

Condensed consolidated interim financial statements
For the fourth quarter ended 31 March 2018

Condensed consolidated statements of comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31 March 2018 (Unaudited) RM'000	31 March 2017 (Unaudited) RM'000	31 March 2018 (Unaudited) RM'000	31 March 2017 (Audited) RM'000
Revenue		466,779	586,540	2,104,507	1,943,564
Cost of sales		(417,348)	(542,095)	(1,872,130)	(1,747,768)
Gross profit		49,431	44,445	232,377	195,796
Other operating income		5,583	16,172	11,293	19,550
Operating expenses		(23,741)	(16,434)	(84,300)	(76,675)
Operating profit		31,273	44,183	159,370	138,671
Interest expense		(65)	(806)	(1,760)	(3,205)
Interest income		1,521	1,204	4,684	3,047
Profit before tax	8	32,729	44,581	162,294	138,513
Tax expense	9	(4,180)	(12,653)	(35,276)	(35,197)
Profit for the period		28,549	31,928	127,018	103,316
Other comprehensive income		-	-	-	-
Total comprehensive income for the period, net of tax		28,549	31,928	127,018	103,316
Total comprehensive income for the period, net of tax attributable to:					
Owners of the parent		28,613	31,928	127,101	103,316
Non-controlling interests		(64)	-	(83)	-
		28,549	31,928	127,018	103,316
Earnings per share attributable to owners of the parent (sen):					
-Basic	10	2.33	2.68	10.34	8.83
-Diluted	10	2.33	2.63	10.34	8.68

Condensed consolidated interim financial statements
For the fourth quarter ended 31 March 2018

Condensed consolidated statements of financial position

	Note	31 March 2018 Unaudited RM'000	31 March 2017 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	184,735	180,411
Land use rights		16,337	16,736
Investment properties		1,567	1,593
Other investments	14,16	200	200
		<u>202,839</u>	<u>198,940</u>
Current assets			
Inventories	12	124,956	160,845
Trade and other receivables		400,663	567,208
Other current asset		5,037	6,822
Other investments	14,16	123,983	70,527
Tax recoverable		973	2,985
Cash and bank balances	13	56,151	45,775
		<u>711,763</u>	<u>854,162</u>
TOTAL ASSETS		<u>914,602</u>	<u>1,053,102</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	15	296,126	271,335
Merger deficit		(95,002)	(95,002)
Retained earnings		354,528	279,310
Non-controlling interests		1,667	-
Total equity		<u>557,319</u>	<u>455,643</u>
Non-current liabilities			
Borrowings	17	284	7,383
Deferred taxation		18,503	18,121
		<u>18,787</u>	<u>25,504</u>
Current liabilities			
Trade and other payables		338,405	504,950
Tax payable		-	922
Borrowings	17	91	66,083
		<u>338,496</u>	<u>571,955</u>
Total liabilities		<u>357,283</u>	<u>597,459</u>
TOTAL EQUITY AND LIABILITIES		<u>914,602</u>	<u>1,053,102</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 fourth quarter ended 31 March 2018****Condensed consolidated statements of changes in equity**

	ATTRIBUTABLE TO OWNERS OF THE PARENT				NON- CONTROLLIN G INTERESTS	EQUITY, TOTAL
	NON DISTRIBUTABLE		DISTRIBUTABLE			
	SHARE CAPITAL	SHARE PREMIUM	MERGER DEFICIT	RETAINED EARNINGS		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening balance at 1 April 2016	111,950	104,300	(95,002)	216,994	-	338,242
Total comprehensive income	-	-	-	103,316	-	103,316
Transactions with owners						
Exercise of warrants	25,108	29,977	-	-	-	55,085
Dividends	-	-	-	(41,000)		(41,000)
Transfer from share premium	134,277	(134,277)	-	-	-	-
Closing balance at 31 March 2017	<u>271,335</u>	<u>-</u>	<u>(95,002)</u>	<u>279,310</u>	<u>-</u>	<u>455,643</u>
Opening balance at 1 April 2017	271,335	-	(95,002)	279,310	-	455,643
Total comprehensive income	-	-	-	127,101	(83)	127,018
Transactions with owners						
Exercise of warrants	24,791	-	-	-	-	24,791
Increase in share capital in a subsid	-	-	-	-	1,750	1,750
Dividends	-	-	-	(51,883)		(51,883)
Closing balance at 31 March 2018	<u>296,126</u>	<u>-</u>	<u>(95,002)</u>	<u>354,528</u>	<u>1,667</u>	<u>557,319</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 fourth quarter ended 31 March 2018

