transfer to deferred taxation	533	144	869	341
Under/(Over) provision of income tax in prior year	1	-	29	(205)
Under/(Over) provision of deferred taxation in prior year	-	-	8	(33)
	<u>549</u>	<u>1,078</u>	<u>2,263</u>	<u>2,532</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
	31/03/2006	31/03/2006
	<u>RM'000</u>	<u>RM'000</u>
Total purchase consideration	-	1,000

(b) Investment in quoted securities as at 31 March 2006 are summarised below :-

At cost	2,855
At carrying value / book value	1,839
At market value	1,847

B8. Status of corporate proposal announced but not completed

Proposed acquisition of the entire issued and paid-up share capital of S.P.I. Plastic Industries (M) Sdn. Bhd ("SPIP"). For a total cash consideration of RM30,000,000.

On 27 April 2006, K & N Kenanga Bhd ("Kenanga"), on behalf of the Board of Directors of SKP Resources Bhd. ("SKPRB") announced that SKPRB had entered into a conditional sale and purchase agreement ("SPA") with the vendor of SPIP namely Freesia Valley Sdn Bhd ("FVSB" or "Vendor") to acquire the entire issued and paid-up share capital of SPIP comprising 150,000 ordinary shares of RM1.00 each in SPIP ("Sale Shares") for a total cash consideration of RM30,000,000 ("Purchase Consideration").

The Proposed Acquisition is conditional upon approvals being obtained from the following:-

- (i) Ministry of International Trade and Industry ("MITI") ;
- (ii) the shareholders of SKPRB at an Extraordinary General Meeting ("EGM") to be convened; and
- (iii) any other relevant authorities (if any).

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 next financial year.

	RM'000
<u>Unutilised</u>	
Upgrading of computer hardware and software	<u>2,100</u>
<u>Utilised</u>	
Purchase of machinery	6,060
Working capital	640
Listing expenses	<u>2,000</u>
	<u>8,700</u>
Total Proceeds	<u><u>10,800</u></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 March 2006 were as follows:

	Secured <u>RM'000</u>	Unsecured <u>RM'000</u>	Total <u>RM'000</u>
Long term borrowings	203	8,201	8,404
Short term borrowings	282	179	461
	<u>485</u>	<u>8,380</u>	<u>8,865</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 March 2006.

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 31/03/2006	Current year to date 31/03/2006
Net profit for the period (RM'000)	1,207	9,125
Number of ordinary shares in issue ('000)	596,330	596,985
Basic earnings per share (sen)	0.20	1.53

(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.