

SKP RESOURCES BHD

(Company No: 524297-T)

Explanatory notes pursuant to MFRS 134 For the twelve-month period ended 31 March 2015

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 29 May 2015.

2. Basis of preparation

These condensed interim financial statements, for the period ended 31 March 2014, 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.

The consolidated financial statements of the Group for the year ended 31 March 2014, which were prepared under MFRS are available upon request from the Company registered office at Level 7, Menara Milenium Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

The interim financial statements should be read in conjunction with the Group's annual audited financial statements for the year ended 31 March 2014.

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 2014.

3. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2014, the Group and the Company adopted the following new and amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2014.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014

The nature and impact of the new and amended MFRSs and IC interpretation as described below:

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realisation and settlement". These amendments are to be applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under MFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under MFRS

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Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets

The amendments to MFRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives has been allocated when there has been no impairment or reversal of impairment of the related CGU. In addition, the amendments introduce additional disclosure requirements when the recoverable amount is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by MFRS 13 Fair Value Measurements.

The application of these amendments has had no impact on the disclosures in the Group's and the Company's financial statements.

IC Interpretation 21 Levies

IC 21 defines a levy and clarifies that the obligating event which gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. For a levy which is triggered upon reaching a minimum threshold, IC 21 clarifies that no liability should be recognised before the specified minimum threshold is reached. Retrospective application is required. The application of IC 21 has had no material impact on the disclosures or on the amounts recognised in the Group's and the Company's financial statements.

New and amended standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities:	1 January 2016
Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2017
MFRS 9 Financial Instruments	1 January 2018

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions

The amendments to MFRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

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Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions (continued)

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- gains and losses resulting from transactions involving the sale or contribution to an associate of a joint venture of assets that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

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MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

Annual Improvements to MFRSs 2010–2012 Cycle

The Annual Improvements to MFRSs 2010-2012 Cycle include a number of amendments to various MFRSs, which are summarised below. The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

Standards	Descriptions
MFRS 2 Share-based Payment	This improvement clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including: <ul style="list-style-type: none">- A performance condition must contain a service condition;- A performance target must be met while the counterparty is rendering service;- A performance target may relate to the operations or activities of an entity, or those of another entity in the same group;- A performance condition may be a market or non-market condition; and- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. This improvement is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.
MFRS 3 Business Combinations MFRS 8 Operating Segments	The amendments to MFRS 3 clarifies that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of MFRS 9 or MFRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014. The amendments are to be applied retrospectively and clarify that: <ul style="list-style-type: none">- an entity must disclose the judgements made by management in applying the aggregation criteria in MFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.
MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets	The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.
MFRS 124 Related Party Disclosures	The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

Annual Improvements to MFRSs 2011–2013 Cycle

The Annual Improvements to MFRSs 2011-2013 Cycle include a number of amendments to various MFRSs, which are summarised below. The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

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Standards	Descriptions
MFRS 3 Business Combinations	The amendments to MFRS 3 clarify that the standard does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself. This amendment is to be applied prospectively.
MFRS 13 Fair Value Measurement	The amendments to MFRS 13 clarify that the portfolio exception in MFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of MFRS 9 (or MFRS 139 as applicable).
MFRS 140 Investment Property	The amendments to MFRS 140 clarify that an entity acquiring investment property must determine whether: <ul style="list-style-type: none">- the property meets the definition of investment property in terms of MFRS 140; and- the transaction meets the definition of a business combination under MFRS 3, to determine if the transaction is a purchase of an asset or is a business combination.

