

Condensed consolidated interim financial statements
For the third quarter period ended 31 December 2022

Condensed consolidated statements of comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		31 December 2022 (Unaudited) RM'000	31 December 2021 (Unaudited) RM'000	31 December 2022 (Unaudited) RM'000	31 December 2021 (Unaudited) RM'000
Revenue	7	740,133	672,503	2,031,756	1,741,373
Cost of sales		(647,545)	(580,311)	(1,749,298)	(1,496,537)
Gross profit		<u>92,588</u>	<u>92,192</u>	<u>282,458</u>	<u>244,836</u>
Other operating income		324	824	2,212	3,528
Operating expenses		(42,145)	(32,763)	(124,395)	(93,768)
Operating profit		<u>50,767</u>	<u>60,253</u>	<u>160,275</u>	<u>154,596</u>
Interest expense		(613)	(36)	(987)	(118)
Interest income		493	462	1,353	1,625
Profit before tax	9	<u>50,647</u>	<u>60,679</u>	<u>160,641</u>	<u>156,103</u>
Income tax expense	10	(9,906)	(14,616)	(36,241)	(37,465)
Profit for the period		<u>40,741</u>	<u>46,063</u>	<u>124,400</u>	<u>118,638</u>
Other comprehensive income		-	-	-	-
Total comprehensive income for the period, net of tax		<u>40,741</u>	<u>46,063</u>	<u>124,400</u>	<u>118,638</u>
Total comprehensive income for the period, net of tax attributable to:					
Owners of the Company		40,741	46,063	124,400	118,638
Non-controlling interests		-	-	-	-
		<u>40,741</u>	<u>46,063</u>	<u>124,400</u>	<u>118,638</u>
Earnings per share attributable to equity holders of the Company (sen per share) :					
-Basic/Diluted	11	2.61	2.95	7.96	7.59

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 third quarter period ended 31 December 2022

Condensed consolidated statements of financial position

	Note	31 December 2022 Unaudited RM'000	31 March 2022 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	358,149	289,963
Right of use assets		65,906	69,891
Investment properties		2,854	2,885
Other investments	15	139	139
Other non-current asset		74	74
		<u>427,122</u>	<u>362,952</u>
Current assets			
Inventories	13	311,813	254,658
Trade and other receivables		779,193	533,189
Contract assets		2,727	10,176
Prepayments		11,218	18,351
Other investments	15,17	1,811	21,566
Cash and bank balances	14	40,781	51,260
		<u>1,147,543</u>	<u>889,200</u>
TOTAL ASSETS		<u><u>1,574,665</u></u>	<u><u>1,252,152</u></u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
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		652,675	614,986
Total equity		<u>852,203</u>	<u>814,514</u>
Non-current liabilities			
Borrowing	18	7,000	-
Lease liabilities		1,668	3,444
Deferred tax liabilities		19,517	17,527
		<u>28,185</u>	<u>20,971</u>
Current liabilities			
Trade and other payables		564,775	406,406
Contract liabilities		1,868	4,528
Tax payable		9,067	1,439
Borrowing	18	115,728	-
Lease liabilities		2,839	4,294
		<u>694,277</u>	<u>416,667</u>
Total liabilities		<u>722,462</u>	<u>437,638</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,574,665</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 third quarter period ended 31 December 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	
Opening balance at 1 April 2021	296,126	(95,002)	(208)	(1,388)	508,303	707,831
Profit for the financial period	-	-	-	-	118,638	118,638
Transactions with owners						
Dividend on ordinary shares	-	-	-	-	(66,713)	(66,713)
Closing balance at 31 December 2021	<u>296,126</u>	<u>(95,002)</u>	<u>(208)</u>	<u>(1,388)</u>	<u>560,228</u>	<u>759,756</u>
Opening balance at 1 April 2022	296,126	(95,002)	(208)	(1,388)	614,986	814,514
Profit for the financial period	-	-	-	-	124,400	124,400
Transactions with owners						
Dividends	-	-	-	-	(86,711)	(86,711)
Closing balance at 31 December 2022	<u>296,126</u>	<u>(95,002)</u>	<u>(208)</u>	<u>(1,388)</u>	<u>652,675</u>	<u>852,203</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 third quarter period ended 31 December 2022**
Condensed consolidated statements of cash flows

