

SKP RESOURCES BHD.

(Company No: 524297-T)

**Condensed consolidated interim financial statements
For the fourth quarter ended 31 March 2017****Condensed consolidated statements of comprehensive income**

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31 March 2017 (Unaudited) RM'000	31 March 2016 (Unaudited) RM'000	31 March 2017 (Unaudited) RM'000	31 March 2016 (Audited) RM'000
Revenue		586,540	196,294	1,943,564	1,015,353
Cost of sales		(533,392)	(154,812)	(1,739,065)	(859,883)
Gross profit		53,148	41,482	204,499	155,470
Other operating income		8,180	5,445	11,558	9,600
Operating expenses		(17,287)	(24,931)	(77,528)	(62,178)
Operating profit		44,041	21,996	138,529	102,892
Interest expense		(806)	(685)	(3,205)	(2,809)
Interest income		1,299	534	3,142	1,283
Profit before tax	8	44,534	21,845	138,466	101,366
Tax expense	9	(11,408)	(831)	(33,952)	(19,884)
Profit for the period		33,126	21,014	104,514	81,482
Other comprehensive income		-	69	-	69
Total comprehensive income for the period, net of tax		33,126	21,083	104,514	81,551
Total comprehensive income attributable to:					
Owners of the parent		33,126	21,083	104,514	81,551
Non-controlling interests		-	-	-	-
		33,126	21,083	104,514	81,551
Earnings per share attributable to owners of the parent (sen):					
-Basic	10	2.78	1.89	8.93	7.47
-Diluted	10	2.73	1.76	8.78	6.99

SKP RESOURCES BHD.

(Company No: 524297-T)

**Condensed consolidated interim financial statements
For the fourth quarter ended 31 March 2017****Condensed consolidated statements of financial position**

	Note	31 March 2017 Unaudited RM'000	31 March 2016 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	180,411	175,998
Land use rights		16,736	17,136
Investment properties		1,593	1,617
Other investments	14,16	200	200
		<u>198,940</u>	<u>194,951</u>
Current assets			
Inventories	12	160,733	89,780
Trade and other receivables		589,899	191,138
Other current asset		18,955	2,776
Tax recoverable		3,749	3,867
Other investments	14,16	68,227	27,496
Cash and bank balances	13	48,050	45,579
		<u>889,613</u>	<u>360,636</u>
TOTAL ASSETS		<u><u>1,088,553</u></u>	<u><u>555,587</u></u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		271,335	111,950
Share premium		-	104,300
Merger deficit		(95,002)	(95,002)
Retained earnings		280,508	216,994
Total equity		<u>456,841</u>	<u>338,242</u>
Non-current liabilities			
Interest-bearing loans and borrowings	17	7,383	15,291
Deferred taxation		18,386	16,378
		<u>25,769</u>	<u>31,669</u>
Current liabilities			
Interest-bearing loans and borrowings	17	66,083	38,192
Trade and other payables		539,860	147,484
		<u>605,943</u>	<u>185,676</u>
Total liabilities		<u>631,712</u>	<u>217,345</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,088,553</u></u>	<u><u>555,587</u></u>
Net assets per share (RM)		<u>0.38</u>	<u>0.30</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 fourth quarter ended 31 March 2017****Condensed consolidated statements of changes in equity**

	NON DISTRIBUTABLE				DISTRIBUTABLE	EQUITY, 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 2015	90,000	351	(95,002)	(69)	156,743	152,023
Total comprehensive income	-	-	-	69	81,482	81,551
Transactions with owners						
Shares issued for acquisition of new subsidiaries	17,241	82,759	-	-	-	100,000
Exercise of warrants	4,709	21,190	-	-	-	25,899
Dividends	-	-	-	-	(21,231)	(21,231)
Closing balance at 31 March 2016	111,950	104,300	(95,002)	-	216,994	338,242
Opening balance at 1 April 2016	111,950	104,300	(95,002)	-	216,994	338,242
Total comprehensive income	-	-	-	-	104,514	104,514
Transactions with owners						
Exercise of warrants	9,255	45,830	-	-	-	55,085
Transfer from share premium accounts	150,130	(150,130)	-	-	-	-
Dividends	-	-	-	-	(41,000)	(41,000)
Closing balance at 31 March 2017	271,335	-	(95,002)	-	280,508	456,841

(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 fourth quarter ended 31 March 2017****Condensed consolidated statements of cash flows**