Annual Improvements to MFRSs 2012–2014 Cycle

The Annual Improvements to MFRSs 2012-2014 Cycle include a number of amendments to various MFRSs, which are summarised below. The directors the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

Standards	Descriptions
MFRS 5 Non-current Assets Held for Sale and Discontinued Operations	<p>The amendment to MFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in MFRS 5.</p> <p>The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is to be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.</p>
MFRS 7 Financial Instruments: Disclosures	<p>The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required.</p> <p>In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.</p>
MFRS 119 Employee Benefits	The amendment to MFRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
MFRS 134 Interim	<p>MFRS 134 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'.</p> <p>The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.</p>

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4. Change in estimates

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

5. Changes in composition of the Group

There were no changes in composition of the Group during the quarter and year ended 31 March 2015 except for the completion of the following acquisitions on 30 March 2015:-

- (i) Share sale agreement with Tecnic Group Berhad ("Tecnic") for the acquisition of entire equity interest in Plastictecnic (M) Sdn Bhd, Sun Tong Seng Mould-Tech Sdn Bhd and Bangi Plastics Sdn Bhd from Tecnic for total consideration of RM200 million to be satisfied by a combination of cash payment of RM100 million and the issuance of 172,413,793 new SKP shares at the issue price of RM0.58 per SKP share.

6. Segment information

Segment information is not prepared as the Group is principally involved in manufacturing of plastic products, which is predominantly carried out in Malaysia.

7. Seasonality of operations

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

8. Profit before tax

Included in the profit before tax are the following items :

	Current quarter 3 months ended		Cumulative quarters 12 months ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Interest income	(209)	(278)	(1,233)	(1,296)
Interest expense	-	-	-	-
Depreciation and amortisation	2,531	1,926	9,300	8,227
Fair value gain on financial assets at fair value through profit or loss	(207)	804	(207)	804
(Gain) / Loss on disposal of property, plant and equipment	(50)	(13)	(76)	(18)

9. Income tax expense

	Current quarter 3 months ended		Cumulative quarters 12 months ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Current income tax				
- Malaysia income tax	4,086	1,819	14,540	9,488
- Under/(over)provision in respect of previous years	-	371	-	371
	<u>4,086</u>	<u>2,190</u>	<u>14,540</u>	<u>9,859</u>
Deferred tax				
- Origination and reversal of temporary difference	4	272	4	272
- Under provision in respect of previous years	611	311	611	311
	<u>615</u>	<u>583</u>	<u>615</u>	<u>583</u>
Income tax expense recognised in profit or loss	<u>4,701</u>	<u>2,773</u>	<u>15,155</u>	<u>10,442</u>

The effective tax rate of the Group for the current quarter and financial year to-date is higher than the statutory income tax rate due to certain expenses are not deductible for tax purposes.

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10. Earnings Per Share

Basic earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period held by the Company.

Diluted earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share:

	Current quarter 3 months ended		Cumulative quarters 12 months ended	
	31 March 2015 <u>RM'000</u>	31 March 2014 <u>RM'000</u>	31 March 2015 <u>RM'000</u>	31 March 2014 <u>RM'000</u>
Profit net of tax attributable to owners of the parent used in the computation of earnings per share (RM'000)	11,309	8,247	42,023	29,321
Weighted average number of ordinary shares in issue ('000)	900,000	900,000	900,000	900,000
Effects of dilution : Warrants	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	900,000	900,000	900,000	900,000
Basic earnings per share (sen per share)	1.26	0.92	4.67	3.26
Diluted earnings per share (sen per share)	1.26	0.92	4.67	3.26

The effect on the basic earnings per share for the current financial period arising from the assumed conversion of the warrants is anti-dilutive. Accordingly, the diluted earnings per share for the current period is presented as equated to the basic earnings per share.

11. Property, plant and equipment

During the twelve months ended 31 March 2015, the Group acquired assets at a cost of RM34,107,000 (31 March 2014: RM12,460,000).

Assets with a carrying amount of RM492,000 were disposed of by the Group during the twelve months ended 31 March 2015 (31 March 2014: RM483,000), resulting in a gain on disposal of RM76,000 (31 March 2014: gain of RM18,000), recognised and included in other income in the statement of comprehensive income.

12. Inventories

There was no write-down of inventories to net realisable value for the current quarter (31 March 2014: Nil).

