

**Condensed consolidated interim financial statements**  
**For the second quarter ended 30 September 2017**

**Condensed consolidated statements of comprehensive income**

	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		30 September 2017 (Unaudited) RM'000	30 September 2016 (Unaudited) RM'000	30 September 2017 (Unaudited) RM'000	30 September 2016 (Unaudited) RM'000
<b>Revenue</b>		594,158	456,448	1,119,034	777,006
Cost of sales		(529,465)	(411,114)	(994,412)	(690,554)
<b>Gross profit</b>		64,693	45,334	124,622	86,452
Other operating income		1,456	932	4,428	2,067
Operating expenses		(20,578)	(16,203)	(39,864)	(34,179)
<b>Operating profit</b>		45,571	30,063	89,186	54,340
Interest expense		(590)	(852)	(1,275)	(1,606)
Interest income		1,169	685	2,128	1,173
<b>Profit before tax</b>	8	46,150	29,896	90,039	53,907
Tax expense	9	(11,076)	(7,175)	(21,609)	(12,938)
<b>Profit for the period</b>		35,074	22,721	68,430	40,969
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period, net of tax</b>		35,074	22,721	68,430	40,969
<b>Total comprehensive income for the period, net of tax attributable to:</b>					
Owners of the parent		35,084	22,721	68,440	40,969
Non-controlling interests		(10)	-	(10)	-
		35,074	22,721	68,430	40,969
<b>Earnings per share attributable to owners of the parent (sen):</b>					
-Basic	10	2.86	1.94	5.57	3.55
-Diluted	10	2.86	1.88	5.57	3.44

**Condensed consolidated interim financial statements**  
**For the second quarter ended 30 September 2017**

**Condensed consolidated statements of financial position**

	Note	30 September 2017 Unaudited RM'000	31 March 2017 Audited RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	176,478	180,411
Land use rights		16,513	16,736
Investment properties		1,580	1,593
Other investments	14,16	200	200
		<u>194,771</u>	<u>198,940</u>
<b>Current assets</b>			
Inventories	12	156,910	160,845
Trade and other receivables		517,464	567,208
Other current asset		10,680	6,822
Other investments	14,16	123,630	70,527
Tax recoverable		-	2,985
Cash and bank balances	13	57,361	45,775
		<u>866,045</u>	<u>854,162</u>
<b>TOTAL ASSETS</b>		<u><u>1,060,816</u></u>	<u><u>1,053,102</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	15	296,126	271,335
Merger deficit		(95,002)	(95,002)
Retained earnings		347,750	279,310
Non-controlling interests		1,240	-
<b>Total equity</b>		<u>550,114</u>	<u>455,643</u>
<b>Non-current liabilities</b>			
Borrowings	17	3,187	7,383
Deferred taxation		19,200	18,121
		<u>22,387</u>	<u>25,504</u>
<b>Current liabilities</b>			
Trade and other payables		451,425	504,950
Tax payable		3,007	922
Borrowings	17	33,883	66,083
		<u>488,315</u>	<u>571,955</u>
<b>Total liabilities</b>		<u>510,702</u>	<u>597,459</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>1,060,816</u></u>	<u><u>1,053,102</u></u>
Net assets per share (RM)		<u>0.45</u>	<u>0.38</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 second quarter ended 30 September 2017****Condensed consolidated statements of changes in equity**

	ATTRIBUTABLE TO OWNERS OF THE PARENT				NON-CONTROLLING INTERESTS RM'000	EQUITY, TOTAL RM'000
	NON DISTRIBUTABLE		DISTRIBUTABLE			
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	MERGER DEFICIT RM'000	RETAINED EARNINGS RM'000		
<b>Opening balance at 1 April 2016</b>	111,950	104,300	(95,002)	216,994	-	338,242
<b>Total comprehensive income</b>	-	-	-	40,969	-	40,969
<b>Transactions with owners</b>						
Exercise of warrants	5,663	26,076	-	-	-	31,739
Dividends	-	-	-	(41,000)		(41,000)
<b>Closing balance at 30 September 2016</b>	<u>117,613</u>	<u>130,376</u>	<u>(95,002)</u>	<u>216,963</u>	<u>-</u>	<u>369,950</u>
<b>Opening balance at 1 April 2017</b>	271,335	-	(95,002)	279,310	-	455,643
<b>Total comprehensive income</b>	-	-	-	68,440	(10)	68,430
<b>Transactions with owners</b>						
Exercise of warrants	24,791	-	-	-	-	24,791
Increase in share capital in a subsidiary	-	-	-	-	1,250	1,250
<b>Closing balance at 30 September 2017</b>	<u>296,126</u>	<u>-</u>	<u>(95,002)</u>	<u>347,750</u>	<u>1,240</u>	<u>550,114</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.)

