

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 interim financial statements have been prepared under the historical cost convention except for derivatives financial instruments, available for sale investments and investment property which have been stated at fair value.

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 2010.

Changes in Accounting Policies

The significant accounting policies adopted in these interim financial statements are consistent with those of the audited financial statements for the year ended 31 March 2010.

The Group has adopted the following new and revised Financial Reporting Standards ("FRS"), Issues Committee ("IC") Interpretations and amendments to FRSS and IC interpretations which are relevant to the Group's operations with effect from 1 January 2010:-

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101 (revised)	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 132	Financial Instruments: Presentation
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Impairment and Interim Financial Reporting.
Amendment to IC Interpretation 9	Reassessment of Embedded Derivatives
Amendment to FRS 5	Non-Current Assets Held for Sale and Discontinued Operations
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Statement of Cash Flows
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events after the Reporting Period
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue
Amendment to FRS 119	Employee Benefits
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 128	Investments in Associates
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 138	Intangible Assets
Amendment to FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 140	Investment Property

The principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new and revised FRSS, IC Interpretations and Amendments are set out below:

(a) FRS 8, Operating Segments

Prior to the adoption of FRS 8, the Group's segment reporting was based on three business segments: Investment holding, Plastic Injection Segment and Letting of Property.

With the adoption of FRS 8, Segment Reporting requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the chief operating decision maker, who makes decisions on the allocation of resources and assesses the performance of the reportable segments.

The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified, there will be no impact on the financial position or results of the Group.

(b) FRS 101(revised), Presentation of Financial Statements

Prior to 1 January 2010, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements.

Upon the adoption of the revised FRS 101, the components of the interim financial statements shall now comprise of a statement of comprehensive income, a statement of financial position, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

(c) Amendment to FRS 117, Leases

Prior to the adoption of the Amendment to FRS 117, leasehold lands were treated as operating leases. The considerations paid were classified and presented as prepaid lease payments on the statement of financial position.

Upon adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent to which risks and rewards incident to ownership lie.

The Group has determined that all leasehold land of the Group are in substances as finance lease and has reclassified its leasehold land from prepaid lease payments to property , plant and equipment.

The effects of the reclassification on the consolidated statement of financial position as at 31 March 2010 are as follows :-

	Consolidated Balance Sheet as previously reported	Effects on Adoption of FRS 117	Consolidated Statement of Financial Position as stated
	RM'000	RM'000	RM'000
Property, plant and equipment	68,850	5,958	74,808
Prepaid land lease payments	5,958	(5,958)	-
	<u>74,808</u>	<u>-</u>	<u>74,808</u>

(d) FRS 123(revised), Borrowing Costs

Prior to the adoption of the revised FRS 123, the Group expensed all borrowing costs as and when they were incurred.

With the adoption of the revised FRS 123, this policy has been removed the option of expensing borrowing costs and requires capitalization of such costs that are directly attributable to the acquisition, construction or production of qualifying assets as part of the cost of that asset. All other borrowing costs are recognised as an expense as and when they are incurred.

The new policy is applied prospectively for which the commencement date for capitalisation of borrowing costs on qualifying assets is on or after 1 January 2010.

(e) FRS 139, Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items.

Upon the adoption of FRS 139 , the details of the changes in accounting policies are summarised below :-

(i) Initial recognition and measurement

With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognised at contract dates when, and only when, the Company or any subsidiary becomes a party to the contractual provisions of the instruments.

Upon initial recognition, the financial assets and financial liabilities, if any, recognized and unrecognized in prior financial year are classified as following instruments:

	Pre FRS 139	Post FRS 139
1	Other investment	Financial assets at fair value through profit and loss
2	Trade and other receivables	Loans and receivables
3	Cash and bank balance	Loans and receivables
4	Trade and other payables	Loans and receivables
5	Short term borrowing	Loans and receivables
6	Long term borrowings	Financial liabilities at amortised cost
7	Unrecognised derivative assets	Financial assets at fair value through profit and loss
8	Unrecognised derivative liabilities	Financial liabilities at fair value through profit and loss

At initial measurement, all financial assets and financial liabilities are measured at their fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability.

Subsequent to their initial recognition, the financial assets and financial liabilities are measured as below:-

	Instrument	Measurement Basis
1	Financial assets at fair value through profit and loss	At fair value through profit and loss
2	Held to maturity investment	At amortised cost using effective interest method
3	Loans and Receivables	At amortised cost using effective interest method
4	Financial liabilities at amortised cost	At amortised cost using effective interest method
5	Financial liabilities at fair value through profit and loss	At fair value through profit and loss

(ii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The company has provided various financial guarantees to banks or financial institutions for the guarantee of credit facilities granted to its subsidiaries.

On top of there is no interest differentiates as other physical securities had been given and there is no upfront payment for the guarantee contract that may arrive at the fair value is likely to be zero.

The Company also monitors the performance of its subsidiaries closely to ensure they meet all their financial obligations on time. In view of the minimal risk of default, the Company has derecognized the guarantee as financial liability.

