

**SKP RESOURCES BHD**

(Company No: 524297-T)

**Condensed consolidated interim financial statements  
For the first quarter ended 30 June 2015****Condensed consolidated statements of comprehensive income**

	Note	Current quarter 3 months ended		Cumulative quarters 3 months ended	
		30 Jun 2015 (Unaudited) RM'000	30 Jun 2014 (Unaudited) RM'000	30 Jun 2015 (Unaudited) RM'000	30 Jun 2014 (Unaudited) RM'000
<b>Revenue</b>		243,062	131,737	243,062	131,737
Cost of sales		(209,124)	(115,114)	(209,124)	(115,114)
<b>Gross profit</b>		33,938	16,623	33,938	16,623
Other operating income		2,664	1,659	2,664	1,659
Operating expenses		(12,551)	(5,919)	(12,551)	(5,919)
<b>Operating profit</b>		24,051	12,363	24,051	12,363
Interest expense		(714)	-	(714)	-
Interest income		207	422	207	422
<b>Profit before tax</b>	8	23,544	12,785	23,544	12,785
Tax expense	9	(5,640)	(3,136)	(5,640)	(3,136)
<b>Profit for the period</b>		17,904	9,649	17,904	9,649
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period, net of tax</b>		17,904	9,649	17,904	9,649
Total comprehensive income attributable to:					
Owners of the parent		17,904	9,649	17,904	9,649
Non-controlling interests		-	-	-	-
		17,904	9,649	17,904	9,649
<b>Earnings per share attributable to owners of the parent (sen):</b>					
-Basic	10	1.67	1.07	1.67	1.07
-Diluted	10	1.66	1.07	1.66	1.07

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

**SKP RESOURCES BHD**

(Company No: 524297-T)

**Condensed consolidated interim financial statements****For the first quarter ended 30 June 2015****Condensed consolidated statements of financial position**

	Note	30 June 2015 Unaudited RM'000	31 March 2015 Audited RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	161,662	161,038
Land use rights		17,436	17,535
Investment properties		1,637	1,643
Other investments	14	685	1,588
		181,420	181,804
<b>Current assets</b>			
Inventories	12	83,031	74,891
Trade and other receivables		217,936	218,589
Other current asset		286	6,001
Tax recoverable		(1,753)	-
Other investments	14	3,907	6,687
Cash and bank balances	13	20,524	76,722
		323,931	382,890
<b>TOTAL ASSETS</b>		505,351	564,694
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		107,491	90,000
Share premium		84,232	351
Merger deficit		(95,002)	(95,002)
Fair value adjustment reserve		(69)	(69)
Retained earnings		174,647	156,743
<b>Total equity</b>		271,299	152,023
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	16	23,583	-
Deferred taxation		14,735	14,567
		38,318	14,567
<b>Current liabilities</b>			
Interest-bearing loans and borrowings	16	24,818	-
Trade and other payables	17	170,916	397,654
Income tax payable		-	450
		195,734	398,104
<b>Total liabilities</b>		234,052	412,671
<b>TOTAL EQUITY AND LIABILITIES</b>		505,351	564,694
Net assets per share (RM)	18	0.25	0.17

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

**SKP RESOURCES BHD**

(Company No: 524297-T)

**Condensed consolidated interim financial statements****For the first quarter ended 30 June 2015****Condensed consolidated statements of changes in equity**

	NON DISTRIBUTABLE			DISTRIBUTABLE		TOTAL RM'000
	SHARE CAPITAL	SHARE PREMIUM	MERGER DEFICIT	FAIR VALUE ADJUSTMENT RESERVE	RETAINED EARNINGS	
	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Opening balance at 1 April 2014</b>	90,000	351	-	-	129,721	220,072
Total comprehensive income	-	-	-	-	9,649	9,649
<b>Closing balance at 30 June 2014</b>	<u>90,000</u>	<u>351</u>	<u>-</u>	<u>-</u>	<u>139,370</u>	<u>229,721</u>
<b>Opening balance at 1 April 2015</b>	90,000	351	(95,002)	(69)	156,743	152,023
Total comprehensive income	-	-	-	-	17,904	17,904
Shares issued for acquisition of new subsidiaries	17,241	82,759	-	-	-	100,000
Shares issued for warrants conversion	250	1,122	-	-	-	1,372
<b>Closing balance at 30 June 2015</b>	<u>107,491</u>	<u>84,232</u>	<u>(95,002)</u>	<u>(69)</u>	<u>174,647</u>	<u>271,299</u>

(The Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

**SKP RESOURCES BHD**

(Company No: 524297-T)

**Condensed consolidated interim financial statements****For the first quarter ended 30 June 2015****Condensed consolidated statements of cash flows**

