

SKP RESOURCES BHD

(Company No: 524297-T)

**Condensed consolidated interim financial statements
For the third quarter ended 31 December 2015****Condensed consolidated statements of comprehensive income**

	Note	Current quarter 3 months ended		Cumulative quarters 9 months ended	
		31 Dec 2015 (Unaudited) RM'000	31 Dec 2014 (Unaudited) RM'000	31 Dec 2015 (Unaudited) RM'000	31 Dec 2014 (Unaudited) RM'000
Revenue		314,767	150,175	819,059	422,161
Cost of sales		(270,971)	(129,632)	(705,071)	(365,582)
Gross profit		43,796	20,543	113,988	56,579
Other operating income		760	326	4,155	2,551
Operating expenses		(12,302)	(6,894)	(37,247)	(18,986)
Operating profit		32,254	13,975	80,896	40,144
Interest expense		(801)	-	(2,124)	-
Interest income		305	333	749	1,024
Profit before tax	8	31,758	14,308	79,521	41,168
Tax expense	9	(7,611)	(3,772)	(19,053)	(10,454)
Profit for the period		24,147	10,536	60,468	30,714
Other comprehensive income		-	-	-	-
Total comprehensive income for the period, net of tax		24,147	10,536	60,468	30,714
Total comprehensive income attributable to:					
Owners of the parent		24,147	10,536	60,468	30,714
Non-controlling interests		-	-	-	-
		24,147	10,536	60,468	30,714
Earnings per share attributable to owners of the parent (sen):					
-Basic	10	2.20	1.17	5.58	3.41
-Diluted	10	2.04	1.17	5.20	3.41

(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 third quarter ended 31 December 2015****Condensed consolidated statements of financial position**

	Note	31 Dec 2015 Unaudited RM'000	31 March 2015 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	165,095	161,038
Land use rights		17,238	17,535
Investment properties		1,624	1,643
Other investments	14,15	662	1,588
		<u>184,619</u>	<u>181,804</u>
Current assets			
Inventories	12	86,400	74,891
Trade and other receivables		268,863	218,589
Other current asset		3,328	6,001
Tax recoverable		-	-
Other investments	14,15	18,570	6,687
Cash and bank balances	13	49,433	76,722
		<u>426,594</u>	<u>382,890</u>
TOTAL ASSETS		<u><u>611,213</u></u>	<u><u>564,694</u></u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		111,244	90,000
Share premium		101,123	351
Merger deficit		(95,002)	(95,002)
Fair value adjustment reserve		(69)	(69)
Retained earnings		195,980	156,743
Total equity		<u>313,276</u>	<u>152,023</u>
Non-current liabilities			
Interest-bearing loans and borrowings	16	23,583	-
Deferred taxation		15,496	14,567
		<u>39,079</u>	<u>14,567</u>
Current liabilities			
Interest-bearing loans and borrowings	16	45,000	-
Trade and other payables	17	210,841	397,654
Income tax payable		3,017	450
Total liabilities		<u>258,858</u>	<u>398,104</u>
		<u>297,937</u>	<u>412,671</u>
TOTAL EQUITY AND LIABILITIES		<u><u>611,213</u></u>	<u><u>564,694</u></u>
Net assets per share (RM)		<u>0.28</u>	<u>0.17</u>

(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 third quarter ended 31 December 2015****Condensed consolidated statements of changes in equity**

	NON DISTRIBUTABLE			DISTRIBUTABLE		TOTAL RM'000
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	MERGER DEFICIT RM'000	FAIR VALUE ADJUSTMENT RESERVE RM'000	RETAINED EARNINGS RM'000	
Opening balance at 1 April 2014	90,000	351	-	-	129,721	220,072
Total comprehensive income	-	-	-	-	30,714	30,714
Dividends	-	-	-	-	(15,300)	(15,300)
Closing balance at 31 December 2014	90,000	351	-	-	145,135	235,486
Opening balance at 1 April 2015	90,000	351	(95,002)	(69)	156,743	152,023
Total comprehensive income	-	-	-	-	60,468	60,468
Shares issued for acquisition of new subsidiaries	17,241	82,759	-	-	-	100,000
Shares issued for warrants conversion	4,003	18,013	-	-	-	22,016
Dividends	-	-	-	-	(21,231)	(21,231)
Closing balance at 31 December 2015	111,244	101,123	(95,002)	(69)	195,980	313,276

