

**Condensed consolidated interim financial statements**  
**For the second quarter period ended 30 September 2020**

**Condensed consolidated statements of comprehensive income**

	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		30 September 2020 (Unaudited) RM'000	30 September 2019 (Unaudited) RM'000	30 September 2020 (Unaudited) RM'000	30 September 2019 (Unaudited) RM'000
<b>Revenue</b>	7	726,308	486,859	1,124,856	849,404
Cost of sales		(644,084)	(433,412)	(1,005,613)	(753,535)
<b>Gross profit</b>		82,224	53,447	119,243	95,869
Other operating income		2,139	1,481	3,209	3,174
Operating expenses		(27,058)	(24,674)	(52,918)	(47,042)
<b>Operating profit</b>		57,305	30,254	69,534	52,001
Interest expense		(99)	(3)	(150)	(6)
Interest income		592	1,614	1,618	3,395
<b>Profit before tax</b>	9	57,798	31,865	71,002	55,390
Income tax expense	10	(13,729)	(7,329)	(16,898)	(12,740)
<b>Profit for the period</b>		44,069	24,536	54,104	42,650
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period, net of tax</b>		44,069	24,536	54,104	42,650
<b>Total comprehensive income for the period, net of tax attributable to:</b>					
Owners of the Company		44,069	24,912	54,104	43,397
Non-controlling interests		-	(376)	-	(747)
		44,069	24,536	54,104	42,650
<b>Earnings per share attributable to equity holders of the Company (sen per share) :</b>					
-Basic	11	3.53	1.99	4.33	3.47
-Diluted	11	3.53	1.99	4.33	3.47

(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 2020**

**Condensed consolidated statements of financial position**

	Note	30 September 2020 Unaudited RM'000	31 March 2020 Audited RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	256,576	248,492
Right of used assets		28,577	29,916
Investment properties		3,635	3,662
Other investments	15,17	139	139
Other non-current asset		74	74
Deferred tax assets		2,268	2,268
		<u>291,269</u>	<u>284,551</u>
<b>Current assets</b>			
Inventories	13	169,861	164,138
Trade and other receivables		596,726	358,680
Other current asset		17,211	8,743
Other investments	15,17	88,640	126,125
Tax recoverable		997	5,033
Cash and bank balances	14	39,955	55,339
		<u>913,390</u>	<u>718,058</u>
<b>TOTAL ASSETS</b>		<u>1,204,659</u>	<u>1,002,609</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)
Treasury share	16	(208)	(208)
Other reserve		(1,388)	(1,388)
Retained earnings		465,786	411,682
<b>Total equity</b>		<u>665,314</u>	<u>611,210</u>
<b>Non-current liabilities</b>			
Borrowing	18	19	69
Lease liabilities		2,474	3,300
Deferred tax liabilities		17,638	17,488
		<u>20,131</u>	<u>20,857</u>
<b>Current liabilities</b>			
Trade and other payables		510,214	363,359
Contract liabilities		7,190	5,257
Borrowing	18	106	106
Lease liabilities		1,704	1,820
		<u>519,214</u>	<u>370,542</u>
<b>Total liabilities</b>		<u>539,345</u>	<u>391,399</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,204,659</u>	<u>1,002,609</u>
Net assets per share (RM)		<u>0.53</u>	<u>0.49</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 2020****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	MERGER DEFICIT RM'000	TREASURY SHARE RM'000	OTHER RESERVE RM'000	RETAINED EARNINGS RM'000		
<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>	<u>296,126</u>	<u>(95,002)</u>	<u>-</u>	<u>-</u>	<u>429,925</u>	<u>265</u>	<u>631,314</u>
<b>Opening balance at 1 April 2020</b>	296,126	(95,002)	(208)	(1,388)	411,682	-	611,210
Total comprehensive income	-	-	-	-	54,104	-	54,104
<b>Closing balance at 30 September 2020</b>	<u>296,126</u>	<u>(95,002)</u>	<u>(208)</u>	<u>(1,388)</u>	<u>465,786</u>	<u>-</u>	<u>665,314</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 period ended 30 September 2020**
**Condensed consolidated statements of cash flows**

