

**Condensed consolidated interim financial statements**  
**For the second quarter period ended 30 September 2019**

**Condensed consolidated statements of comprehensive income**

	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		30 September 2019 (Unaudited) RM'000	30 September 2018 (Unaudited) RM'000	30 September 2019 (Unaudited) RM'000	30 September 2018 (Unaudited) RM'000
<b>Revenue</b>	7	486,859	477,230	849,404	907,748
Cost of sales		(433,412)	(424,407)	(753,535)	(804,813)
<b>Gross profit</b>		53,447	52,823	95,869	102,935
Other operating income		1,481	675	3,174	2,377
Operating expenses		(24,674)	(18,551)	(47,042)	(38,225)
<b>Operating profit</b>		30,254	34,947	52,001	67,087
Interest expense		(3)	(4)	(6)	(7)
Interest income		1,614	1,648	3,395	2,962
<b>Profit before tax</b>	9	31,865	36,591	55,390	70,042
Income tax expense	10	(7,329)	(8,585)	(12,740)	(16,299)
<b>Profit for the period</b>		24,536	28,006	42,650	53,743
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period, net of tax</b>		24,536	28,006	42,650	53,743
<b>Total comprehensive income for the period, net of tax attributable to:</b>					
Owners of the Company		24,912	28,102	43,397	53,936
Non-controlling interests		(376)	(96)	(747)	(193)
		24,536	28,006	42,650	53,743
<b>Earnings per share attributable to equity holders of the Company (sen per share) :</b>					
-Basic	11	1.99	2.25	3.47	4.31
-Diluted	11	1.99	2.25	3.47	4.31

(The Condensed Consolidated Statements of Comprehensive Income 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 period ended 30 September 2019**

**Condensed consolidated statements of financial position**

	Note	30 September 2019 Unaudited RM'000	31 March 2019 Audited RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	219,703	186,844
Land use rights		15,660	15,939
Investment properties		1,529	1,543
Other investments	15,17	213	213
		<u>237,105</u>	<u>204,539</u>
<b>Current assets</b>			
Inventories	13	123,815	93,589
Trade and other receivables		406,992	312,302
Other current asset		10,310	11,232
Other investments	15,17	212,449	208,018
Tax recoverable		3,102	3,393
Cash and bank balances	14	35,797	40,035
		<u>792,465</u>	<u>668,569</u>
<b>TOTAL ASSETS</b>		<u><u>1,029,570</u></u>	<u><u>873,108</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		296,126	296,126
Merger deficit		(95,002)	(95,002)
Retained earnings		429,925	386,528
Non-controlling interests		265	1,012
<b>Total equity</b>		<u>631,314</u>	<u>588,664</u>
<b>Non-current liabilities</b>			
Borrowing	18	129	174
Deferred tax liabilities		17,373	17,104
		<u>17,502</u>	<u>17,278</u>
<b>Current liabilities</b>			
Trade and other payables		376,171	265,552
Contract liabilities		4,487	1,513
Borrowing	18	96	101
		<u>380,754</u>	<u>267,166</u>
<b>Total liabilities</b>		<u>398,256</u>	<u>284,444</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>1,029,570</u></u>	<u><u>873,108</u></u>
Net assets per share (RM)		<u>0.50</u>	<u>0.47</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. : 200001021690 (524297-T)

**Condensed consolidated interim financial statements  
For the second quarter period ended 30 September 2019****Condensed consolidated statements of changes in equity**

	ATTRIBUTABLE TO OWNERS OF THE PARENT			NON-CONTROLLING INTERESTS	EQUITY, TOTAL
	NON DISTRIBUTABLE	DISTRIBUTABLE			
	SHARE CAPITAL	MERGER DEFICIT	RETAINED EARNINGS		
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Opening balance at 1 April 2018</b>	296,126	(95,002)	354,181	1,666	556,971
Effect of adoption of new accounting standards	-	-	(964)	-	(964)
<b>Opening balance at 1 April 2018 (restated)</b>	296,126	(95,002)	353,217	1,666	556,007
Total comprehensive income	-	-	53,936	(193)	53,743
<b>Closing balance at 30 September 2018</b>	296,126	(95,002)	407,153	1,473	609,750
<b>Opening balance at 1 April 2019</b>	296,126	(95,002)	386,528	1,012	588,664
Total comprehensive income	-	-	43,397	(747)	42,650
<b>Closing balance at 30 September 2019</b>	296,126	(95,002)	429,925	265	631,314

