

**Condensed consolidated interim financial statements
For the fourth quarter year ended 31 March 2023**

Condensed consolidated statements of comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31 March 2023 (Unaudited) RM'000	31 March 2022 (Unaudited) RM'000	31 March 2023 (Unaudited) RM'000	31 March 2022 (Audited) RM'000
Revenue	7	500,003	580,055	2,531,759	2,321,428
Cost of sales		(459,369)	(500,065)	(2,208,667)	(1,996,602)
Gross profit		<u>40,634</u>	<u>79,990</u>	<u>323,092</u>	<u>324,826</u>
Other operating income		8,994	17,523	11,206	21,051
Operating expenses		(27,710)	(31,656)	(152,105)	(125,424)
Operating profit		<u>21,918</u>	<u>65,857</u>	<u>182,193</u>	<u>220,453</u>
Finance costs		(1,061)	(59)	(2,048)	(177)
Interest income		716	482	2,069	2,107
Profit before tax	9	<u>21,573</u>	<u>66,280</u>	<u>182,214</u>	<u>222,383</u>
Income tax expense	10	(1,483)	(11,522)	(37,724)	(48,987)
Profit for the year		<u>20,090</u>	<u>54,758</u>	<u>144,490</u>	<u>173,396</u>
Other comprehensive income		-	-	-	-
Total comprehensive income for the year, net of tax		<u><u>20,090</u></u>	<u><u>54,758</u></u>	<u><u>144,490</u></u>	<u><u>173,396</u></u>
Total comprehensive income for the period, net of tax attributable to:					
Owners of the Company		20,090	54,758	144,490	173,396
Non-controlling interests		-	-	-	-
		<u><u>20,090</u></u>	<u><u>54,758</u></u>	<u><u>144,490</u></u>	<u><u>173,396</u></u>
Earnings per share attributable to equity holders of the Company (sen per share) :					
-Basic/Diluted	11	1.29	3.50	9.25	11.10

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 fourth quarter year ended 31 March 2023

Condensed consolidated statements of financial position

	Note	31 March 2023 Unaudited RM'000	31 March 2022 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	366,797	289,963
Right of use assets		67,909	69,891
Investment properties		2,068	2,885
Other investments	15	139	139
Other non-current asset		74	74
		<u>436,987</u>	<u>362,952</u>
Current assets			
Inventories	13	240,999	254,658
Trade and other receivables		520,033	533,189
Contract assets		5,685	10,176
Prepayments		13,439	18,351
Other investments	15,17	70,075	21,566
Cash and bank balances	14	46,943	51,260
		<u>897,174</u>	<u>889,200</u>
TOTAL ASSETS		<u><u>1,334,161</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		672,765	614,986
Total equity		<u>872,293</u>	<u>814,514</u>
Non-current liabilities			
Borrowings	18	11,950	-
Lease liabilities		1,962	3,444
Deferred tax liabilities		19,755	17,527
		<u>33,667</u>	<u>20,971</u>
Current liabilities			
Trade and other payables		372,705	406,406
Contract liabilities		445	4,528
Tax payable		1,117	1,439
Borrowings	18	48,720	-
Lease liabilities		5,214	4,294
		<u>428,201</u>	<u>416,667</u>
Total liabilities		<u>461,868</u>	<u>437,638</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,334,161</u></u>	<u><u>1,252,152</u></u>
Net assets per share (RM)		<u>0.56</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 fourth quarter year ended 31 March 2023****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 year	-	-	-	-	173,396	173,396
Transactions with owners						
Dividend on ordinary shares	-	-	-	-	(66,713)	(66,713)
Closing balance at 31 March 2022	<u>296,126</u>	<u>(95,002)</u>	<u>(208)</u>	<u>(1,388)</u>	<u>614,986</u>	<u>814,514</u>
Opening balance at 1 April 2022	296,126	(95,002)	(208)	(1,388)	614,986	814,514
Profit for the financial year	-	-	-	-	144,490	144,490
Transactions with owners						
Dividend on ordinary shares	-	-	-	-	(86,711)	(86,711)
Closing balance at 31 March 2023	<u>296,126</u>	<u>(95,002)</u>	<u>(208)</u>	<u>(1,388)</u>	<u>672,765</u>	<u>872,293</u>

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

Condensed consolidated interim financial statements
For the fourth quarter year ended 31 March 2023