**Condensed consolidated interim financial statements**  
**For the second quarter ended 30 September 2017**

**Condensed consolidated statements of cash flows**

	Note	6 months ended	
		30 September 2017 (Unaudited) RM'000	30 September 2016 (Unaudited) RM'000
<b>Cash flows from operating activities</b>			
Profit before taxation		90,039	53,907
Adjustments for:			
Depreciation and amortisation		10,313	10,168
Property, plant and equipment written off		4	-
Gain on disposal of property, plant and equipment	11	(78)	(281)
Unrealised foreign exchange loss/(gain)		79	(470)
Interest expense		1,275	1,606
Interest income		(2,128)	(1,173)
Operating profit before working capital changes		99,504	63,757
Decrease/(increase) in inventories		3,935	(30,139)
Decrease/(increase) in receivables		49,794	(253,626)
Increase in other current assets		(3,858)	(4,291)
(Decrease)/increase in payables		(53,531)	245,362
Cash generated from operations		95,844	21,063
Taxes paid		(15,460)	(8,669)
Net cash flows generated from operating activities		80,384	12,394
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	11	(6,212)	(7,350)
Proceeds from disposal of property, plant and equipment	11	142	404
Increase in other investments		(53,103)	(15,354)
Interest received		2,128	1,173
Net cash flows used in investing activities		(57,045)	(21,127)
<b>Cash flows from financing activities</b>			
Repayment in term loan	17	(4,146)	(4,146)
(Decrease)/increase in short term borrowings	17	(32,250)	16,100
Funds from non-controlling interests		1,250	-
Interest expenses		(1,275)	(1,606)
Proceeds from convertible warrants		24,791	31,739
Dividend paid		-	(41,000)
Net cash (used in)/generated from financing activities		(11,630)	1,087
<b>Net increase/(decrease) in cash and cash equivalents</b>		11,709	(7,646)
Effects of exchange rate changes		(123)	138
Cash and cash equivalents at beginning of year		45,775	45,579
<b>Cash and cash equivalents at end of period</b>	13	57,361	38,071

(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 six-month period ended 30 September 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 24 November 2017.

**2. Basis of preparation**

These condensed interim financial statements, for the period ended 30 September 2017, 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 2017, 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 2017.

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 2017.

**3. Changes in accounting policies**

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

On 1 April 2017, the Company adopted the following new and amended MFRS.

**Description**

MFRS 107 Disclosures Initiatives (Amendments to MFRS 107)  
MFRS 112 Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112)  
Annual Improvements to MFRSs 2014 -2016 Cycle (Amendments to MFRS 12)

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**

Name of the Company	% of Shareholdings	No. of Ordinary Shares
SKP BM Electronics Sdn. Bhd. ("SKP BM")	75.00%	5,000,000

On 17 July 2017, SKP BM increased its issued and paid up share capital by way of issuance of 4,999,997 ordinary shares. Goodhart World Sdn. Bhd. and Goodhart Premier Sdn. Bhd. acquired 2,549,999 and 1,199,999 ordinary shares in SKP BM respectively. As a result, SKP BM became a 75.00% owned subsidiary of the Company (i.e. from 66.67% to 75.00%).