(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 period ended 30 September 2019**

**Condensed consolidated statements of cash flows**

	Note	6 months ended	
		30 September 2019 (Unaudited) RM'000	30 September 2018 (Unaudited) RM'000
<b>Cash flows from operating activities</b>			
Profit before taxation		55,390	70,042
Adjustments for:			
Depreciation and amortisation		12,170	10,880
Gain on disposal of other investment		-	(13)
Gain on disposal of property, plant and equipment	12	(298)	(136)
(Gain)/Loss on unrealised foreign exchange		(52)	41
Interest expense		6	7
Interest income		(3,395)	(2,962)
Operating profit before working capital changes		63,821	77,859
(Increase)/Decrease in inventories		(30,226)	24,154
(Increase)/Decrease in receivables		(94,670)	1,835
Decrease/(Increase) in other current assets		922	(3,124)
Increase/(Decrease) in payables		113,625	(17,440)
Cash flows generated from operations		53,472	83,284
Taxes paid		(12,180)	(15,109)
Net cash flows generated from operating activities		41,292	68,175
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	12	(45,085)	(9,134)
Proceeds from disposal of property, plant and equipment	12	647	198
Proceeds from disposal of other investments		-	12,592
Purchase of other investments		(4,431)	-
Interest received		3,395	2,962
Net cash flows (used in)/generated from investing activities		(45,474)	6,618
<b>Cash flows from financing activities</b>			
Repayment of finance lease liability	18	(50)	(50)
Interest expenses		(6)	(7)
Net cash flows used in financing activities		(56)	(57)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(4,238)	74,736
Effects of foreign exchange rate changes		-	(137)
Cash and cash equivalents at beginning of year		40,035	63,078
<b>Cash and cash equivalents at end of period</b>	14	35,797	137,677

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

**Explanatory notes pursuant to MFRS 134  
For the second quarter period ended 30 September 2019****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 November 2019.

**2. Basis of preparation**

These condensed interim financial statements, for the period ended 30 September 2019, 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 2019, 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 2019.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2019.

**3. Changes in accounting policies**

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

On 1 April 2019, the Company has adopted the following new and amended MFRS.

**Description**

MFRS 16 Leases  
IC Interpretation 23 Uncertainty over Income Tax Treatments  
Amendment to MFRS 9 Prepayment Features with Negative Compensation  
Amendments to MFRS 128 Long-term interests in Associates and Joint Ventures  
Amendment to MFRS 3 and MFRS 11 Previously Held Interest in a Joint Operation (Annual Improvements to MFRSs 2015 - 2017 Cycle)  
Amendments to MFRS 112 Income Taxes Consequences of Payments on Financial Instruments Classified as Equity (Annual Improvements MFRSs 2015 - 2017 Cycle)  
Amendments to MFRS 119 Plan Amendment, Curtailment or Settlement  
Amendments to MFRS 123 Borrowing Costs Eligible for Capitalisation (Annual Improvements to MFRSs 2015 - 2017 Cycle)

**MFRS 16 Leases**

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, the Group a lessee will recognise a liability to make lease payments (i.e. lease liability) and an asset representing the right to use the underlying asset (i.e. the right-of-use asset) during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events such as a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments. The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

**Explanatory notes pursuant to MFRS 134  
For the second quarter period ended 30 September 2019**

**3. Changes in accounting policies (Cont'd)**

Lesser accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15.

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. Revenue**

	Current quarter 3 months ended		Cumulative quarters 6 months ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Rental Income	47	47	92	92
Moulding and modification works	5,715	5,283	14,925	11,143
Sales of goods	481,097	471,900	834,387	896,513
Total revenue, representing revenue recognised at point of time	<u>486,859</u>	<u>477,230</u>	<u>849,404</u>	<u>907,748</u>

**8. Seasonality of operations**

The business operations of the Group are not significantly affected by any seasonal factors.

