

**Condensed consolidated interim financial statements**  
**For the first quarter period ended 30 June 2022**

**Condensed consolidated statements of comprehensive income**

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		30 June 2022 (Unaudited) RM'000	30 June 2021 (Unaudited) RM'000	30 June 2022 (Unaudited) RM'000	30 June 2021 (Unaudited) RM'000
Revenue	7	555,162	515,134	555,162	515,134
Cost of sales		(467,987)	(445,432)	(467,987)	(445,432)
<b>Gross profit</b>		<b>87,175</b>	<b>69,702</b>	<b>87,175</b>	<b>69,702</b>
Other operating income		1,111	1,839	1,111	1,839
Operating expenses		(39,751)	(29,124)	(39,751)	(29,124)
<b>Operating profit</b>		<b>48,535</b>	<b>42,417</b>	<b>48,535</b>	<b>42,417</b>
Interest expense		(84)	(44)	(84)	(44)
Interest income		366	299	366	299
<b>Profit before tax</b>	9	<b>48,817</b>	<b>42,672</b>	<b>48,817</b>	<b>42,672</b>
Income tax expense	10	(11,652)	(10,216)	(11,652)	(10,216)
<b>Profit for the period</b>		<b>37,165</b>	<b>32,456</b>	<b>37,165</b>	<b>32,456</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period, net of tax</b>		<b>37,165</b>	<b>32,456</b>	<b>37,165</b>	<b>32,456</b>
<b>Total comprehensive income for the period, net of tax attributable to:</b>					
Owners of the Company		37,165	32,456	37,165	32,456
Non-controlling interests		-	-	-	-
		<b>37,165</b>	<b>32,456</b>	<b>37,165</b>	<b>32,456</b>
<b>Earnings per share attributable to equity holders of the Company (sen per share) :</b>					
-Basic/Diluted	11	2.38	2.08	2.38	2.08

**Note :**

The Group does not have any potential dilutive ordinary shares as the market price of the share was lower than exercise price of warrant. As a result, these warrants are anti-dilutive in nature and have not been considered in the computation of diluted earnings per share.

(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 first quarter period ended 30 June 2022**
**Condensed consolidated statements of financial position**

	Note	30 June 2022 Unaudited RM'000	31 March 2022 Audited RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	314,093	289,963
Right of use assets		68,615	69,891
Investment properties		2,875	2,885
Other investments	15	139	139
Other non-current asset		74	74
		<u>385,796</u>	<u>362,952</u>
<b>Current assets</b>			
Inventories	13	291,270	254,658
Trade and other receivables		502,397	533,189
Contract assets		10,061	10,176
Prepayments		7,726	18,351
Other investments	15,17	95,038	21,566
Cash and bank balances	14	42,566	51,260
		<u>949,058</u>	<u>889,200</u>
<b>TOTAL ASSETS</b>		<u><u>1,334,854</u></u>	<u><u>1,252,152</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)
Treasury share	16	(208)	(208)
Other reserve		(1,388)	(1,388)
Retained earnings		652,151	614,986
<b>Total equity</b>		<u>851,679</u>	<u>814,514</u>
<b>Non-current liabilities</b>			
Lease liabilities		2,838	3,444
Deferred tax liabilities		18,276	17,527
		<u>21,114</u>	<u>20,971</u>
<b>Current liabilities</b>			
Trade and other payables		424,507	406,406
Contract liabilities		4,772	4,528
Tax payable		4,958	1,439
Borrowing	18	23,983	-
Lease liabilities		3,841	4,294
		<u>462,061</u>	<u>416,667</u>
<b>Total liabilities</b>		<u>483,175</u>	<u>437,638</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>1,334,854</u></u>	<u><u>1,252,152</u></u>
Net assets per share (RM)		<u>0.55</u>	<u>0.52</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 first quarter period ended 30 June 2022****Condensed consolidated statements of changes in equity**

	ATTRIBUTABLE TO OWNERS OF THE PARENT					EQUITY, TOTAL RM'000
	NON DISTRIBUTABLE				DISTRIBUTABLE	
	SHARE CAPITAL RM'000	MERGER DEFICIT RM'000	TREASURY SHARES RM'000	OTHER RESERVES RM'000	RETAINED EARNINGS RM'000	
<b>Opening balance at 1 April 2021</b>	296,126	(95,002)	(208)	(1,388)	508,303	707,831
Profit for the financial period	-	-	-	-	32,456	32,456
<b>Closing balance at 30 June 2021</b>	<u>296,126</u>	<u>(95,002)</u>	<u>(208)</u>	<u>(1,388)</u>	<u>540,759</u>	<u>740,287</u>
<b>Opening balance at 1 April 2022</b>	296,126	(95,002)	(208)	(1,388)	614,986	814,514
Profit for the financial period	-	-	-	-	37,165	37,165
<b>Closing balance at 30 June 2022</b>	<u>296,126</u>	<u>(95,002)</u>	<u>(208)</u>	<u>(1,388)</u>	<u>652,151</u>	<u>851,679</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 first quarter period ended 30 June 2022**