13. Cash and cash equivalents

Cash and cash equivalents comprised of the following amounts:

	31 March 2015 <u>RM'000</u>	31 March 2014 <u>RM'000</u>
Cash at bank and in hand	74,665	17,475
Short term deposits with financial institution	4,926	4,500
Total cash and cash equivalents	<u>79,591</u>	<u>21,975</u>

There is no maturity period for money market funds as these money are callable on demand.

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14. Fair value hierarchy

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs that are based on observable market data, either directly or indirectly

Level 3 – Inputs that are not based on observable market data

As at the reporting date, the Group held the following financial assets that are measured at fair value:

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
At 31 March 2015				
Non current				
Available-for-sale financial assets				
Quoted investment - Bond Fund	1,456	1,456	-	-
Unquoted investment - Golf club memberships	100	-	100	-
Held-to-maturity investment				
Fixed deposits with licensed bank	239	-	239	-
	<u>1,795</u>	<u>1,456</u>	<u>339</u>	<u>-</u>
Current				
Fair value through profit or loss				
Investment in income trust funds in Malaysia	3,000	3,000	-	-
	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>-</u>
At 31 March 2014				
Non current				
Available-for-sale financial assets				
Quoted investment - Bond Fund	1,456	1,456	-	-
Held-to-maturity investment				
Fixed deposits with licensed bank	239	-	239.00	-
	<u>1,695</u>	<u>1,456</u>	<u>239</u>	<u>-</u>
Current				
Fair value through profit or loss				
Investment in income trust funds in Malaysia	72,788	72,788	-	-
	<u>72,788</u>	<u>72,788</u>	<u>-</u>	<u>-</u>

No transfers between any levels of the fair value hierarchy took place during the current interim period and the comparative period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

The Group does not hold credit enhancements or collateral to mitigate credit risk. The carrying amount of financial assets therefore represents the potential credit risk.

15. Other Investments

Investment in income trust funds are placed with licensed investment banks and asset management companies in Malaysia which are highly liquid and readily convertible to cash.

16. Merger Deficit

The merger deficit relating to business combination involving entities under common control, is accounted for by applying the pooling of interest method. The difference between the consideration paid and the share capital and reserves of the subsidiaries acquired is reflected as a merger deficit.

	31 March 2015 RM'000
Cost of investment in subsidiaries under pooling of interests	200,000
Less : Net assets of subsidiaries representing the share capital and reserves of subsidiaries acquired	(104,976)
Merger deficit	<u>95,024</u>

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17. Trade and other payables

Trade and other payables included the amount owed to Tecnic Group Berhad ("Tecnic") of RM200 million as at 31 March 2015. This amount was the purchase consideration for the acquisition of subsidiaries from Tecnic. It was subsequently paid to Tecnic on 6 April 2015 via the cash payment of RM100 million and the issuance of 172,413,793 new SKP shares at an issue price of RM0.58 per SKP share.

18. Net assets per share

Net assets per share as at 31 March 2015 had reduced to RM0.17. This was mainly due to the effect of merger deficit from the acquisition of subsidiaries, pending the issuance of new SKP shares as part of the payment under the corporate exercise.

On 6 April 2015, the purchase consideration of RM200 million had been paid via the cash payment of RM100 million and the issuance of 172,413,793 new SKP shares at an issue price of RM0.58 per SKP share.

19. Dividends

No interim dividend has been declared for the financial period ended 31 March 2015 (31 March 2014: Nil).

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.

20. Commitment

	31 March 2015 RM'000	31 March 2014 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	8,000	26,000
Approved and not contracted for:		
Property, plant and equipment	-	-

21. Contingencies

There were no contingent assets and no changes in the contingent liability for the Group for the current financial period to date.

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22. Related party transactions

Transactions that have been entered into are in the normal course of business and have been established under mutually agreed terms that are not materially different from those obtainable in transactions with unrelated parties.

23. Events after the reporting period

Save as disclosed under Note 28, there were no material events that have arisen subsequent to the financial period ended 31 March 2015.