	Note	6 months ended	
		30 September 2020 (Unaudited) RM'000	30 September 2019 (Unaudited) RM'000
<b>Cash flows from operating activities</b>			
Profit before taxation		71,002	55,390
Adjustments for:			
Depreciation and amortisation		17,181	12,170
Gain on disposal of other investment		(115)	-
Gain on disposal of property, plant and equipment	12	(105)	(298)
Loss/(Gain) on unrealised foreign exchange		82	(52)
Interest expense		150	6
Interest income		(1,618)	(3,395)
Operating profit before working capital changes		<u>86,577</u>	<u>63,821</u>
Increase in inventories		(5,723)	(30,226)
Increase in receivables		(238,073)	(94,670)
Decrease in other current assets		(8,468)	922
Increase in payables		148,756	113,625
Cash flows (used in)/generated from operations		<u>(16,931)</u>	<u>53,472</u>
Taxes paid		(12,712)	(12,180)
Net cash flows (used in)/generated from operating activities		<u>(29,643)</u>	<u>41,292</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	12	(23,908)	(45,085)
Proceeds from disposal of property, plant and equipment	12	114	647
Proceeds from disposal/(Purchase of) other investments		37,600	(4,431)
Interest received		1,618	3,395
Net cash flows generated from/(used in) investing activities		<u>15,424</u>	<u>(45,474)</u>
<b>Cash flows from financing activities</b>			
Repayment of finance lease liability	18	(50)	(50)
Payment of principal portion of lease liabilities		(942)	-
Interest expenses		(150)	(6)
Net cash flows used in financing activities		<u>(1,142)</u>	<u>(56)</u>
<b>Net decrease in cash and cash equivalents</b>		(15,361)	(4,238)
Effects of foreign exchange rate changes		(23)	-
Cash and cash equivalents at beginning of year		55,339	40,035
<b>Cash and cash equivalents at end of period</b>	14	<u><u>39,955</u></u>	<u><u>35,797</u></u>

(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 2020****1. Corporate information**

SKP Resources Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 19 November 2020.

**2. Basis of preparation**

These condensed interim financial statements, for the period ended 30 September 2020, 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 2020, 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 2020.

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 2020.

**3. Changes in accounting policies**

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

At the date of approval these condensed consolidated interim financial statements, the Company has adopted the following new and amended MFRS.

**Description**

Amendments to MFRS 3 Business Combination - Definition of a Business  
Amendments to MFRS 7, MFRS 9 and MFRS 139 Interest Rate Benchmark Reform  
Amendments to MFRS 101 Presentation of Financial Statements - Definition of Material  
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material  
Amendments to MFRS 16 Covid-19 - Related Rent Concessions

The directors are of opinion that the Standard and Amendments above would not have any material impact on the financial statements in the year of initial adoption.

**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 an Electronics Manufacturing Services ("EMS") provider, 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.

**Explanatory notes pursuant to MFRS 134  
For the second quarter period ended 30 September 2020**

**7. Revenue**

	Current quarter 3 months ended		Cumulative quarters 6 months ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Rental Income	29	47	58	92
Moulding and modification works	10,306	5,715	14,949	14,925
Sales of goods	715,973	481,097	1,109,849	834,387
Total revenue, representing revenue recognised at point of time	<u>726,308</u>	<u>486,859</u>	<u>1,124,856</u>	<u>849,404</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 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Interest income	(592)	(1,614)	(1,618)	(3,395)
Interest expense	99	3	150	6
Depreciation and amortisation	8,877	6,307	17,181	12,170
Gain on disposal of property, plant and equipment	(57)	(280)	(105)	(298)
Gain on foreign exchange - realised	(1,249)	(846)	(1,254)	(1,826)
Loss/(Gain) on foreign exchange - unrealised	90	(40)	82	(52)