	Note	9 months ended	
		31 December 2022 (Unaudited) RM'000	31 December 2021 (Unaudited) RM'000
Operating activities			
Profit before taxation		160,641	156,103
Adjustments for:			
Depreciation and amortisation		32,411	29,516
Gain on disposal of other investments		(60)	(96)
Gain on disposal of property, plant and equipment	12	(1,295)	(975)
Gain on unrealised foreign exchange		407	282
Interest expense		987	118
Interest income		(1,353)	(1,625)
Property, plant and equipment written off		16	-
Operating profit before working capital changes		191,754	183,323
(Increase)/decrease in inventories		(57,155)	14,747
Increase in receivables		(246,113)	(295,122)
Decrease in prepayments		8,909	4,453
Decrease/(increase) in contract assets		7,449	(3,420)
Decrease in contract liabilities		(1,776)	(5,477)
Increase in payables		155,306	193,814
Cash flows generated from operations		58,374	92,318
Interest paid		(987)	(118)
Taxes paid		(26,623)	(30,662)
Net cash flows generated from operating activities		30,764	61,538
Investing activities			
Purchase of property, plant and equipment	12	(98,727)	(42,701)
Proceeds from disposal of property, plant and equipment		3,425	1,825
Withdrawal of other investments		19,815	40,822
Interest received		1,353	1,625
Net cash flows (used in)/generated from investing activities		(74,134)	1,571
Financing activities			
Proceeds from borrowings		72,728	-
Payment of principal portion of lease liabilities		46,769	(1,618)
Dividends paid	19	(86,711)	(66,713)
Net cash flows generated from/(used in) financing activities		32,786	(68,331)
Net decrease in cash and cash equivalents		(10,584)	(5,222)
Effects of foreign exchange rate changes		105	16
Cash and cash equivalents at beginning of period		51,260	56,613
Cash and cash equivalents at end of period		40,781	51,407

(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 third quarter period ended 31 December 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 24 February 2023.

2. Basis of preparation

These condensed consolidated interim financial statements, for the period ended 31 December 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 31 December 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.

SKP RESOURCES BHD.

Company No. : 200001021690 (524297-T)

**Explanatory notes pursuant to MFRS 134
For the third quarter period ended 31 December 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

	Current quarter 3 months ended		Cumulative quarters 9 months ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Rental Income	-	44	11	123
Moulding and modification works	9,799	13,669	28,095	33,084
Sales of goods	730,334	658,790	2,003,650	1,708,166
Total revenue	740,133	672,503	2,031,756	1,741,373

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 9 months ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(493)	(462)	(1,353)	(1,625)
Interest expense	613	36	987	118
Depreciation and amortisation	10,917	11,362	32,411	29,516
Gain on disposal of property, plant and equipment	(118)	(124)	(1,295)	(975)
Loss on foreign exchange - realised	3,631	31	7,024	293
Loss on foreign exchange - unrealised	273	313	407	282

10. Income tax expense

	Current quarter 3 months ended		Cumulative quarters 9 months ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Income tax				
- Malaysia income tax	9,840	14,468	34,251	37,199
Deferred tax				
- Origination and reversal of temporary difference	66	148	1,990	266
Income tax expense recognised in profit or loss	9,906	14,616	36,241	37,465

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 in turn resulted in reduction of tax expenses.

**Explanatory notes pursuant to MFRS 134
For the third quarter period ended 31 December 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 9 months ended	
	31 December 2022 RM'000	31 December 2021 RM'000	31 December 2022 RM'000	31 December 2021 RM'000
Profit net of tax attributable to equity holders of the Company used in the computation of earnings per share (RM'000)	40,741	46,063	124,400	118,638
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)	2.61	2.95	7.96	7.59

(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 of warrant. 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 nine months period ended 31 December 2022, the Group acquired assets at a cost of approximately RM98.7 million (31 December 2021: RM42.7 million).

Assets with a carrying amount of RM2,130,000 (31 December 2021: RM850,000) were disposed off by the Group during the nine months period ended 31 December 2022, resulting in a gain on disposal of RM1,295,000 (31 December 2021: RM975,000), 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).

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**Explanatory notes pursuant to MFRS 134
For the third quarter period ended 31 December 2022****14. Cash and cash equivalents**

Cash and cash equivalents comprised of the following amounts:

	31 December 2022 RM'000	31 March 2022 RM'000
Cash at banks and on hand	<u>40,781</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 of 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
At 31 March 2022				
Assets measured at fair value:				
Investment in cash management funds	21,538	-	21,538	-
Assets for which fair value information are disclosed:				
Investment properties	5,050	-	3,450	1,600
At 31 December 2022				
Assets measured at fair value:				
Investment in cash management funds	1,811	-	1,811	-
Assets for which fair value information are disclosed:				
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 23 September 2022, 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 effect from 23 September 2022 until the conclusion of the 23rd AGM of the Company to be convened in Year 2023.