**9. 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 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Interest income	(1,614)	(1,648)	(3,395)	(2,962)
Interest expense	3	4	6	7
Depreciation and amortisation	6,307	5,482	12,170	10,880
Gain on disposal of property, plant and equipment	(280)	(9)	(298)	(136)
Gain on foreign exchange - realised	(846)	1,567	(1,826)	568
(Gain)/Loss on foreign exchange - unrealised	(40)	(86)	(52)	41

**Explanatory notes pursuant to MFRS 134  
For the second quarter period ended 30 September 2019**

**10. Income tax expense**

	Current quarter 3 months ended		Cumulative quarters 6 months ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Current income tax				
- Malaysia income tax	7,186	8,255	12,471	15,738
Deferred tax				
- Origination and reversal of temporary difference	143	330	269	561
Income tax expense recognised in profit or loss	<u>7,329</u>	<u>8,585</u>	<u>12,740</u>	<u>16,299</u>

The effective tax rate of the Group for the current quarter and financial period to-date is lower than the statutory income tax rate due to acquisition of new property, plant and equipments.

**11. Earnings Per Share**

Basic earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to equity holders of the Company 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 tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the period :

	Current quarter 3 months ended		Cumulative quarters 6 months ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Profit net of tax attributable to equity holders of the Company used in the computation of earnings per share (RM'000)	24,912	28,102	43,397	53,936
Weighted average number of ordinary shares in issue ('000)	1,250,189	1,250,189	1,250,189	1,250,189
Effects of dilution	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	<u>1,250,189</u>	<u>1,250,189</u>	<u>1,250,189</u>	<u>1,250,189</u>
Basic earnings per share (sen)	<u>1.99</u>	<u>2.25</u>	<u>3.47</u>	<u>4.31</u>
Diluted earnings per share (sen)	<u>1.99</u>	<u>2.25</u>	<u>3.47</u>	<u>4.31</u>

**12. Property, plant and equipment**

During the six months period ended 30 September 2019, the Group acquired assets at a cost of RM45.1 million (30 September 2018: RM9.1 million).

Assets with a carrying amount of RM349,000 were disposed off by the Group during the six months period ended 30 September 2019 (30 September 2018: RM62,000), resulting in a gain on disposal of RM298,000 (30 September 2018: RM136,000), recognised as other income in the statement of comprehensive income.

**Explanatory notes pursuant to MFRS 134  
For the second quarter period ended 30 September 2019**

**13. Inventories**

There was no write-down of inventories to net realisable value for the current quarter (30 September 2018: Nil).

**14. Cash and cash equivalents**

Cash and cash equivalents comprised of the following amounts:

	<b>30 September 2019 RM'000</b>	31 March 2019 RM'000
Cash at banks and on hand	30,379	34,035
Fixed deposits with licensed banks	5,418	6,000
Total cash and cash equivalents	<u>35,797</u>	<u>40,035</u>

**15. 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 instruments 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 2019</b>				
<b>Non current</b>				
<b>Financial asset carried at amortised cost</b>				
Fixed deposits with licensed banks	139	-	139	-
<b>Current</b>				
<b>Fair value through profit or loss</b>				
Investment in Malaysia				
- Cash management fund	212,449	-	212,449	-
<b>At 31 March 2019</b>				
<b>Non current</b>				
<b>Financial asset carried at amortised cost</b>				
Deposits with licensed banks	139	-	139	-
<b>Current</b>				
<b>Fair value through profit or loss</b>				
Investment in Malaysia				
- Cash management fund	207,990	-	207,990	-
<b>Financial asset carried at amortised cost</b>				
Fixed deposits with licensed banks	28	-	28	-

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.

**16. Share capital**

At the AGM held on 27 September 2019, the Proposed Share Buy-Back Authority to purchase and/or hold its own shares up to ten per centum (10%) of the total number of issued shares of the Company ("Proposed Share Buy-Back Authority") was approved by the shareholders, with effective from 27 September 2019 until the conclusion of the 20th AGM of the Company to be convened in Year 2020.

During the current quarter ended 30 September 2019, there were no issuances, cancellation, repurchases, resale and repayments of debt and equity securities.



**Explanatory notes pursuant to MFRS 134  
For the second quarter period ended 30 September 2019**

**17. Other Investments**

Investment in cash management fund is placed with licensed investment banks and asset management companies in Malaysia which are highly liquid.

**18. Interest-bearing borrowing**

	<b>30 September 2019 RM'000</b>	31 March 2019 RM'000
<b>Current</b>		
Secured:		
Obligation under finance lease	96	101
<b>Non-Current</b>		
Secured:		
Obligation under finance lease	129	174
<b>Total borrowing</b>	225	275

**19. Dividends**

No interim dividend has been declared for the financial period ended 30 September 2019 (30 September 2018: Nil).