**6. Segment information**

The Group is principally involved in manufacturing of plastic products and fabrication of moulds, which are 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 6 months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Interest income	(1,169)	(685)	(2,128)	(1,173)
Interest expense	590	852	1,275	1,606
Depreciation and amortisation	5,126	5,075	10,313	10,168
Property, plant and equipment written off	-	-	4	-
Gain on disposal of property, plant and equipment	(74)	(240)	(78)	(281)
Gain on foreign exchange - realised	(357)	(142)	(2,484)	(754)
Loss/(gain) on foreign exchange - unrealised	129	(314)	79	(470)

## 9. Income tax expense

	Current quarter 3 months ended		Cumulative quarters 6 months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Current income tax				
- Malaysia income tax	10,524	6,775	20,530	12,238
Deferred tax				
- Origination and reversal of temporary difference	552	400	1,079	700
Income tax expense recognised in profit or loss	11,076	7,175	21,609	12,938

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 6 months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Profit net of tax attributable to owners of the parent used in the computation of earnings per share (RM'000)	35,084	22,721	68,440	40,969
Weighted average number of ordinary shares in issue ('000)	1,228,637	1,172,032	1,228,637	1,153,398
Effects of dilution : Warrants *	-	35,782	-	36,910
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,228,637	1,207,814	1,228,637	1,190,308
Basic earnings per share (sen per share)	2.86	1.94	5.57	3.55
Diluted earnings per share (sen per share)	2.86	1.88	5.57	3.44

\* There is no diluted effect due to the warrants was expired on 27 June 2017.

## 11. Property, plant and equipment



During the six months ended 30 September 2017, the Group acquired assets at a cost of RM6.2 million (30 September 2016: RM7.4 million).

Assets with a carrying amount of RM64,000 were disposed of by the Group during the six months ended 30 September 2017 (30 September 2016: RM123,000), resulting in a gain on disposal of RM78,000 (30 September 2016: RM281,000), 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 September 2016: Nil).

## 13. Cash and cash equivalents

Cash and cash equivalents comprised of the following amounts:

	<b>30 September 2017 RM'000</b>	31 March 2017 RM'000
Cash at banks and on hand	45,816	45,775
Deposits with licensed commercial banks	11,545	-
Total cash and cash equivalents	<u>57,361</u>	<u>45,775</u>

## 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 September 2017</b>				
<b>Non current</b>				
<b>Available-for-sale financial assets</b>				
Unquoted investment - Golf club memberships	141	-	141	-
<b>Held-to-maturity investment</b>				
Deposits with licensed bank	100	-	100	-
	<u>241</u>	<u>-</u>	<u>241</u>	<u>-</u>
<b>Current</b>				
<b>Fair value through profit or loss</b>				
Investment in Malaysia				
- Cash management fund	123,630	123,630	-	-
	<u>123,630</u>	<u>123,630</u>	<u>-</u>	<u>-</u>
<b>At 31 March 2017</b>				
<b>Non current</b>				
<b>Available-for-sale financial assets</b>				
Unquoted investment - Golf club memberships	141	-	141	-
<b>Held-to-maturity investment</b>				
Deposits with licensed bank	100	-	100	-
	<u>241</u>	<u>-</u>	<u>241</u>	<u>-</u>
<b>Current</b>				
<b>Fair value through profit or loss</b>				
Investment in Malaysia				
- Cash management fund	68,171	68,171	-	-
<b>Held-to-maturity investment</b>				
Deposits with licensed bank	2,415	-	2,415	-
	<u>70,586</u>	<u>68,171</u>	<u>2,415</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

	<b>30 September 2017 RM'000</b>	31 March 2017 RM'000
<u>Share capital</u>		
Balance as at 1 April 2017/1 January 2017	271,335	111,950
Exercise of warrants	24,791	25,108
Transfer from share premium accounts	-	134,277
Balance as at 30 September 2017/31 March 2017	<u>296,126</u>	<u>271,335</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 cash management fund is 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

	<b>30 September 2017 RM'000</b>	31 March 2017 RM'000
<b>Short term borrowings</b>		
Secured:		
Bankers' acceptance	25,500	57,700
Obligation under finance lease	91	91
RM bank loans at iCOF + 0.75% p.a.	<u>8,292</u>	<u>8,292</u>
	<u>33,883</u>	<u>66,083</u>
<b>Long term borrowing</b>		
Secured:		
Obligation under finance lease	334	384
RM bank loans at iCOF + 0.75% p.a.	<u>2,853</u>	<u>6,999</u>
	<u>3,187</u>	<u>7,383</u>
<b>Total loans and borrowings</b>	<u>37,070</u>	<u>73,466</u>

## 18. Dividends

No interim dividend has been declared for the financial period ended 30 September 2017 (30 September 2016: Nil).

