

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 2007.

The accounting policies and computation method adopted for the interim financial statements are consistent with those adopted for the last annual audited financial statements except for the adoption of the following new Financial Reporting Standards ("FRS") effective for the financial period beginning 1 April 2007 :-

FRS 117	Leases
FRS 124	Related Party Disclosures

The adoption of FRS 124 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the FRS 117 are discussed below:

(a) FRS 117 : Leases

Prior to 1 April 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to classification of leases of land and buildings.

The Group has applied the change in accounting policy with respect to leasehold land in accordance with the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively by restating the balance sheet as at 31 March 2007. There were no effects on the income statement of the Group for the quarter ended 30 June 2007.

(b) Comparatives

The following amounts as at 31 March 2007 have been reclassified due to the adoption of FRS 117:

	Previously stated	Reclassification	Restated
	RM'000	RM'000	RM'000
Property, plant and equipment	83,006	(6,364)	76,642
Prepaid land lease payments	-	6,364	6,364

A2. Qualification of financial statements

There were no audit qualifications on the annual financial statements for the year ended 31 March 2007.

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

During the quarter, the Company has sold 2,357,700 of its treasury shares at an average price of RM0.1958 per share for a total net consideration of RM461,672. As at 30 June 2007, the balance of treasury shares held were 1,312,800.

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>	Dormant <u>RM'000</u>	Elimination <u>RM'000</u>	Total <u>RM'000</u>
Revenue						
External sales	4	41,828	29	-	-	41,861
Inter-segment sales	178	11,855	267	-	(12,300)	-
Total	<u>182</u>	<u>53,683</u>	<u>296</u>	<u>-</u>	<u>(12,300)</u>	<u>41,861</u>
Results						
Operating profit	<u>73</u>	<u>6,325</u>	<u>177</u>	<u>(3)</u>		<u>6,572</u>
Interest expense						(190)
Interest income						<u>68</u>
Profit before taxation						6,450
Tax expense						<u>(1,326)</u>
Profit after taxation						<u><u>5,124</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 28 August 2007 (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 RM41.86 million with profit before tax of RM6.45 million for the current financial year to date as compared to RM36.52 million and RM3.87 million in the preceding year corresponding period respectively.

The increase in turnover was primarily attributed to increase of sales of certain products and also the contribution from the newly acquired subsidiary, SPI. In line with the increase in turnover, the profit before tax correspondingly recorded an increase.

B2. Comparison with preceding quarter's results

Compared with preceding quarter, the revenue reduced by 17.9% from RM50.97 million to RM 41.86 million. As a result of the lower turnover, the profit before tax reduced by 5.1% from RM6.80 million to RM6.45 million.

B3. Current year prospects

Barring unforeseen circumstances, the Directors is optimistic of achieving satisfactory results for the financial year ending 31 March 2008.

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
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current taxation	1,332	729	1,332	729
Transfer to/(from) deferred taxation	(6)	101	(6)	101
Under/(Over) provision of income tax in prior year	-	-	-	-
Under/(Over) provision of deferred taxation in prior year	-	(84)	-	(84)
	<u>1,326</u>	<u>746</u>	<u>1,326</u>	<u>746</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) There are no purchase or disposal of any quoted securities during the quarter under review.

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

	Current year quarter 30/06/2007 <u>RM'000</u>	Current year to-date 30/06/2007 <u>RM'000</u>
Total purchase consideration	-	2,010

(c) Investment in quoted securities as at 30 June 2007 are summarised below :-

At cost	1,865
At carrying value / book value	1,857
At market value	1,870

B8. Status of corporate proposal

There were no corporate proposals announced but not completed as at 28 August 2007.

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>
<u>Unutilised</u>	
Purchase of machinery	<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>10,800</u>

On 26 July 2007, the Board of Directors of SKP announced that it had approved the proposed changes in the utilisation of proceeds of the Public Issue of RM2.1 million from 'Upgrading of computer and software' to 'Purchase of machineries' and to extend the utilisation of proceeds to 31 December 2007.

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 30 June 2007 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Long term borrowings	8,707	-	8,707
Short term borrowings	3,598	-	3,598
	<u>12,305</u>	<u>-</u>	<u>12,305</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 material litigations as at 30 June 2007.

B12. Dividend

The Board of Directors has not recommended any dividend for the current financial year.

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 30/06/2007	Current year to date 30/06/2007
Net profit for the period (RM'000)	5,124	5,124
Number of ordinary shares in issue ('000)	600,000	600,000
Basic earnings per share (sen)	0.85	0.85

(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.