Condensed consolidated statements of cash flows

	Note	12 months ended	
		31 March 2023 (Unaudited) RM'000	31 March 2022 (Audited) RM'000
Operating activities			
Profit before taxation		182,214	222,383
Adjustments for:			
Depreciation and amortisation		44,756	39,246
Fair value gain on financial assets at fair value through profit and loss		(6)	-
Gain on disposal of other investments		(102)	-
Gain on disposal of property, plant and equipment	12	(1,384)	(1,295)
Gain on disposal of investment property		-	(5,072)
Gain on derecognition of right-of-use assets		(8)	(15)
Gain on lease modification of right-of-use assets		-	(111)
Loss/(gain) on unrealised foreign exchange		313	(680)
Interest expense		2,048	177
Interest income		(2,069)	(2,107)
Inventories written off		-	223
Property, plant and equipment written off		37	171
Provision of slow moving and obsolete inventories		3,107	4,140
Reversal of impairment loss on trade receivable		-	(227)
Operating profit before working capital changes		228,906	256,833
Decrease/(increase) in inventories		10,552	(37,523)
Decrease/(increase) in receivables		13,284	(195,920)
Decrease/(increase) in prepayments		4,912	(7,937)
Decrease/(increase) in contract assets		4,491	(8,403)
Decrease in contract liabilities		(4,083)	(1,814)
Decrease/(increase) in payables		(34,612)	92,830
Cash flows generated from operations		223,450	98,066
Interest paid		(2,048)	(177)
Taxes paid		(35,818)	(46,908)
Net cash flows generated from operating activities		185,584	50,981
Investing activities			
Purchase of property, plant and equipment	12	(116,664)	(57,540)
Purchase of right of use assets		-	(34,119)
Proceeds from disposal of property, plant and equipment		3,565	2,196
Proceeds from disposal of investment property		-	6,000
(Placement)/withdrawal of other investments		(48,401)	94,655
Interest received		2,069	2,107
Net cash flows (used in)/generated from investing activities		(159,431)	13,299
Financing activities			
Proceeds from borrowings		60,670	-
Payment of principal portion of lease liabilities		(4,899)	(3,045)
Dividends paid	19	(86,711)	(66,713)
Net cash flows used in financing activities		(30,940)	(69,758)
Net decrease in cash and cash equivalents			
		(4,787)	(5,478)
Effects of foreign exchange rate changes		470	125
Cash and cash equivalents at beginning of year		51,260	56,613
Cash and cash equivalents at end of year		46,943	51,260

(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 fourth quarter year ended 31 March 2023

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 30 May 2023.

2. Basis of preparation

These condensed consolidated interim financial statements, for the year ended 31 March 2023, 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 March 2023 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 fourth quarter year ended 31 March 2023****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 12 months ended	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Rental Income	-	28	11	151
Moulding and modification works	13,650	13,884	41,745	46,968
Sales of goods	486,353	566,143	2,490,003	2,274,309
Total revenue	500,003	580,055	2,531,759	2,321,428

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 12 months ended	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Interest income	(716)	(482)	(2,069)	(2,107)
Interest expense	1,061	59	2,048	177
Depreciation and amortisation	12,345	9,730	44,756	39,246
Property, plant and equipment written off	21	171	37	171
Reversal of impairment loss on trade receivables	-	227	-	227
Gain on disposal of property, plant and equipment	(89)	(320)	(1,384)	(1,295)
Gain on disposal of investment property	-	(5,072)	-	(5,072)
Gain on derecognition of right-of-use assets	(8)	(15)	(8)	(15)
Gain on lease modification of right-of-use assets	-	(111)	-	(111)
Inventories written off	-	223	-	223
Loss on foreign exchange - realised	2,508	857	9,532	1,150
Loss/(gain) on foreign exchange - unrealised	(94)	(962)	313	(680)

10. Income tax expense

	Current quarter 3 months ended		Cumulative quarters 12 months ended	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Income tax				
- Malaysian income tax	1,245	7,342	35,496	44,541
Deferred tax				
- Origination and reversal of temporary difference	238	4,180	2,228	4,446
Income tax expense recognised in profit or loss	1,483	11,522	37,724	48,987

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

SKP RESOURCES BHD.

Company No. : 200001021690 (524297-T)

Explanatory notes pursuant to MFRS 134 For the fourth quarter year ended 31 March 2023

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 12 months ended	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Profit net of tax attributable to equity holders of the Company used in the computation of earnings per share (RM'000)	20,090	54,758	144,490	173,396
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)	1.29	3.50	9.25	11.10

(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 twelve months year ended 31 March 2023, the Group acquired assets at a cost of approximately RM116.7 million (31 March 2022: RM57.5 million).

Assets with a carrying amount of RM2,181,000 (31 March 2022: RM901,000) were disposed off by the Group during the twelve months year ended 31 March 2023, resulting in a gain on disposal of RM1,384,000 (31 March 2022: RM1,295,000), 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: RM223,000).

SKP RESOURCES BHD.

Company No. : 200001021690 (524297-T)

**Explanatory notes pursuant to MFRS 134
For the fourth quarter year ended 31 March 2023****14. Cash and cash equivalents**

Cash and cash equivalents comprised of the following amounts:

	31 March 2023 RM'000	31 March 2022 RM'000
Cash at banks and on hand	<u>46,943</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 March 2023				
Assets measured at fair value:				
Investment in cash management funds	70,075	-	70,075	-
Assets for which fair value information are disclosed:				
Investment properties	2,420	-	820	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 year ended 31 March 2023.