Condensed consolidated statements of cash flows

	Note	12 months ended	
		31 March 2018 (Unaudited) RM'000	31 March 2017 (Audited) RM'000
Cash flows from operating activities			
Profit before taxation		162,294	138,513
Adjustments for:			
Depreciation and amortisation		20,802	20,556
Property, plant and equipment written off		4	253
Impairment loss on trade receivables		-	280
Reversal of impairment loss on trade receivable		(43)	(18)
Inventories written off		-	5,080
Loss due to fire incident:			
- property, plant and equipment		-	753
- inventories		-	3,044
Gain on disposal of other investment		(4)	-
Gain on disposal of property, plant and equipment	11	(40)	(168)
Gain on unrealised foreign exchange		(1,385)	(4,208)
Provision for unutilised annual leave		-	28
Interest expense		1,760	3,205
Interest income		(4,684)	(3,047)
Operating profit before working capital changes		178,704	164,271
Decrease/(increase) in inventories		35,889	(79,189)
Decrease/(increase) in receivables		166,476	(371,707)
Decrease/(increase) in other current assets		1,785	(2,343)
(Decrease)/increase in payables		(164,521)	357,956
Cash generated from operations		218,333	68,988
Taxes paid		(33,804)	(36,537)
Net cash flows generated from operating activities		184,529	32,451
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(25,278)	(24,415)
Proceeds from disposal of property, plant and equipment	11	613	1,061
Increase in other investments		(53,452)	(43,031)
Interest received		4,684	3,047
Net cash flows used in investing activities		(73,433)	(63,338)
Cash flows from financing activities			
Repayment in term loan	17	(15,291)	(8,292)
(Decrease)/increase in short term borrowings	17	(57,700)	27,800
Repayment of finance lease liabilities	17	(100)	(25)
Funds from non-controlling interests		1,750	-
Issuance of share capital		-	55,085
Interest expenses		(1,760)	(3,205)
Proceeds from convertible warrants		24,791	-
Dividend paid		(51,883)	(41,000)
Net cash (used in)/generated from financing activities		(100,193)	30,363
Net increase/(decrease) in cash and cash equivalents		10,903	(524)
Effects of exchange rate changes		(527)	720
Cash and cash equivalents at beginning of year		45,775	45,579
Cash and cash equivalents at end of year	13	56,151	45,775

(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 2018**

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 30 May 2018.

2. Basis of preparation

These condensed interim financial statements, for the year ended 31 March 2018, 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

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 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 12 months ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	RM'000	RM'000	RM'000	RM'000
Interest income	(1,521)	(1,204)	(4,684)	(3,047)
Interest expense	65	806	1,760	3,205
Depreciation and amortisation	5,343	5,231	20,802	20,556
Property, plant and equipment written off	-	253	4	253
Loss/(gain) on disposal of property, plant and equipment	148	(138)	(40)	(168)
(Gain)/loss on foreign exchange - realised	(3,708)	4,332	(6,498)	3,128
Gain on foreign exchange - unrealised	(1,918)	(2,940)	(1,385)	(4,208)

9. Income tax expense

	Current quarter 3 months ended		Cumulative quarters 12 months ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	RM'000	RM'000	RM'000	RM'000
Current income tax				
- Malaysia income tax	5,352	11,638	34,894	33,454
Deferred tax				
- Origination and reversal of temporary difference	(1,172)	1,015	382	1,743
Income tax expense recognised in profit or loss	4,180	12,653	35,276	35,197

The effective tax rate of the Group for the current quarter and financial years to-date is 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 2018	31 March 2017	31 March 2018	31 March 2017
	RM'000	RM'000	RM'000	RM'000
Profit net of tax attributable to owners of the parent used in the computation of earnings per share (RM'000)	28,613	31,928	127,101	103,316
Weighted average number of ordinary shares in issue ('000)	1,228,637	1,193,325	1,228,637	1,169,942
Effects of dilution : Warrants *	-	20,677	-	20,100
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,228,637	1,214,002	1,228,637	1,190,042
Basic earnings per share (sen per share)	2.33	2.68	10.34	8.83
Diluted earnings per share (sen per share)	2.33	2.63	10.34	8.68

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

11. Property, plant and equipment



During the twelve months ended 31 March 2018, the Group acquired assets at a cost of RM25.3 million (31 March 2017: RM24.4 million).