	Note	3 months ended	
		30 June 2015 (Unaudited) RM'000	30 June 2014 (Unaudited) RM'000
<b>Cash flows from operating activities</b>			
Profit before taxation		23,544	12,785
Adjustments for:			
Depreciation and amortisation		4,661	2,405
Fair value gain on financial assets at fair value through profit and loss		(118)	(386)
Gain on disposal of property, plant and equipment	11	(60)	(23)
Unrealised foreign exchange loss		505	-
Interest expense		714	-
Interest income		(89)	(428)
Operating profit before working capital changes		29,157	14,353
Increase in inventories		(8,140)	(5,047)
Decrease/(increase) in receivables		882	(17,422)
Decrease/(increase) in other current assets		5,715	(1,251)
(Decrease)/increase in payables		(126,676)	14,968
Cash (used in)/generated from operations		(99,062)	5,601
Interest paid		(714)	-
Taxes paid		(4,169)	(2,117)
Net cash flows (used in)/from operating activities		(103,945)	3,484
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	11	(5,197)	(2,691)
Proceeds from disposal of property, plant and equipment	11	77	23
Proceeds from disposal of other investments		3,801	2,115
Purchase of other investments		-	(5,931)
Interest received		89	428
Net cash flows used in investing activities		(1,230)	(6,056)
<b>Cash flows from financing activities</b>			
Drawdown in term loan		23,583	-
Increase in short term borrowings		24,818	-
Proceeds from convertible warrants		1,372	-
Net cash from financing activities		49,773	-
<b>Net decrease in cash and cash equivalents</b>		(55,402)	(2,572)
Effects of exchange rate changes		(796)	-
Cash and cash equivalents at beginning of period		76,722	21,975
<b>Cash and cash equivalents at end of period</b>	13	20,524	19,403

(The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

**Explanatory notes pursuant to MFRS 134**  
**For the three-month period ended 30 June 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 25 August 2015.

**2. Basis of preparation**

These condensed interim financial statements, for the period ended 31 March 2015, 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 2015, 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 2015.

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 2015.

**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.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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 10.

## 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: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
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.

## 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 significant changes in composition of the Group for the current financial quarter.

## 6. Segment information

The Group is principally involved in manufacturing of plastic products and fabrication of moulds which is predominantly carried out in Malaysia. Segment information is not prepared as fabrication of moulds is insignificant to the Group.

## 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 3 months ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Interest income	(89)	(428)	(89)	(428)
Interest expense	714	-	714	-
Depreciation and amortisation	4,661	2,405	4,661	2,405
Property, plant and equipment written off	-	-	-	-
Fair value gain on financial assets at fair value through profit or loss	(118)	(386)	(118)	(386)
Gain on disposal of property, plant and equipment	(60)	(23)	(60)	(23)
Gain on foreign exchange - realised	(40)	-	(40)	-
Loss on foreign exchange - unrealised	505	-	505	-

## 9. Income tax expense

	Current quarter 3 months ended		Cumulative quarters 3 months ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Current income tax				
- Malaysia income tax	5,472	3,136	5,472	3,136
Deferred tax				
- Origination and reversal of temporary difference	168	-	168	-
Income tax expense recognised in profit or loss	5,640	3,136	5,640	3,136

The effective tax rate of the Group for the current quarter and financial year to-date is slightly lower than the statutory income tax rate due to utilisation of reinvestment allowances of subsidiaries.

## 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 3 months ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Profit net of tax attributable to owners of the parent used in the computation of earnings per share (RM'000)	17,904	9,649	17,904	9,649
Weighted average number of ordinary shares in issue ('000) *	1,072,410	900,000	1,072,410	900,000
Effects of dilution : Warrants	2,500	-	2,500	-
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,074,910	900,000	1,074,910	900,000
Basic earnings per share (sen per share)	1.67	1.07	1.67	1.07
Diluted earnings per share (sen per share)	1.66	1.07	1.66	1.07

\* The weighted average effect of shares issued for acquisition of new subsidiaries during current period.

## 11. Property, plant and equipment

During the three months ended 30 June 2015, the Group acquired assets at a cost of RM5,197,000 (30 June 2014: RM2,691,000).

Assets with a carrying amount of RM17,000 were disposed of by the Group during the three months ended 30 June 2015 (30 June 2014: RM396,000), resulting in a gain on disposal of RM60,000 (30 June 2014: RM23,000), 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 (30 June 2014: Nil).

## 13. Cash and cash equivalents

Cash and cash equivalents comprised of the following amounts:

	<b>30 June 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
Cash at bank and on hand	4,281	75,278
Money market fund placed with fund managers	-	44
Fixed deposits with licensed commercial banks	16,243	1,400
Total cash and cash equivalents	<u>20,524</u>	<u>76,722</u>