On 24 July 2019, the Board of Directors had announced a final single-tier dividend of 3.84 sen per ordinary share for the financial year ended 31 March 2019 is subject to the shareholders' approval at the Nineteenth Annual General Meeting ("19th AGM") of the Company to be held on 27 September 2019.

On 27 September 2019, the Board announced that all resolutions (include the abovementioned proposed final dividend) tabled at the 19th AGM were duly approved by the shareholders of the Company and the dividend was paid on 25 October 2019.

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.

**20. 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 2019 RM'000</b>	31 March 2019 RM'000
Capital expenditure		
<b>Approved and contracted for:</b>		
Property, plant and equipment	37,060	26,815
<b>Approved and not contracted for:</b>		
Property, plant and equipment	8,500	-

**21. 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 2019**

**22. Related party transactions**

There were no recurrent related party transactions.

**23. Events after the reporting period**

There were no material events that have arisen subsequent to the financial period ended 30 September 2019.

**24. Performance review**

	Current quarter		Variance (%)	Cumulative quarter		Variance (%)
	3 months ended			6 months ended		
	30 September 2019 RM'000	30 September 2018 RM'000		30 September 2019 RM'000	30 September 2018 RM'000	
Revenue	486,859	477,230	2.0%	849,404	907,748	-6.4%
Operating profit	30,254	34,947	-13.4%	52,001	67,087	-22.5%
Profit before tax	31,865	36,591	-12.9%	55,390	70,042	-20.9%
Profit after tax	24,536	28,006	-12.4%	42,650	53,743	-20.6%
Profit attributable to equity holders of the Company	24,912	28,102	-11.4%	43,397	53,936	-19.5%

The Group recorded a turnover of RM849.4 million with profit before tax of RM55.4 million for the current financial period to date as compared to RM907.7 million and RM70.0 million in the preceding period respectively.

The decrease in revenue for the 6 months period of 6.4% and profit before tax of 20.9% was mainly due to the lower revenue recorded from existing key customers during the period as well as different products mix.

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

	Current Quarter 30 September 2019 RM'000	Preceding Quarter 30 June 2019 RM'000	Variance (%)
Revenue	486,859	362,545	34.3%
Operating profit	30,254	21,747	39.1%
Profit before tax	31,865	23,525	35.5%
Profit after tax	24,536	18,114	35.5%
Profit attributable to equity holders of the Company	24,912	18,485	34.8%

Compared with preceding quarter, the revenue had increased 34.3% from RM362.5 million to RM486.9 million. The profit before taxation increased by 35.5% from RM23.5 million to RM31.9 million mainly due to higher sales recorded from key customers.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirement: Chapter 9, Appendix 9B, Part A  
For the six-month period ended 30 September 2019**

**26. Commentary on prospects**

Despite the challenges in the global market as a result of trade tensions, business sentiment of most of the Group's customers remain positive.

The Group is strategically well positioned in the Electronics Manufacturing Services ("EMS") industry and continue to pursue opportunities to grow its market share from existing customers. We will continue to expand our PCBA, injection moulding and engineering capabilities to take advantage of a widened product portfolio. The Group remains driven to achieve profitable growth, focusing on the continuous pursuit of operational excellence.

Going forward, using the Group's customer guidance, we anticipate higher capacity utilisation and improve production throughput. Barring any unforeseen circumstances, we expect revenue contribution from customers' orders to increase in the coming quarters.

Prospects remain good and the Board is optimistic and expects to achieve profit growth for the financial year ending 31 March 2020.

**27. Profit forecast or profit guarantee**

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

**28. Corporate proposals**

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

**29. Changes in material litigation**

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

**30. Dividend payable**

Please refer to Note 19 for details.

**31. Disclosure of nature of outstanding derivatives**

There are no outstanding derivative as at reporting period.

**32. Rationale for entering into derivatives**

The Group did not enter into any derivatives during the period ended 30 September 2019 or the previous financial year ended 31 March 2019.

**33. Risks and policies of derivatives**

The Group did not enter into any derivatives during the period ended 30 September 2019 or the previous financial year ended 31 March 2019.

**34. 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 2019 and 31 March 2019.

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

The auditors' report on the financial statements for the year ended 31 March 2019 was not qualified.