(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 third quarter ended 31 December 2015****Condensed consolidated statements of cash flows**

	Note	9 months ended	
		31 Dec 2015 (Unaudited) RM'000	31 Dec 2014 (Unaudited) RM'000
Cash flows from operating activities			
Profit before taxation		79,521	41,168
Adjustments for:			
Depreciation and amortisation		14,137	7,083
Impairment on trade receivables		39	-
Fair value gain on financial assets at fair value through profit and loss		-	(386)
Loss/(gain) on disposal of property, plant and equipment	11	134	(26)
Unrealised foreign exchange loss		622	-
Interest expense		2,124	-
Interest income		(749)	(1,024)
Operating profit before working capital changes		95,828	46,815
Increase in inventories		(11,509)	(25,446)
Increase in receivables		(50,650)	(50,738)
Decrease/(increase) in other current assets		2,673	(340)
(Decrease)/increase in payables		(86,689)	56,152
Cash (used in)/generated from operations		(50,347)	26,443
Interest paid		(2,124)	-
Taxes refund		-	478
Taxes paid		(15,557)	(7,792)
Net cash flows (used in)/generated from operating activities		(68,028)	19,129
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(18,484)	(30,543)
Proceeds from disposal of property, plant and equipment	11	472	33
Proceeds from disposal of other investments		(10,957)	24,615
Purchase of other investments		-	(2,761)
Interest received		749	1,024
Net cash flows used in investing activities		(28,220)	(7,632)
Cash flows from financing activities			
Drawdown in term loan		23,583	-
Increase in short term borrowings		45,000	-
Proceeds from convertible warrants		22,016	-
Dividend paid		(21,231)	(15,300)
Net cash generated from/(used in) financing activities		69,368	(15,300)
Net decrease in cash and cash equivalents			
		(26,880)	(3,803)
Effects of exchange rate changes		(409)	-
Cash and cash equivalents at beginning of period		76,722	21,975
Cash and cash equivalents at end of period	13	<u>49,433</u>	<u>18,172</u>

(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 nine-month period ended 31 December 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 19 February 2016.

2. Basis of preparation

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

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 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		Cumulative quarters	
	3 months ended		9 months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2015	2014	2015	2014
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest income	(562)	(333)	(749)	(1,024)
Interest expense	801	-	2,124	-
Depreciation and amortisation	4,804	2,459	14,137	7,083
Loss/(gain) on disposal of property, plant and equipment	240	-	134	(26)
Gain on foreign exchange - realised	(3,453)	-	(2,602)	-
Loss on foreign exchange - unrealised	1,051	-	622	-
Impairment of trade receivables	-	-	39	-

9. Income tax expense

	Current quarter		Cumulative quarters	
	3 months ended		9 months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2015	2014	2015	2014
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current income tax				
- Malaysia income tax	7,052	3,772	18,124	10,454
Deferred tax				
- Origination and reversal of temporary difference	559	-	929	-
Income tax expense recognised in profit or loss	<u>7,611</u>	<u>3,772</u>	<u>19,053</u>	<u>10,454</u>

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 and acquisition of new property, plant and equipments.

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 9 months ended	
	31 Dec 2015 RM'000	31 Dec 2014 RM'000	31 Dec 2015 RM'000	31 Dec 2014 RM'000
	Profit net of tax attributable to owners of the parent used in the computation of earnings per share (RM'000)	24,147	10,536	60,468
Weighted average number of ordinary shares in issue ('000) *	1,098,521	900,000	1,084,102	900,000
Effects of dilution : Warrants	84,957	-	78,551	-
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,183,478	900,000	1,162,653	900,000
Basic earnings per share (sen per share)	2.20	1.17	5.58	3.41
Diluted earnings per share (sen per share)	2.04	1.17	5.20	3.41

11. Property, plant and equipment

During the nine months ended 31 December 2015, the Group acquired assets at a cost of RM18,484,000 (31 December 2014: RM30,543,000).