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

## 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
<b>At 30 June 2015</b>				
<b>Non current</b>				
<b>Available-for-sale financial assets</b>				
Quoted investment - Bond Fund	485	485	-	-
Unquoted investment - Golf club memberships	100	-	100	-
<b>Held-to-maturity investment</b>				
Fixed deposits with licensed bank	100	-	100	-
	<u>685</u>	<u>485</u>	<u>200</u>	<u>-</u>
<b>Current</b>				
<b>Fair value through profit or loss</b>				
Investment in income trust funds in Malaysia	3,907	3,907	-	-
	<u>3,907</u>	<u>3,907</u>	<u>-</u>	<u>-</u>
<b>At 30 June 2014</b>				
<b>Non current</b>				
<b>Available-for-sale financial assets</b>				
Quoted investment - Bond Fund	1,456	1,456	-	-
<b>Held-to-maturity investment</b>				
Fixed deposits with licensed bank	239	-	239	-
	<u>1,695</u>	<u>1,456</u>	<u>239</u>	<u>-</u>
<b>Current</b>				
<b>Fair value through profit or loss</b>				
Investment in income trust funds in Malaysia	75,800	75,800	-	-
	<u>75,800</u>	<u>75,800</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. Interest-bearing loans and borrowings

	<b>30 June 2015 RM'000</b>	31 March 2015 RM'000
<b>Short term borrowings</b>		
Secured	24,818	-
<b>Long term borrowing</b>		
Secured	23,583	-
	<u>48,401</u>	<u>-</u>

## 17. Dividends

The Board of Directors has earlier proposed a final single-tier dividend for the financial year ended 31 March 2015 of 1.96 sen per share for the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

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

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.

## 18. Commitment

	<b>30 June 2015 RM'000</b>	30 June 2014 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	5,000	21,000
Approved and not contracted for:		
Property, plant and equipment	-	5,000

## 19. Contingencies

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

**Explanatory notes pursuant to Bursa Malaysia Listing Requirement: Chapter 9, Appendix 9B, Part A**  
**For the three-month period ended 30 June 2015**

**20. Related party transactions**

There were no recurrent related party transactions.

**21. Events after the reporting period**

There were no material events that have arisen subsequent to the financial period ended 30 June 2015.

**22. Performance review**

The Group recorded a turnover of RM243.06 million with profit before tax of RM23.54 million for the current financial period to date as compared to RM131.74 million and RM12.79 million in the preceding year corresponding period respectively.

The increase in revenue and profit before tax were mainly due to the higher revenue recorded from existing customers during the period as well as the contribution from newly acquired subsidiaries.

During the quarter, the Group had incurred the stamp duties for transfer of shares and professional fees pertaining to the acquisition of new subsidiaries (RM894,000).

**23. Comment on material change in profit before tax**

	<b>Current Quarter 30/6/2015 RM'000</b>	<b>Preceding Quarter 31/3/2015 RM'000</b>	<b>Variance %</b>
Revenue	243,062	194,388	25.0%
Profit before taxation	23,544	16,010	47.1%

Compared with preceding quarter, the revenue had increased by 25.0% from RM194.39 million to RM243.06 million. Profit before tax also increased from RM16.01 million in last quarter to RM23.54 million mainly due to higher revenue from existing customers and contribution from new subsidiaries.

**24. Commentary on prospects**

The recently secured order from the key customer at a contract value of RM400 million per year is expected to strengthen the order books in the financial year ending 31 March 2016 . With the maiden consolidation of the three (3) subsidiaries of Tecnic Group Berhad, the Group is now able to diversify its customer base spanning various sectors with the acquisitions as the newly acquired subsidiaries has established long term relationship with several multinationals as it customers, which are spread over a diverse range of industries.

In terms of production capacity, the newly acquired subsidiaries allows the Group to leverage on their additional production capacity and broaden the product mix to better tailor its services to suit the demand of customers. The new factory in Senai which is expected to be up and running by September 2015 coupled with key customer's aggressive expansion plans, the prospect of our Group remains optimistic .

**25. Profit forecast or profit guarantee**

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

**26. Corporate proposals**

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

**27. Changes in material litigation**

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

**28. Dividend payable**

No dividend was paid during the current quarter.

### 29. Disclosure of nature of outstanding derivatives

There are no outstanding derivative as at reporting period.

### 30. Rationale for entering into derivatives

The Group did not enter into any derivatives during the period ended 30 June 2015 or the previous financial period ended 30 June 2014.

### 31. Risks and policies of derivatives

The Group did not enter into any derivatives during the period ended 30 June 2015 or the previous financial period ended 30 June 2014.

### 32. 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 30 June 2015 and 30 June 2014.

### 33. Breakdown of realised and unrealised profits or losses

The breakdown of the retained profits of the Group as at 30 June 2015 and 31 March 2015 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 30 June 2015 into realised and unrealised profits, is as follows :

	<b>Current year ended 30 June 2015 RM'000</b>	<b>Previous financial year ended 31 March 2015 RM'000</b>
Total retained profits of the Group		
- Realised	318,471	318,348
- Unrealised	(15,122)	(14,792)
	<hr/> 325,023	<hr/> 303,556
Less : Consolidated adjustment	(150,376)	(146,813)
Total group retained earnings as per financial statements	<hr/> 174,647	<hr/> 156,743

### 34. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 March 2015 was not qualified.