There were no issuance, cancellation, repurchase, resale and repayment of treasury shares for the current financial quarter and period ended 31 December 2022.

As at 31 December 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. The repurchase of these shares were financed by internally generated funds.

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**Explanatory notes pursuant to MFRS 134
For the third quarter period ended 31 December 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. Interest-bearing borrowings

	31 December 2022 RM'000	31 March 2022 RM'000
Current		
<u>Secured:</u>		
Bankers' acceptance	1,495	-
<u>Unsecured:</u>		
Revolving credit	-	
Bankers' acceptance	61,233	-
Term loan	3,000	-
	<u>64,233</u>	<u>-</u>
Total current borrowings	<u>65,728</u>	<u>-</u>
Non-Current		
<u>Unsecured:</u>		
Term loan	7,000	-
	<u>7,000</u>	<u>-</u>
Total borrowings	<u>72,728</u>	<u>-</u>

19. Dividends

No interim dividend has been declared for the financial period ended 31 December 2022 (31 December 2021: RM Nil).

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), which was paid 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.

20. Commitment

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

	31 December 2022 RM'000	31 March 2022 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	16,411	77,193
Approved and not contracted for:		
Property, plant and equipment	567	2,293

21. Contingencies

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

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Company No. 200001021690 (524297-T)

**Explanatory notes pursuant to Bursa Malaysia Listing Requirement: Chapter 9, Appendix 9B, Part A
For the nine month period ended 31 December 2022****22. Significant related party transactions**

There were no significant recurrent related party transactions.

23. Events after the reporting period

There was no material events that have arisen subsequent to the financial period ended 31 December 2022 until the date of this report.

24. Performance review

	Current quarter		Variance (%)	Cumulative quarter		Variance (%)
	3 months ended			9 months ended		
	31 December 2022 RM'000	31 December 2021 RM'000		31 December 2022 RM'000	31 December 2021 RM'000	
Revenue	740,133	672,503	10.1%	2,031,756	1,741,373	16.7%
Operating profit	50,767	60,253	-15.7%	160,275	154,596	3.7%
Profit before tax	50,647	60,679	-16.5%	160,641	156,103	2.9%
Profit after tax, representing profit attributable to equity holders of the Company	40,741	46,063	-11.6%	124,400	118,638	4.9%

For the current quarter ended 31 December 2022, the Group recorded a revenue of RM740.1 million, an increase of 10.1% or RM67.6 million as compared to the previous year corresponding quarter. Profit before tax decreased by 16.5% or RM10.0 million to RM50.6 million over the same period.

The decrease in general profitability measures such as gross profit margin of 12.51% and profit before tax margin of 6.84% for the current quarter ended 31 December 2022 as compared to previous year corresponding quarter (gross profit margin and net profit margin of 13.71% and 9.02% respectively) is mainly attributable to higher material contents and higher start-up costs incurred for new models.

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 nine month period ended 31 December 2022****25. Comment on material change in profit before tax**

	Current Quarter 31 December 2022 RM'000	Preceding Quarter 30 September 2022 RM'000	Variance (%)
Revenue	740,133	736,461	0.5%
Operating profit	50,767	60,973	-16.7%
Profit before tax	50,647	61,177	-17.2%
Profit after tax, representing profit attributable to equity holders of the Company	40,741	46,494	-12.4%

For the current quarter ended 31 December 2022, the Group recorded a revenue of RM740.1 million, an increase of 0.5% or RM3.7 million as compared to the preceding quarter. Profit before tax decreased by 16.7% or RM10.2 million to RM50.8 million as compared to preceding quarter.

The reduction in profit before tax for current quarter despite higher revenue for the current quarter ended 31 December 2022 was mainly due to new models having higher material contents and higher start-up cost incurred in relation to the new assembly lines that commenced to be in operations during the current quarter.

26. 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 90% 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.

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 internally target to achieve revenue growth for the financial year ending 31 March 2023.

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**Explanatory notes pursuant to Bursa Malaysia Listing Requirement: Chapter 9, Appendix 9B, Part A
For the nine month period ended 31 December 2022**

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

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 further details.

31. Disclosure of nature of outstanding derivatives

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

33. Risks and policies of derivatives

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

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 31 December 2022 and 31 March 2022.

35. Auditors' report on preceding annual financial statements

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