		12 months ended	
		31 March 2017 (Unaudited) RM'000	31 March 2016 (Audited) RM'000
	Note		
Cash flows from operating activities			
Profit before taxation		138,466	101,366
Adjustments for:			
Depreciation and amortisation		20,554	19,133
Property, plant and equipment written off		1,008	15
Impairment of trade receivables		-	39
Loss on disposal of other investment		-	115
Gain on disposal of a subsidiary		-	(12)
Loss on disposal of property, plant and equipment	11	38	135
Unrealised foreign exchange (gain)/loss		(4,559)	1,374
Interest expense		3,205	2,809
Interest income		(3,142)	(1,283)
Operating profit before working capital changes		<u>155,570</u>	<u>123,691</u>
Increase in inventories		(70,953)	(14,889)
Increase in receivables		(398,727)	25,086
(Increase)/decrease in other current assets		(16,179)	3,391
Increase/(decrease) in payables		<u>396,668</u>	<u>(244,904)</u>
Cash generated from/(used in) operations		66,379	(107,625)
Taxes paid		<u>(31,826)</u>	<u>(22,390)</u>
Net cash flows generated from/(used in) operating activities		<u>34,553</u>	<u>(130,015)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(26,434)	(38,088)
Proceeds from disposal of property, plant and equipment	11	845	472
Proceeds from disposal of other investments		-	7,040
Increase in other investments		(40,731)	(26,507)
Net cash outflow on disposal of a subsidiary		-	(3)
Interest received		<u>3,142</u>	<u>1,283</u>
Net cash flows used in investing activities		<u>(63,178)</u>	<u>(55,803)</u>
Cash flows from financing activities			
(Repayment)/drawdown in term loan		(7,908)	23,583
Increase in short term borrowings		27,891	29,900
Interest expenses		(3,205)	(2,809)
Proceeds from convertible warrants		55,085	125,899
Dividend paid		<u>(41,000)</u>	<u>(21,231)</u>
Net cash generated from financing activities		<u>30,863</u>	<u>155,342</u>
Net increase/(decrease) in cash and cash equivalents		2,238	(30,476)
Effects of exchange rate changes		233	(667)
Cash and cash equivalents at beginning of year		45,579	76,722
Cash and cash equivalents at end of year	13	<u>48,050</u>	<u>45,579</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 twelve-month year ended 31 March 2017

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 2017.

2. Basis of preparation

These condensed interim financial statements, for the period ended 31 December 2016, 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 2016, 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 2016.

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 2016.

3. Changes in accounting policies

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

On 1 April 2016, the Company adopted the following new and amended MFRS.

Description

Annual Improvements to MFRSs 2012 – 2014 Cycle
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operation
Amendments to MFRS 127: Equity Method in Separate Financial Statements
Amendments to MFRS 101: Disclosure Initiatives
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception
MFRS 14 Regulatory Deferral Accounts

The adoption of the above standards 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

On 21 April 2017, the Board has announced that the Group had on 20 April 2017 acquired the following new subsidiaries:-

No.	Name of the Company	% of Shareholdings	No. of Ordinary Shares Acquired
1	Goodhart World Sdn. Bhd.	100%	2
2	Goodhart Premier Sdn. Bhd.	100%	2
3	SKP BM Electronics Sdn. Bhd.	75%	3

These three (3) subsidiaries are principally engage in Printed Circuit Board Assembly (PCBA) and other Electronic Manufacturing Service related services (EMS).

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 the manufacturing 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 12 months ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Interest income	(1,300)	(534)	(3,142)	(1,283)
Interest expense	806	685	3,205	2,809
Depreciation and amortisation	5,229	4,996	20,554	19,133
Property, plant and equipment written off	1,008	15	1,008	15
Loss on disposal of property, plant and equipment	68	1	38	135
Loss/(Gain) on foreign exchange - realised	4,312	(4,088)	3,108	(6,690)
(Gain)/loss on foreign exchange - unrealised	(3,291)	752	(4,559)	1,374

9. Income tax expense

	Current quarter 3 months ended		Cumulative quarters 12 months ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Current income tax				
- Malaysia income tax	10,128	(51)	31,944	18,073
Deferred tax				
- Origination and reversal of temporary difference	1,280	882	2,008	1,811
Income tax expense recognised in profit or loss	<u>11,408</u>	<u>831</u>	<u>33,952</u>	<u>19,884</u>

The effective tax rate of the Group for the current quarter and financial period to-date is slightly lower than the statutory income tax rate due to utilisation of special 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 12 months ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Profit net of tax attributable to owners of the parent used in the computation of earnings per share (RM'000)	33,126	21,083	104,514	81,551
Weighted average number of ordinary shares in issue ('000) *	1,193,325	1,117,345	1,169,942	1,092,367
Effects of dilution : Warrants	20,677	77,628	20,100	74,814
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,214,002	1,194,973	1,190,042	1,167,181
Basic earnings per share (sen per share)	2.78	1.89	8.93	7.47
Diluted earnings per share (sen per share)	2.73	1.76	8.78	6.99

11. Property, plant and equipment

During the twelve months ended 31 March 2017, the Group acquired assets at a cost of RM26.4 million (31 March 2016: RM38.1 million).

Assets with a carrying amount of RM0.9 million were disposed of by the Group during the twelve months ended 31 March 2017 (31 March 2016: RM0.6 million), resulting in a loss on disposal of RM38,000 (31 March 2016: RM135,000), recognised and included in administrative expenses 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 2016: Nil).