**Condensed consolidated statements of cash flows**

	Note	3 months ended	
		30 June 2022 (Unaudited) RM'000	30 June 2021 (Unaudited) RM'000
<b>Operating activities</b>			
Profit before taxation		48,817	42,672
Adjustments for:			
Depreciation and amortisation		10,665	8,832
Fair value gain on financial assets at fair value through profit and loss		(41)	-
Gain on disposal of property, plant and equipment	12	(724)	(525)
Gain on unrealised foreign exchange		(16)	(21)
Interest expense		84	44
Interest income		(366)	(299)
Operating profit before working capital changes		58,419	50,703
Increase in inventories		(36,612)	(13,353)
Decrease/(increase) in receivables		30,856	(112,894)
Decrease in prepayments		11,231	2,576
Decrease/(increase) in contract assets		115	(1,440)
Decrease in contract liabilities		(606)	(383)
Increase in payables		18,297	68,425
Cash flows generated from/(used in) operations		81,700	(6,366)
Interest paid		(84)	(44)
Taxes paid		(7,384)	(9,298)
Net cash flows generated from/(used in) operating activities		74,232	(15,708)
<b>Investing activities</b>			
Purchase of property, plant and equipment	12	(33,663)	(9,540)
Proceeds from disposal of property, plant and equipment		878	1,091
(Purchase)/withdrawal of other investments		(73,431)	29,898
Interest received		366	299
Net cash flows (used in)/generated from investing activities		(105,850)	21,748
<b>Financing activities</b>			
Proceeds from short term borrowing		23,983	-
Payment of principal portion of lease liabilities		(1,059)	(513)
Net cash flows used in financing activities		22,924	(513)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(8,694)	5,527
Effects of foreign exchange rate changes		-	(7)
Cash and cash equivalents at beginning of period		51,260	56,613
<b>Cash and cash equivalents at end of period</b>		42,566	62,133

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

## **SKP RESOURCES BHD.**

Company No. : 200001021690 (524297-T)

### **Explanatory notes pursuant to MFRS 134 For the first quarter period ended 30 June 2022**

#### **1. Corporate information**

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

These condensed consolidated interim financial statements were approved by the Board of Directors on 29 August 2022.

#### **2. Basis of preparation**

These condensed consolidated interim financial statements, for the period ended 30 June 2022, have been prepared in accordance with Malaysian Financial Reporting Standard ("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 International Accounting Standards ("IAS") 34: Interim Financial Reporting issued by the IAS Board.

The consolidated financial statements of the Group for the year ended 31 March 2022 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 2022.

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 2022.

#### **3. Changes in accounting policies**

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at 30 June 2022 and for the financial year ended 31 March 2022.

#### **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.

**Explanatory notes pursuant to MFRS 134  
For the first quarter period ended 30 June 2022**

**6. Segment information**

The Group is an Electronics Manufacturing Services ("EMS") provider which principally involved in manufacturing of plastic products and fabrication of moulds which are predominantly carried out in Malaysia. Segment information is not presented as other segments such as the manufacturing of moulds segment is insignificant to the Group.

**7. Revenue**

	<b>Current quarter 3 months ended</b>		<b>Cumulative quarters 3 months ended</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Rental Income	11	41	11	41
Moulding and modification works	7,102	9,086	7,102	9,086
Sales of goods	548,049	506,007	548,049	506,007
Total revenue				
	<u>555,162</u>	<u>515,134</u>	<u>555,162</u>	<u>515,134</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 :

	<b>Current quarter 3 months ended</b>		<b>Cumulative quarters 3 months ended</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	(366)	(299)	(366)	(299)
Interest expense	84	44	84	44
Depreciation and amortisation	10,665	8,832	10,665	8,832
Gain on disposal of property, plant and equipment	(724)	(525)	(724)	(525)
Loss on foreign exchange - realised	176	102	176	102
Gain on foreign exchange - unrealised	(16)	(21)	(16)	(21)

**10. Income tax expense**

	<b>Current quarter 3 months ended</b>		<b>Cumulative quarters 3 months ended</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income tax				
- Malaysia income tax	10,903	10,165	10,903	10,165
Deferred tax				
- Origination and reversal of temporary difference	749	51	749	51
Income tax expense recognised in profit or loss	<u>11,652</u>	<u>10,216</u>	<u>11,652</u>	<u>10,216</u>

The effective tax rate of the Group for the current quarter and financial year to date is lower than the statutory income tax due to recognition of reinvestment allowance arising from acquisition of property, plant and equipment which reduce tax expenses.