(iii) Derivative financial instruments

Prior to the adoption of FRS 139, financial derivatives are recognised on their settlement dates and outstanding derivatives at the balance sheet date were not recognized in the financial report.

After the adoption of FRS 139, derivative financial instruments are recognized in the financial statements when and only when the Group becomes a party to the contractual provision of those instruments. A derivative financial instrument is categorized as fair value through profit or loss and measured at the fair value with gain or loss recognized in profit or loss.

(iv) Inter company Advances or Loans

Prior to 1 January 2010, the loans or advances granted from the Company to its subsidiaries are at interest free and were recorded at cost.

Upon the adoption of FRS 139, the advances or loans are classified as Loan and Receivables assets. As the loan is interest free and not to call repayment of loan at least 2 years and were only payable at demand, the difference between the fair value and amortised cost of the loan or advance is derecognised.

A2. Qualification of financial statements

There were no audit qualifications on the annual financial statements for the year ended 31 March 2010.

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 2011, total shares repurchased were 1,312,800 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

On 1 March 2011, the Board of Directors had announced an Interim Tax Exempt Dividend of 1 sen per share amounting to RM5,986,872 in respect of the financial year ended 31 March 2011 and the dividend was paid on 16 March 2011.

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	-	243,057	144	-	-	243,201
Inter-segment sales	801	36,568	1,067	-	(38,436)	-
Total	<u>801</u>	<u>279,625</u>	<u>1,211</u>	<u>-</u>	<u>(38,436)</u>	<u>243,201</u>
Results						
Operating profit	<u>9</u>	<u>30,327</u>	<u>579</u>	<u>74</u>		<u>30,989</u>
Interest expense						(0)
Interest income						<u>755</u>
Profit before taxation						31,744
Tax expense						(5,720)
Profit after taxation						<u><u>26,024</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

There were no contingent liabilities for the Group for the current financial period to date.

A13. Capital commitment

Approved capital expenditures for the property, plant and equipment not provided for in the condensed consolidated financial statements as follows :

	As at
	31/03/2011
	RM'000
Approved but not provided for :	
- property, plant and equipment	<u>100</u>

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 RM243.2 million with profit before tax of RM31.74 million for the current financial year to date as compared to RM195.73 million and RM18.06 million in the preceding year corresponding period respectively.

Profit before tax was higher mainly due to the higher revenue during the period.

B2. Comparison with preceding quarter's results

Compared with preceding quarter, the revenue had increased by 30% from RM77.45 million to RM59.57 million. However, profit before tax reduced from RM9.57 million in last quarter to RM8.15 million mainly due to different sales mix during this quarter.

B3. (a) Company's Prospects

The Board of Directors expects the Group to remain profitable. Despite the global economic uncertainty, the Board is optimistic to achieve positive results for the financial year ending 31 March 2012.

(b) Status of Profit Estimate, Forecast or Internal Targets

The Group has not provided any profit estimate, forecast or internal targets during the quarter under review.

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
	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current taxation	551	1,942	5,619	4,985
Transfer to/(from) deferred taxation	390	256	690	28
Under/(Over) provision of income tax in prior year	(589)	114	(589)	255
Under/(Over) provision of deferred taxation in prior year	-	-	-	(615)
	<u>352</u>	<u>2,312</u>	<u>5,720</u>	<u>4,653</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

Particulars of purchase and disposal of quoted securities by the Group are as follows:

(a) Total purchase consideration, sales proceeds and profits results arising there from :

	Current year quarter 31/03/2011 RM'000	Current year to-date 31/03/2011 RM'000
Total purchase consideration	-	-
Total sales proceeds	-	-
Gain on disposal	-	-

(b) Investment in quoted securities as at 31 March 2011 are summarised below : -

At cost	1,358
At carrying value / book value	577
At market value	577

B8. Status of corporate proposal

There were no corporate proposals announced but not completed as at to date.

B9. Borrowings and debt securities

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

There was no group borrowing as at 31 March 2011.

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 the date of this quarterly report.

B12. Dividend

The Board of Directors has proposed a final tax exempt dividend for the financial year ended 31 March 2011 of 1 sen per share for the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

B13. Disclosure of realised and unrealised profits

The breakdown of the retained profits of the Group as at 31 March 2011 into realised and unrealised profits, is as follows :

	Current financial period RM'000
Total retained profits / (accumulated losses) of the Group	
- Realised	154,130
- Unrealised	(7,174)
	<hr/> 146,956
Less : Consolidated adjustment	(49,128)
Total retained earnings as per condensed consolidated statement of changes in equity	<hr/> <hr/> 97,828

B14. 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 31/03/2011	Current year to date 31/03/2011
Net profit for the period (RM'000)	7,801	26,024
Number of ordinary shares in issue ('000)	598,687	598,687
Basic earnings per share (sen)	1.30	4.35

(b) Diluted

N/A

N/A

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.