13. Cash and cash equivalents

Cash and cash equivalents comprised of the following amounts:

	31 March 2017 RM'000	31 March 2016 RM'000
Cash at banks and on hand	48,050	42,079
Deposits with licensed commercial banks	-	3,500
Total cash and cash equivalents	48,050	45,579

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 2017				
Non current				
Available-for-sale financial assets				
Unquoted investment - Golf club memberships	100	-	100	-
Held-to-maturity investment				
Deposits with licensed bank	100	-	100	-
	<u>200</u>	<u>-</u>	<u>200</u>	<u>-</u>
Current				
Fair value through profit or loss				
Investment in income trust funds in Malaysia	68,227	68,227	-	-
	<u>68,227</u>	<u>68,227</u>	<u>-</u>	<u>-</u>
At 31 March 2016				
Non current				
Available-for-sale financial assets				
Unquoted investment - Golf club memberships	100	-	100	-
Held-to-maturity investment				
Deposits with licensed bank	100	-	100	-
	<u>200</u>	<u>-</u>	<u>200</u>	<u>-</u>
Current				
Fair value through profit or loss				
Investment in Malaysia				
- Cash management fund	27,496	27,496	-	-
	<u>27,496</u>	<u>27,496</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. Share capital and share premium

	31 March 2017 RM'000	31 March 2016 RM'000
<u>Share capital</u>		
Balance as at 1 April 2016/2015	111,950	90,000
Exercise of warrants	9,255	4,709
Issued for acquisition of subsidiaries	-	17,241
Transfer from share premium	150,130	-
Balance as at 31 March 2017/2016	<u>271,335</u>	<u>111,950</u>

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Section 74 of the Act states that all shares issued before or after 31 January 2017 shall have no par or nominal value. Section 618(2) of the Act states that upon the commencement of Section 74, the share premium accounts shall become part of the share capital. There is no impact on the number of ordinary shares in issue or the relative entitlement or any of the members as a result of this transition.

16. Other Investments

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

17. Interest-bearing loans and borrowings

	31 March 2017 RM'000	31 March 2016 RM'000
Short term borrowings		
Secured	66,083	38,192
Long term borrowing		
Secured	7,383	15,291
	<u>73,466</u>	<u>53,483</u>

18. Dividends

No interim dividend has been declared for the financial year ended 31 March 2017 (31 March 2016: 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.

19. 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 March 2017 RM'000	31 March 2016 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	-	38,192
Approved and not contracted for:		
Property, plant and equipment	4,500	-

20. Contingencies

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

Explanatory notes pursuant to Bursa Malaysia Listing Requirement: Chapter 9, Appendix 9B, Part A
For the twelve-month year ended 31 March 2017

21. Related party transactions

There were no recurrent related party transactions.

22. Events after the reporting period

Save for Note 5, there were no material events that have arisen subsequent to the financial year ended 31 March 2017.

23. Performance review

The Group recorded a turnover of RM1.94 billion with profit before tax of RM138.47 million for the current financial period to date as compared to RM1.02 billion and RM101.37 million in the preceding year corresponding period respectively.

The increase in revenue of 91% and profit before tax of 37% was mainly due to the higher revenue recorded from existing key customers during the year.

24. Comment on material change in profit before tax

	Current Quarter 31/03/2017 RM'000	Preceding Quarter 31/12/2016 RM'000	Variance <u>%</u>
Revenue	586,540	580,018	1.1%
Profit before taxation	44,534	40,025	11.3%

Compared with preceding quarter, the revenue had increased marginally by 1.1% from RM580.0 million to RM586.5 million and Profit before taxation had also increased by 11.3% from RM40.0 million to RM44.5 million as a result of the increase in sales to existing key customers.

25. Commentary on prospects

SKP Group is confident to report consistent positive growth in the bottom line moving forward, backed by the strong order books from its existing customers and operational efficiency.

Going forward, SKP shall keep its sight firmly to develop its market in PCBA and ready itself for the vast opportunities arising from the EMS market.

26. Profit forecast or profit guarantee

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

27. Corporate proposals

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

28. Changes in material litigation

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

29. Dividend payable

Please refer to Note 18 for details.

30. Disclosure of nature of outstanding derivatives

There are no outstanding derivative as at reporting period.

31. Rationale for entering into derivatives

The Group did not enter into any derivatives during the year ended 31 March 2017 or the previous financial year ended 31 March 2016.

32. Risks and policies of derivatives

The Group did not enter into any derivatives during the year ended 31 March 2017 or the previous financial year ended 31 March 2016.

33. 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 2017 and 31 March 2016.

34. Breakdown of realised and unrealised profits or losses

The breakdown of the retained profits of the Group as at 31 March 2017 and 31 March 2016 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 2017 into realised and unrealised profits, is as follows:

	Current year ended 31 March 2017 RM'000	Previous financial year ended 31 March 2016 RM'000
Total retained profits of the Group		
- Realised	441,449	381,754
- Unrealised	(13,827)	(17,752)
	<u>427,622</u>	<u>364,002</u>
Less : Consolidated adjustment	(147,114)	(147,008)
Total group retained earnings as per financial statements	<u>280,508</u>	<u>216,994</u>

35. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 March 2016 was not qualified.