**10. Income tax expense**

	Current quarter 3 months ended		Cumulative quarters 6 months ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Current income tax				
- Malaysia income tax	13,699	7,186	16,748	12,471
Deferred tax				
- Origination and reversal of temporary difference	30	143	150	269
Income tax expense recognised in profit or loss	<u>13,729</u>	<u>7,329</u>	<u>16,898</u>	<u>12,740</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 acquisition of new property, plant and equipments.

**Explanatory notes pursuant to MFRS 134  
For the second quarter period ended 30 September 2020**

**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 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Profit net of tax attributable to equity holders of the Company used in the computation of earnings per share (RM'000)	44,069	24,912	54,104	43,397
Weighted average number of ordinary shares in issue ('000)	1,249,889	1,250,189	1,249,889	1,250,189
Effects of dilution	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,249,889	1,250,189	1,249,889	1,250,189
Basic earnings per share (sen)	3.53	1.99	4.33	3.47
Diluted earnings per share (sen)	3.53	1.99	4.33	3.47

**12. Property, plant and equipment**

During the six months period ended 30 September 2020, the Group acquired assets at a cost of RM23.9 million (30 September 2019: RM45.1 million).

Assets with a carrying amount of RM9,000 were disposed off by the Group during the six months period ended 30 September 2020 (30 September 2019: RM349,000), resulting in a gain on disposal of RM105,000 (30 September 2019: RM298,000), recognised as other income in the statement of comprehensive income.

**13. Inventories**

There was no write-down of inventories to net realisable value for the current quarter (31 March 2020: Nil).

**14. Cash and cash equivalents**

Cash and cash equivalents comprised of the following amounts:

	30 September 2020 RM'000	31 March 2020 RM'000
Cash at banks and on hand	39,788	55,339
Fixed deposits with licensed banks	167	-
Total cash and cash equivalents	39,955	55,339

**Explanatory notes pursuant to MFRS 134  
For the second quarter period ended 30 September 2020**

**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 31 March 2020</b>				
<b>Assets measured at fair value:</b>				
Investment in cash management fund	126,097	-	126,097	-
<b>Assets for which fair value information is disclosed:</b>				
Investment properties	8,150	-	3,930	4,220
<b>At 30 September 2020</b>				
<b>Assets measured at fair value:</b>				
Investment in cash management fund	88,640	-	88,640	-
<b>Assets for which fair value information is disclosed:</b>				
Investment properties	8,150	-	3,930	4,220

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.



**Explanatory notes pursuant to MFRS 134  
For the second quarter period ended 30 September 2020**

**16. Share capital and treasury shares**

At the AGM held on 25 September 2020, 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 25 September 2020 until the conclusion of the 21st AGM of the Company to be convened in Year 2021.

As at 30 September 2020, the Company repurchased a total of 300,000 of its issued ordinary shares from the open market for a total consideration of RM208,000. All these repurchased shares are being held as Treasury Shares in accordance with Section 127 of the Companies Act, 2016 and no Treasury Shares have been cancelled or resold to date. The repurchase of these shares were financed by internally generated funds.

**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 2020 RM'000</b>	<b>31 March 2020 RM'000</b>
<b>Current</b>		
<u>Secured:</u>		
Obligation under finance lease	106	106
	<u>106</u>	<u>106</u>
<b>Non-Current</b>		
<u>Secured:</u>		
Obligation under finance lease	19	69
	<u>19</u>	<u>69</u>
<b>Total borrowing</b>	<u>125</u>	<u>175</u>

**19. Dividends**

On 25 August 2020, the directors have approved a final single-tier dividend in respect of the financial year ended 31 March 2020 amounting to a dividend payable of approximately RM36,622,000 (2.93 sen per ordinary share for 1,249,888,549 shares which excluded 300,000 treasury shares) to shareholders whose names appear in the Record of Depositors on 25 September 2020, being the Book Closure Date. The dividend has been paid out on 23 October 2020.