Assets with a carrying amount of RM573,000 were disposed of by the Group during the twelve months ended 31 March 2018 (31 March 2017: RM893,000), resulting in a gain on disposal of RM40,000 (31 March 2017: RM168,000), recognised and included in other income in the statement of comprehensive income.

12. Inventories

There was no write-down of inventories to net realisable value for the current quarter (31 March 2017: Nil).

13. Cash and cash equivalents

Cash and cash equivalents comprised of the following amounts:

	31 March 2018 RM'000	31 March 2017 RM'000
Cash at banks and on hand	50,106	45,775
Deposits with licensed commercial banks	6,045	-
Total cash and cash equivalents	<u>56,151</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
At 31 March 2018				
Non current				
Available-for-sale financial assets				
Unquoted investment - Golf club memberships	141	-	141	-
Held-to-maturity investment				
Deposits with licensed bank	100	-	100	-
	<u>241</u>	<u>-</u>	<u>241</u>	<u>-</u>
Current				
Fair value through profit or loss				
Investment in Malaysia				
- Cash management fund	123,983	123,983	-	-
	<u>123,983</u>	<u>123,983</u>	<u>-</u>	<u>-</u>
At 31 March 2017				
Non current				
Available-for-sale financial assets				
Unquoted investment - Golf club memberships	141	-	141	-
Held-to-maturity investment				
Deposits with licensed bank	100	-	100	-
	<u>241</u>	<u>-</u>	<u>241</u>	<u>-</u>
Current				
Fair value through profit or loss				
Investment in Malaysia				
- Cash management fund	68,171	68,171	-	-
Held-to-maturity investment				
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



	31 March 2018 RM'000	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 31 March	<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

	31 March 2018 RM'000	31 March 2017 RM'000
Short term borrowings		
Secured:		
Bankers' acceptance	-	57,700
Obligation under finance lease	91	91
RM bank loans at iCOF + 0.75% p.a.	-	8,292
	<u>91</u>	<u>66,083</u>
Long term borrowings		
Secured:		
Obligation under finance lease	284	384
RM bank loans at iCOF + 0.75% p.a.	-	6,999
	<u>284</u>	<u>7,383</u>
Total loans and borrowings	<u>375</u>	<u>73,466</u>

18. Dividends

No interim dividend has been declared for the financial year ended 31 March 2018 (31 March 2017: Nil).

The Company will endeavour to maintain the dividend policy of minimum 50% payout 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 2018 RM'000	31 March 2017 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	485	-
Approved and not contracted for:		
Property, plant and equipment	11,000	-

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 2018**

21. Related party transactions

There were no recurrent related party transactions.

22. Events after the reporting period

There were no material events that have arisen subsequent to the financial year ended 31 March 2018.

23. Performance review

	Current quarter		Variance (%)	Cumulative quarter		Variance (%)
	3 months ended			12 months ended		
	31 March 2018 RM'000	31 March 2017 RM'000		31 March 2018 RM'000	31 March 2017 RM'000	
Revenue	466,779	586,540	-20.4%	2,104,507	1,943,564	8.3%
Operating profit	31,273	44,183	-29.2%	159,370	138,671	14.9%
Profit before tax	32,729	44,581	-26.6%	162,294	138,513	17.2%
Profit after tax	28,549	31,928	-10.6%	127,018	103,316	22.9%
Profit attributable to owners of the company	28,613	31,928	-10.4%	127,101	103,316	23.0%

The Group recorded a turnover of RM2.1 billion with profit before tax of RM162.3 million for the current financial year to date as compared to RM1.9 billion and RM138.5 million in the preceding corresponding year respectively.

The increase in revenue for the 12 months period of 8.3% and profit before tax of 17.2% 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 March 2018 RM'000	Preceding Quarter 31 December 2017 RM'000	Variance (%)
Revenue	466,779	518,694	-10.0%
Operating profit	31,273	38,911	-19.6%
Profit before tax	32,729	39,526	-17.2%
Profit after tax	28,549	30,039	-5.0%
Profit attributable to owners of the company	28,613	30,048	-4.8%

Compared with preceding quarter, the revenue had decreased by 10.0% from RM518.7 million to RM466.8 million and Profit before taxation had also decreased by 17.2% from RM39.5 million to RM32.7 million as a result of the drop in revenue during the period as well as different products mix.

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 year ended 31 March 2018 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 year ended 31 March 2018 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 31 March 2018 and 31 March 2017.

34. Auditors' report on preceding annual financial statements

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