On 21 July 2017, the Board of Directors had announced a final single-tier dividend of 4.15 sen per share of the financial year ended 31 March 2017, subject to shareholders' approval at the forthcoming Seventeenth Annual General Meeting ("AGM") of the Company.

On 29 September 2017, the Board announced that all resolutions (include the abovementioned proposed final dividend) as per the Seventeenth Annual General Meeting were duly approved by the shareholders of the Company.

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.

	<b>30 September 2017 RM'000</b>	31 March 2017 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	6,693	-
Approved and not contracted for:		
Property, plant and equipment	1,200	-

## 20. 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 six-month period ended 30 September 2017**

**21. Related party transactions**

There were no recurrent related party transactions.

**22. Events after the reporting period**

On 17 July 2017, the Company proposed to establish a new employees' share option scheme ("ESOS") of up to 15% of the total number of issued shares of the Company for the eligible executive Directors and employees of the Group. The ESOS is subject to approval of the shareholders at the forthcoming Extraordinary General Meeting.

On 29 September 2017, the Board of Directors announced that the Ordinary Resolution 1 ("Proposed establishment of new ESOS of up to 15% of the total number of issued shares of SKP Resources Bhd. (excluding treasury shares) at any one time over the duration of the ESOS for the eligible Executive Directors and employees of SKP and its subsidiary companies [excluding subsidiary companies which are dormant]") was duly approved by the shareholders of the Company.

In respect of the Ordinary Resolutions 2 to 8 as set out in the Notice of Extraordinary General Meeting ("EGM") have been withdrawn by the Board of Directors prior to the EGM.

On 6 October 2017, the Board has resolved to reduce the maximum number of new Shares which may be made available under the ESOS from 15% to 10%.

**23. Performance review**

	Current quarter		Variance (%)	Cumulative quarter		Variance (%)
	3 months ended			6 months ended		
	30 September 2017 RM'000	30 September 2016 RM'000		30 September 2017 RM'000	30 September 2016 RM'000	
Revenue	594,158	456,448	30.2%	1,119,034	777,006	44.0%
Operating profit	45,571	30,063	51.6%	89,186	54,340	64.1%
Profit before tax	46,150	29,896	54.4%	90,039	53,907	67.0%
Profit after tax	35,074	22,721	54.4%	68,430	40,969	67.0%
Profit attributable to owners of the company	35,084	22,721	54.4%	68,440	40,969	67.1%

The Group recorded a turnover of RM1.1 billion with profit before tax of RM90.0 million for the current financial period to date as compared to RM777.0 million and RM53.9 million in the preceding year corresponding period respectively.

The increase in revenue of 44.0% and profit before tax of 67.0% was mainly due to the higher revenue recorded from existing key customers during the period.

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

	Current Quarter 30 September 2017 RM'000	Preceding Quarter 30 June 2017 RM'000	Variance (%)
Revenue	594,158	524,876	13.2%
Operating profit	45,571	43,615	4.5%
Profit before tax	46,150	43,889	5.2%
Profit after tax	35,074	33,356	5.2%
Profit attributable to owners of the company	35,084	33,356	5.2%

Compared with preceding quarter, the revenue had increased by 13.2% from RM524.9 million to RM594.2 million and Profit before taxation had also increased by 5.2% from RM43.9 million to RM46.2 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 further in the EMS sector and continue to pursue vertical integration status.

## 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 period ended 30 September 2017 or the previous financial year ended 31 March 2017.

## 32. Risks and policies of derivatives

The Group did not enter into any derivatives during the period ended 30 September 2017 or the previous financial year ended 31 March 2017.

## 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 30 September 2017 and 31 March 2017.

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

The breakdown of the retained profits of the Group as at 30 September 2017 and 31 March 2017 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 September 2017 into realised and unrealised profits, is as follows:

	<b>Current period ended 30 September 2017 RM'000</b>	<b>Previous financial year ended 31 March 2017 RM'000</b>
Total retained profits of the Group		
- Realised	532,966	440,391
- Unrealised	(19,279)	(13,913)
	<hr/> 513,687	<hr/> 426,478
Less : Consolidated adjustment	(165,937)	(147,168)
Total group retained earnings as per financial statements	<hr/> 347,750	<hr/> 279,310

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

The auditors' report on the financial statements for the year ended 31 March 2017 was not qualified.