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.

**Explanatory notes pursuant to MFRS 134  
For the second quarter period ended 30 September 2020****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 2020 RM'000</b>	31 March 2020 RM'000
Capital expenditure		
<b>Approved and contracted for:</b>		
Property, plant and equipment	9,974	11,612
<b>Approved and not contracted for:</b>		
Property, plant and equipment	60,000	140

**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 2020**

**22. Significant related party transactions**

There were no significant 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 2020.

**24. Performance review**

	Current quarter		Variance (%)	Cumulative quarter		Variance (%)
	3 months ended			6 months ended		
	30 September 2020 RM'000	30 September 2019 RM'000		30 September 2020 RM'000	30 September 2019 RM'000	
Revenue	726,308	486,859	49.2%	1,124,856	849,404	32.4%
Operating profit	57,305	30,254	89.4%	69,534	52,001	33.7%
Profit before tax	57,798	31,865	81.4%	71,002	55,390	28.2%
Profit after tax	44,069	24,536	79.6%	54,104	42,650	26.9%
Profit attributable to equity holders of the Company	44,069	24,912	76.9%	54,104	43,397	24.7%

The Group delivered a sterling performance and posted its highest ever quarterly revenue of RM726.3 million with profit before tax of RM57.8 million due to strong demand from existing key customers.

For the current financial period to date, the Group recorded a turnover of RM1.1 billion with profit before tax of RM71.0 million compared to RM849.4 million and RM55.4 million in the preceding year respectively.

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

	Current Quarter 30 September 2020 RM'000	Preceding Quarter 30 June 2020 RM'000	Variance (%)
Revenue	726,308	398,548	82.2%
Operating profit	57,305	12,229	368.6%
Profit before tax	57,798	13,204	337.7%
Profit after tax	44,069	10,035	339.2%
Profit attributable to equity holders of the Company	44,069	10,035	339.2%

Compared to preceding quarter, the revenue had substantially increased by 82.2% from RM398.5 million to RM726.3 million due to the contribution from full operation during the quarter. Current quarter comprised of three months of full operation as compared to only two months of operation in preceding quarter as a result of Movement Control Order in April 2020.

The profit before tax had also increased by 337.7% from RM13.2 million to RM57.8 million. The higher profit was largely attributable to higher revenue and different products mix as well as improvement in operational efficiencies and cost control.

**Explanatory notes pursuant to Bursa Malaysia Listing Requirement: Chapter 9, Appendix 9B, Part A  
For the six-month period ended 30 September 2020**

**26. Commentary on prospects**

With the outbreak of Covid-19 pandemic which still remains as a threat to overall economic climate, the Group continues to focus on implementing preventive measures and strict compliance with Standard Operating Procedures in our operations to safeguard the health and safety of employees.

The Group has taken relevant actions to minimise the impact of the Covid-19 pandemic to its operations and will continue to pay close attention to developments and evaluate their impact on the financial position, operating results and cash flows of the Group.

The PCBA division has started to contribute positively to our group revenue and earnings and it is currently working on several new products to cater for our own in-house consumption.

The Group is strategically well positioned in the 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.

Notwithstanding the current market conditions, the Group continues to receive enquires from both existing and potential new customers for new projects.

Prospects remain good and the Board is optimistic and expects to achieve profit growth for the financial year ending 31 March 2021.

**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 2020 or the previous financial year ended 31 March 2020.

**33. Risks and policies of derivatives**

The Group did not enter into any derivatives during the period ended 30 September 2020 or the previous financial year ended 31 March 2020.

**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 2020 and 31 March 2020.

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

The auditors' report on the financial statements for the year ended 31 March 2020 was not qualified.