## SKP RESOURCES BHD.

Company No. : 200001021690 (524297-T)

### Explanatory notes pursuant to MFRS 134 For the first quarter period ended 30 June 2022

#### 11. Earnings Per Share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company.

Diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year, 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 financial year:

##### (a) Basic Earnings Per Share

	Current quarter 3 months ended		Cumulative quarters 3 months ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Profit net of tax attributable to equity holders of the Company used in the computation of earnings per share (RM'000)	37,165	32,456	37,165	32,456
Weighted average number of ordinary shares in issue ('000)	1,562,360	1,562,360	1,562,360	1,562,360
Basic earnings per share (sen)	2.38	2.08	2.38	2.08

##### (b) Diluted Earnings Per Shares

The Group does not have any potential dilutive ordinary shares as the market price of the share was lower than the exercise price. These warrants have not been considered in the computation of diluted earnings per share as these warrants are anti-dilutive in nature.

#### 12. Property, plant and equipment

During the three months period ended 30 June 2022, the Group acquired assets at a cost of approximately RM33.7 million (30 June 2021: RM9.5 million).

Assets with a carrying amount of RM154,000 (30 June 2021: RM566,000) were disposed off by the Group during the three months period ended 30 June 2022, resulting in a gain on disposal of RM724,000 (30 June 2021: RM525,000), 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 2022: Nil).

**SKP RESOURCES BHD.**

Company No. : 200001021690 (524297-T)

**Explanatory notes pursuant to MFRS 134  
For the first quarter period ended 30 June 2022****14. Cash and cash equivalents**

Cash and cash equivalents comprised of the following amounts:

	<b>30 June 2022 RM'000</b>	<b>31 March 2022 RM'000</b>
Cash at banks and on hand	<u>42,566</u>	<u>51,260</u>

**15. Fair value hierarchy**

The Group classifies fair value measurement using the fair value hierarchy that reflects the significance of the inputs used in the making the measurements. The fair value hierarchy has the following levels:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

As at the reporting date, the Group held the following assets that are measured or information are disclosed at fair value:

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>At 31 March 2022</b>				
<b>Assets measured at fair value:</b>				
Investment in cash management funds	21,538	-	21,538	-
<b>Assets for which fair value information are disclosed:</b>				
Investment properties	5,050	-	3,450	1,600
<b>At 30 June 2022</b>				
<b>Assets measured at fair value:</b>				
Investment in cash management funds	95,038	-	95,038	-
<b>Assets for which fair value information are disclosed:</b>				
Investment properties	5,050	-	3,450	1,600

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. Treasury shares**

At the Annual General Meeting ("AGM") held on 29 September 2021, 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 29 September 2021 until the conclusion of the 22nd AGM of the Company to be convened in Year 2022.

As at 30 June 2022, the Company repurchased a total of 375,000 (inclusive bonus issue) 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.



## SKP RESOURCES BHD.

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### Explanatory notes pursuant to MFRS 134 For the first quarter period ended 30 June 2022

#### 17. Other investments

Investment in cash management funds are placed with licensed investment banks and asset management companies in Malaysia which are highly liquid and not readily convertible to known amounts of cash.

#### 18. Dividends

On 25 July 2022, the directors have approved a final single-tier dividend in respect of the financial year ended 31 March 2022 amounting to a dividend payable of approximately RM86,711,000 (5.55 sen per ordinary share for 1,562,360,337 shares which excluded 375,000 treasury shares), payable on 28 October 2022.

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

Authorised capital expenditures not provided for in the financial statement are as follows:

	<b>30 June 2022 RM'000</b>	31 March 2022 RM'000
Capital expenditure		
<b>Approved and contracted for:</b>		
Property, plant and equipment	49,677	77,193
<b>Approved and not contracted for:</b>		
Property, plant and equipment	1,550	2,293

#### 20. Contingencies

There were neither contingent asset recognised nor any changes in the contingent liabilities for the Group for the current financial period to date.

**SKP RESOURCES BHD.**

Company No. 200001021690 (524297-T)

**Explanatory notes pursuant to Bursa Malaysia Listing Requirement: Chapter 9, Appendix 9B, Part A  
For the three month period ended 30 June 2022****21. Significant related party transactions**

There were no significant recurrent related party transactions.