As at 31 March 2023, 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.

SKP RESOURCES BHD.

Company No. : 200001021690 (524297-T)

**Explanatory notes pursuant to MFRS 134
For the fourth quarter year ended 31 March 2023****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 March 2023 RM'000	31 March 2022 RM'000
Current		
<u>Unsecured:</u>		
Revolving credit	45,000	-
Bankers' acceptance	720	-
Term loan	3,000	-
	<u>48,720</u>	<u>-</u>
Non-Current		
<u>Unsecured:</u>		
Term loan	<u>11,950</u>	<u>-</u>
Total borrowings	<u><u>60,670</u></u>	<u><u>-</u></u>

19. Dividends

No interim dividend has been declared for the financial year ended 31 March 2023 (31 March 2022: RM Nil).

The Company will endeavour to maintain the dividend policy of minimum 50% payout subject to amongst others, factors such as the availability of distributable reserves as well as the Company's future cash flow or capital expenditure requirements, investment opportunities, regulatory and statutory restrictions and market conditions.

20. Commitment

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

	31 March 2023 RM'000	31 March 2022 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	22,997	77,193
Approved and not contracted for:		
Property, plant and equipment	3,167	2,293

21. Contingencies

There were neither contingent asset recognised nor any changes in the contingent liabilities for the Group for the current financial year 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 twelve month year ended 31 March 2023****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 year ended 31 March 2023 until the date of this report.

24. Performance review

	Current quarter		Variance (%)	Cumulative quarter		Variance (%)
	3 months ended			12 months ended		
	31 March 2023 RM'000	31 March 2022 RM'000		31 March 2023 RM'000	31 March 2022 RM'000	
Revenue	500,003	580,055	-13.8%	2,531,759	2,321,428	9.1%
Operating profit	21,918	65,857	-66.7%	182,193	220,453	-17.4%
Profit before tax	21,573	66,280	-67.5%	182,214	222,383	-18.1%
Profit after tax, representing profit attributable to equity holders of the Company	20,090	54,758	-63.3%	144,490	173,396	-16.7%

For the current quarter ended 31 March 2023, the Group recorded a revenue of RM500 million, a decrease of 14% or RM80 million as compared to the previous year corresponding quarter. Profit before tax decreased by 68% or RM45 million to RM22 million over the same period.

The decrease in general profitability measures such as gross profit margin of 8% and profit before tax margin of 4% for the current quarter ended 31 March 2023 as compared to previous year corresponding quarter (gross profit margin and net profit margin of 14% and 11% respectively) is incurred primarily to rising production costs which attributable to significant overhead costs incurred, particularly in regards of manpower costs, in view of lower manufacturer utilisation and softer order book. The current headcount for direct labour of the Group is in line with the initial order book and robust forecast from major customer.

The Group will continue its concerted effort which focuses on managing manpower, supply chain management and cost optimisation at existing manufacturing bases of the Group.

SKP RESOURCES BHD.

Company No. 200001021690 (524297-T)

**Explanatory notes pursuant to Bursa Malaysia Listing Requirement: Chapter 9, Appendix 9B, Part A
For the twelve month year ended 31 March 2023****25. Comment on material change in profit before tax**

	Current Quarter 31 March 2023 RM'000	Preceding Quarter 31 December 2022 RM'000	Variance (%)
Revenue	500,003	740,133	-32.4%
Operating profit	21,918	50,767	-56.8%
Profit before tax	21,573	50,647	-57.4%
Profit after tax, representing profit attributable to equity holders of the Company	20,090	40,741	-50.7%

For the current quarter ended 31 March 2023, the Group recorded a revenue of RM500 million, an decrease of 32% or RM240 million as compared to the preceding quarter. Profit before tax decreased by 57% or RM29 million to RM22 million as compared to preceding quarter.

Muted financial results for current quarter ended 31 March 2023 as compared to the preceding quarter is attributed to factors as per explanation in Note 24.

26. Commentary on prospects

In view of challenging macroeconomic outlook, the Group will remain vigilant with future order book received from customers and continues to apply its concerted effort which primarily focuses on manpower and supply chain management in addition to other cost optimisation measures.

As of the date of this report, the Group is in the midst of obtaining certificate of completion and compliance in regards of the new factory building constructed on newly acquired land at Negeri Johor having land size of approximately 6.4 acres.

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

Meanwhile, the Group is mindful of significant credit concentration risk that may arise from major customer and continuously seek to diversify its customer base. All in all, against the aforementioned headwinds, the Board is positive that the Group will sustain its resilience by maintaining robust financial position at all 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 twelve month year ended 31 March 2023****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 year ended 31 March 2023 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 year ended 31 March 2023 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 March 2023 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.