24. Performance review

The Group recorded a turnover of RM616.55 million with profit before tax of RM57.18 million for the current financial year to date as compared to RM412.77 million and RM39.76 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 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.

25. Comment on material change in profit before tax

	Current Quarter 31/3/2015 RM'000	Preceding Quarter 31/12/2014 RM'000	Variance %
Revenue	194,388	150,175	29.4%
Profit before taxation	16,010	14,308	11.9%

Compared with preceding quarter, the revenue had increased by 29.4% from RM150.17 million to RM194.39 million. Profit before tax also increased from RM14.31 million in last quarter to RM16.01 million mainly due to increase in revenue during the period as well as different products mix.

26. Commentary on prospects

SKP marks another milestone after the Company had secured a five (5)-years RM400 million contract from its existing key customer, Dyson Ltd. ("Dyson") (as announced by SKP on 18 May 2015 and 20 May 2015). On the back of this contract from Dyson as well as strong order book from other existing customers, the Board of Directors expects the Group's momentum of growth will continue as it moves into an invigorating financial year 2016.

27. Profit forecast or profit guarantee

Not applicable as no profit forecast or profit guarantee announced as at the date of this quarterly report.

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28. Corporate proposals

On 2 October 2014, on behalf of the Board of Directors, RHB Investment Bank Berhad announced that the Company had entered into a conditional share sale agreement with Tecnic Group Berhad for the acquisition of :

- (i) 3,500,000 ordinary shares of RM1.00 each in Plastictecnic (M) Sdn Bhd ("PSB"), representing the entire issued and paid-up share capital of PSB;
- (ii) 3,000,000 ordinary shares of RM1.00 each in Sun Tong Seng Mould-Tech Sdn Bhd ("STSM"), representing the entire issued and paid-up share capital of STSM; and
- (iii) 2,300,000 ordinary shares of RM1.00 each in Bangi Plastics Sdn Bhd ("BPSB"), representing the entire issued and paid-up share capital of BPSB;

for an aggregate purchase consideration of RM200.0 million to be satisfied via the issuance of 172,413,793 new SKP Shares at an issue price of RM0.58 per SKP Share and RM100.0 million in cash.

(Collectively referred to as the "Proposals")

Shareholders of the Company had at the Extraordinary General Meeting held on 6 Jan 2015, approved the Proposals.

On behalf of the Board of Directors of SKP, RHB Investment Bank announced that the 172,413,793 Consideration Shares were allotted to Tecnic on 6 April 2015, marking the completion of the Acquisitions.

29. Changes in material litigation

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

30. Dividend payable

No dividend was paid during the current quarter.

31. Disclosure of nature of outstanding derivatives

There are no outstanding derivative as at reporting period.

32. Rationale for entering into derivatives

The Group did not enter into any derivatives during the period ended 31 March 2015 or the previous financial year ended 31 March 2014.

33. Risks and policies of derivatives

The Group did not enter into any derivatives during the period ended 31 March 2015 or the previous financial year ended 31 March 2014.

34. Disclosure of gains / losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 March 2015 and 31 March 2014.

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Explanatory notes pursuant to Bursa Malaysia Listing Requirement: Chapter 9, Appendix 9B, Part A For the twelve-month period ended 31 March 2015

35. Breakdown of realised and unrealised profits or losses

The breakdown of the retained profits of the Group as at 31 March 2015 and 31 March 2014 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysia Institute of Accountants.

The breakdown of the retained profits of the Group as at 31 March 2014 into realised and unrealised profits, is as follows :

	Current year ended 31 March 2015 RM'000	Previous financial year ended 31 March 2014 RM'000
Total retained profits of the Group		
- Realised	318,471	187,124
- Unrealised	(15,292)	(6,905)
	<u>303,179</u>	<u>180,219</u>
Less : Consolidated adjustment	(146,735)	(50,498)
Total group retained earnings as per financial statements	<u>156,444</u>	<u>129,721</u>

36. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 March 2014 was not qualified.