**22. Events after the reporting period**

There was no material events that have arisen subsequent to the financial period ended 30 June 2022 till the date of this report.

**23. Performance review**

	Current quarter		Variance (%)	Cumulative quarter		Variance (%)
	3 months ended			3 months ended		
	30 June 2022 RM'000	30 June 2021 RM'000		30 June 2022 RM'000	30 June 2021 RM'000	
Revenue	555,162	515,134	7.8%	555,162	515,134	7.8%
Operating profit	48,535	42,417	14.4%	48,535	42,417	14.4%
Profit before tax	48,817	42,672	14.4%	48,817	42,672	14.4%
Profit after tax, representing profit attributable to equity holders of the Company	37,165	32,456	14.5%	37,165	32,456	14.5%

For the current financial period ended 30 June 2022, the Group recorded a revenue of approximately RM555.2 million (preceding financial period: approximately RM515.1 million) with a profit before tax of approximately RM48.8 million (preceding financial period: approximately RM42.7 million).

The increase in profit before tax was attributed by the further increase in utilisation of existing production capacity of the Group which is in line with increase in headcount of the Group subsequent to lifting of the previously imposed freeze on hiring of foreign workers by Government of Malaysia.

The Group will continue to pursue excellence in the manufacturing process over time.

**SKP RESOURCES BHD.**

Company No. 200001021690 (524297-T)

**Explanatory notes pursuant to Bursa Malaysia Listing Requirement: Chapter 9, Appendix 9B, Part A  
For the three month period ended 30 June 2022****24. Comment on material change in profit before tax**

	<b>Current Quarter 30 June 2022 RM'000</b>	<b>Preceding Quarter 31 March 2022 RM'000</b>	<b>Variance (%)</b>
Revenue	555,162	576,854	-3.8%
Operating profit	48,535	59,648	-18.6%
Profit before tax	48,817	60,059	-18.7%
Profit after tax, representing profit attributable to equity holders of the Company	37,165	51,188	-27.4%

For the current quarter ended 30 June 2022, the Group recorded a revenue of approximately RM555.2 million (preceding quarter ended 31 March 2022: approximately RM576.9 million) and profit before tax of approximately RM48.8 million (preceding quarter ended 31 March 2022: approximately RM60.0 million).

The profit after tax achieved by the Group for the current quarter ended 30 June 2022 amounted to approximately 6.7% is notably lower as compared to the profit after tax of the Group for the preceding quarter ended 31 March 2022 amounted to approximately 8.9%, mainly attributed by one off disposal of investment properties by the Group in preceding quarter ended 31 March 2022 which resulted in gain of approximately RM5.1 million. In addition, one of the subsidiaries of the Group recognised one off reduction in income tax expense amounted to approximately RM4.6 million arising from recognition of reinvestment allowance in preceding quarter ended 31 March 2022.

**25. Commentary on prospects**

The encouraging trend towards demands for electrical & electronics products is expected to sustain in near future. With this, the Group's existing capacity is projected to be utilised in near future.

The construction of the new factory building on a newly acquired land at Negeri Johor having land size of approximately 6.4 acres has commenced from January 2022 onwards and is expected to be completed by first quarter of calendar year 2023.

As at the date of this report, the Group has achieved 60% of completion in regards of the above mentioned construction of new factory building and is on track to achieve timely completion of the construction of new factory building, barring any unforeseen circumstances.

Moving forward, we anticipate higher capacity utilisation and improved production throughput in line with the Group's customer guidance as well as increased revenue contribution from customers' orders in coming quarters.

We will continue to expand our Printed Circuit Board Assembly ("PCBA"), injection moulding and engineering capabilities to take advantage of a widened product assortment.

Prospects remain good and barring unforeseen circumstances, the Board expects to achieve profit growth for the financial year ending 31 March 2023.

**SKP RESOURCES BHD.**

Company No. 200001021690 (524297-T)

**Explanatory notes pursuant to Bursa Malaysia Listing Requirement: Chapter 9, Appendix 9B, Part A  
For the three month period ended 30 June 2022**

**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 other corporate proposal announced and not completed as at the date of this report.

**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 further details.

**30. Disclosure of nature of outstanding derivatives**

There is 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 June 2022 or the previous financial year ended 31 March 2022.

**32. Risks and policies of derivatives**

The Group did not enter into any derivatives during the period ended 30 June 2022 or the previous financial year ended 31 March 2022.

**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 June 2022 and 31 March 2022.

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

The auditors' report on the financial statements for the year ended 31 March 2022 was not qualified.