Assets with a carrying amount of RM607,000 were disposed of by the Group during the nine months ended 31 December 2015 (31 December 2014: RM511,000), resulting in a loss/(gain) on disposal of RM134,000 (31 December 2014: (RM26,000)), recognised and included in operating expenses/(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 December 2014: Nil).

13. Cash and cash equivalents

Cash and cash equivalents comprised of the following amounts:

	31 Dec 2015 RM'000	31 March 2015 RM'000
Cash at banks and on hand	27,868	75,278
Money market fund placed with fund managers	-	44
Fixed deposits with licensed commercial banks	21,565	1,400
Total cash and cash equivalents	49,433	76,722

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
At 31 December 2015				
Non current				
Available-for-sale financial assets				
Quoted investment - Bond Fund	462	462	-	-
Unquoted investment - Golf club memberships	100	-	100	-
Held-to-maturity investment				
Fixed deposits with licensed bank	100	-	100	-
	<u>662</u>	<u>462</u>	<u>200</u>	<u>-</u>
Current				
Fair value through profit or loss				
Investment in income trust funds in Malaysia	18,570	18,570	-	-
At 31 March 2015				
Non current				
Available-for-sale financial assets				
Quoted investment - Bond Fund	1,388	-	1,388	-
Unquoted investment - Golf club memberships	100	-	100	-
Held-to-maturity investment				
Fixed deposits with licensed bank	100	-	100	-
	<u>1,588</u>	<u>-</u>	<u>1,588</u>	<u>-</u>
Current				
Fair value through profit or loss				
Investment in Malaysia				
- Income trust funds	5,546	5,546	-	-
- Cash management fund	1,000	1,000	-	-
Held-to-maturity investment				
Fixed deposits with licensed commercial bank	141	-	141	-
	<u>6,687</u>	<u>6,546</u>	<u>141</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

	31 Dec 2015 RM'000	31 March 2015 RM'000
Short term borrowings		
Secured	45,000	-
Long term borrowing		
Secured	23,583	-
	<u>68,583</u>	<u>-</u>

17. Dividends

On 30 July 2015, the Board of Directors had announced a final single-tier dividend of 1.96 sen per share amounting to RM21,231,000 in respect of the financial year ended 31 March 2015 and the dividend was paid on 26 October 2015.

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

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

The Group did not have any material commitment for contracted capital expenditure which might have a material impact on the financial position or business of the Group.

	31 Dec 2015 RM'000	31 March 2015 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	16,200	6,910
Approved and not contracted for:		
Property, plant and equipment	-	-

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 nine-month period ended 31 December 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 31 December 2015.

22. Performance review

The Group recorded a turnover of RM819.06 million with profit before tax of RM79.52 million for the current financial period to date as compared to RM422.16 million and RM41.17 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.

23. Comment on material change in profit before tax

	Current Quarter 31/12/2015 RM'000	Preceding Quarter 30/9/2015 RM'000	Variance %
Revenue	314,767	261,230	20.5%
Profit before taxation	31,758	24,219	31.1%

Compared with preceding quarter, the revenue had increased by 20.5% from RM261.23 million to RM314.77 million. Profit before tax also increased from RM24.22 million in last quarter to RM31.76 million mainly due to higher revenue from existing customers and contribution from new subsidiaries.

24. Commentary on prospects

The Board of Directors expects the Group to remain profitable fuels by strong order books from existing customers which will contribute positively to the Group's performance for the financial year ending 31 March 2016.

The acquisitions of new subsidiaries would allow 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 Group would diversify its customer base spanning various sectors with the acquisitions as the newly acquired subsidiaries has established long term relationship with several MNCs as its customers, which are spread over a diverse range of industries.

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

Please refer to Note 17 for details.

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 31 December 2015 or the previous financial year ended 31 March 2015.

31. Risks and policies of derivatives

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

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 31 December 2015 and 31 March 2015.

33. Breakdown of realised and unrealised profits or losses

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

	Current year ended 31 Dec 2015 RM'000	Previous financial year ended 31 March 2015 RM'000
Total retained profits of the Group		
- Realised	374,892	318,348
- Unrealised	(16,118)	(14,792)
	<hr/> 358,774	<hr/> 303,556
Less : Consolidated adjustment	(162,794)	(146,813)
Total group retained earnings as per financial statements	<hr/> 195,980	<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.