

SKP RESOURCES BHD
(Company No: 524297-T)
Incorporated in Malaysia under the Companies Act, 1965

Explanatory notes pursuant to MFRS 134
For the nine-month period ended 31 December 2012

1. Corporate information

SKP Resources Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 25 February 2013.

2. First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

These condensed interim financial statements, for the period ended 31 December 2012, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards board. For the periods up to and including the year ended 31 March 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

The consolidated financial statements of the Group for the year ended 31 March 2012, which were prepared under FRS are available upon request from the Company registered office at Suite 11.1A, Level 11, Menara Weld, 76, Jalan Raja Chulan, 50200 Kuala Lumpur.

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 March 2013. MFRS 1 First-Time Adoption of Malaysia Financial Reporting Standards ("MFRS 1") has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2012.

Adoption of the above standards did not have any effect on the financial performance or position of the Group.

3. Significant accounting policies and application of MFRS 1

The audited financial statements of the Group for the year ended 31 March 2012 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 March 2012 except as discussed below:

(a) Business combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of

- (i) The classification of former business combinations under FRS is maintained.
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- (iii) The carrying amount of goodwill recognised under FRS is not adjusted.

(b) Estimates

The estimates at 1 April 2011 and at 31 March 2012 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 April 2011, the date of transition to MFRS and as of 31 March 2012.

4. Change in estimates

There were no significant changes in estimates that have had a material effect in the current interim results.

5. Qualification of financial statements

There were no audit qualifications on the annual financial statements for the year ended 31 March 2012.

6. Seasonal or cyclical factors

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

7. 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.

8. 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.

9. Dividend paid

A Final Tax Exempt (Single-Tier) Dividend of 1.05 sen per share amounting to RM9,450,000 for the financial year ended 31 March 2012 was approved by the shareholders at the Company's Twelfth Annual General Meeting held on 28 September 2012 and was paid on 16 November 2012.

On 5 November 2012, the Board of Directors had declared an Interim Tax Exempt (Single-Tier) Dividend of 1.3 sen per share amounting to RM11,700,000 in respect of the financial year ending 31 March 2013 and the dividend was paid on 21 December 2012.

10. 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	-	334,293	81	-	-	334,374
Inter-segment sales	-	22,193	803	-	(22,996)	-
Total	-	356,486	884	-	(22,996)	334,374
Results						
Operating profit	(410)	43,275	659	65		43,589
Interest expense						-
Interest income						1,624
Profit before taxation						45,213
Tax expense						(11,657)
Profit after taxation						33,556

11. Valuation of property, plant and equipment

There was no revaluation for property, plant and equipment of the Group.

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

There were no material events subsequent to the end of the current quarter.

13. 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.

14. Changes in contingent liabilities or contingent assets

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

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

The Group recorded a turnover of RM334.37 million with profit before tax of RM45.21 million for the current financial year to date as compared to RM291.54 million and RM34.78 million in the preceding year corresponding period respectively.

Profit before tax was higher mainly due to the higher revenue recorded from existing customers during the period. The increase in revenue was contributed by the strong surge in demand for the plastic injection moulding segment as well as value added services such as assemblies of plastic products and components for the electrical and electronics industry.

16. Comparison with preceding quarter's results

	Current Quarter 31/12/2012 RM'000	Preceding Quarter 30/09/2012 RM'000	Variance %
Revenue	90,474	121,179	-25.3%
Profit before taxation	13,125	16,328	-19.6%

Compared with preceding quarter, the revenue had reduced by 25.3% from RM121.17 million to RM90.47 million. Profit before tax reduced from RM16.32 million in last quarter to RM13.12 million mainly due to lower sales orders from customers during this quarter. However, the Group recorded higher profit margin due to different products mix. Both revenue and profit are sustainable mainly due to continued demand for certain manufactured plastic products and components.

17. (a) Company's Prospects

The Board of Directors expects the Group to remain profitable. Prospects remain promising and the Board is optimistic and expect orders from existing and new customers to contribute significantly to the Group's performance for the financial year ending 31 March 2013.

(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.

18. Variance of actual and forecasted profit

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

19. Taxation

	Individual period		Cummulative period	
	Current year quarter 31/12/2012 RM'000	Preceding year corresponding quarter 31/12/2011 RM'000	Current year to- date 31/12/2012 RM'000	Preceding year corresponding period 31/12/2011 RM'000
Current taxation	3,270	3,125	11,457	8,200
Transfer to/(from) deferred taxation	100	100	200	300
Under/(Over) provision of income tax in prior year	-	-	-	-
Under/(Over) provision of deferred taxation in prior year	-	-	-	-
	3,370	3,225	11,657	8,500

The effective tax rate of the Group for the current quarter and financial year to-date is close to the statutory income tax rate.

20. Status of corporate proposal

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

21. 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 December 2012.

22. Material litigation

There were no material litigations as at the date of this quarterly report.

23. Dividend

On 29 February 2012, the Board of Directors announced that the Company has adopted a dividend policy where SKP will endeavour to distribute a minimum of 50% of its after tax profits annually to shareholders with effect from the financial year ending 31 March 2012.

The Company will endeavour to maintain the dividend policy subject to amongst others, factors such as the availability of distributable reserves as well as the Company's future cash flow or capital expenditure requirements, investment opportunities, regulatory and statutory restrictions and market conditions.

24. Disclosure of realised and unrealised profits

The breakdown of the retained profits of the Group as at 31 December 2012 into realised and unrealised profits, is as follows :

	As at the end of current quarter 31/12/2012 RM'000	As at the end of financial year 31/03/2012 RM'000
Total retained profits / (accumulated losses) of the Group		
- Realised	159,721	176,549
- Unrealised	(7,128)	(6,665)
	152,593	169,884
Less : Consolidated adjustment	(50,086)	(49,958)
Total retained earnings as per condensed consolidated statement of changes in equity	102,506	119,926

25. Notes to the Statement of Comprehensive Income

Profit before taxation is arrived at after crediting/(charging) the following income/(expenses) :

	Individual period		Cummulative period	
	Current year quarter 31/12/2012 RM'000	Preceding year corresponding quarter 31/12/2011 RM'000	Current year to-date 31/12/2012 RM'000	Preceding year correspondin g period 31/12/2011 RM'000
Interest income	(605)	(265)	(1,624)	(879)
Other income (including investment income)	(1,359)	(1,019)	(2,840)	(3,690)
Interest expense	-	-	-	-
Depreciation and amortisation	2,196	2,202	6,590	6,726
Amortisation of intangible assets	-	223	-	223
Property, plant and equipment written off	-	-	-	-
Provision for and write-off of receivables	-	-	-	-
Provision for and write-off of inventories	-	-	-	-
Loss/(gain) on disposal of investment securities	-	-	-	-
Loss/(gain) on disposal of property, plant and equipment	-	(495)	(16)	(259)
Impairment of assets	-	-	-	-
Loss/(gain) on foreign exchange	(351)	150	(685)	(149)
Loss/(gain) on derivatives	-	-	-	-
Exceptional items	-	-	-	-

26. 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

	Current year quarter 31/12/2012	Current year to date 31/12/2012
Net profit for the period (RM'000)	9,755	33,556
Number of ordinary shares in issue ('000)	900,000	900,000
Basic earnings per share (sen)	1.08	3.73

(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.