

Condensed consolidated interim financial statements
For the third quarter period ended 31 December 2023

Condensed consolidated statements of comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		31 December 2023 (Unaudited) RM'000	31 December 2022 (Unaudited) RM'000	31 December 2023 (Unaudited) RM'000	31 December 2022 (Unaudited) RM'000
Revenue	7	453,100	740,133	1,404,616	2,031,756
Cost of sales		(392,634)	(647,545)	(1,211,760)	(1,749,298)
Gross profit		60,466	92,588	192,856	282,458
Other operating income		799	324	1,625	2,212
Operating expenses		(32,236)	(42,145)	(103,662)	(124,395)
Operating profit		29,029	50,767	90,819	160,275
Finance costs		(725)	(613)	(2,111)	(987)
Interest income		1,726	493	4,676	1,353
Profit before tax	9	30,030	50,647	93,384	160,641
Income tax expense	10	(6,594)	(9,906)	(21,292)	(36,241)
Total comprehensive income for the year, net of tax		23,436	40,741	72,092	124,400
Total comprehensive income for the period, net of tax attributable to:					
Owners of the Company		23,436	40,741	72,092	124,400
Non-controlling interests		-	-	-	-
		23,436	40,741	72,092	124,400
Earnings per share attributable to equity holders of the Company (sen per share) :					
-Basic/Diluted	11	1.50	2.61	4.61	7.96

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 2023

Condensed consolidated statements of financial position

	Note	31 December 2023 Unaudited RM'000	31 March 2023 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	351,282	362,628
Right of use assets		63,497	68,251
Investment properties		2,045	2,067
Other investments	15	139	139
Other non-current asset		74	74
Prepayment		4,344	4,344
		<u>421,381</u>	<u>437,503</u>
Current assets			
Inventories	13	185,773	252,836
Trade and other receivables		470,581	475,025
Contract assets		1,982	2,090
Prepayments		18,875	9,082
Other investments	15,17	135,463	70,099
Tax recoverable		5,638	-
Cash and bank balances	14	56,115	46,907
		<u>874,427</u>	<u>856,039</u>
TOTAL ASSETS		<u>1,295,808</u>	<u>1,293,542</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		670,579	668,793
Total equity		<u>870,107</u>	<u>868,321</u>
Non-current liabilities			
Trade and other payables		222	222
Loan and borrowings	18	9,700	11,950
Lease liabilities		340	2,185
Deferred tax liabilities		17,562	17,137
		<u>27,824</u>	<u>31,494</u>
Current liabilities			
Trade and other payables		319,990	312,215
Contract liabilities		21,722	25,029
Tax payable		-	2,663
Loan and borrowings	18	53,000	48,720
Lease liabilities		3,165	5,100
		<u>397,877</u>	<u>393,727</u>
Total liabilities		<u>425,701</u>	<u>425,221</u>
TOTAL EQUITY AND LIABILITIES		<u>1,295,808</u>	<u>1,293,542</u>
Net assets per share (RM)		<u>0.56</u>	<u>0.56</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 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 RESERVE RM'000	RETAINED EARNINGS RM'000	
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						
Dividend on ordinary shares	-	-	-	-	(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>
Opening balance at 1 April 2023	296,126	(95,002)	(208)	(1,388)	668,793	868,321
Profit for the financial period	-	-	-	-	72,092	72,092
Transactions with owners						
Dividend on ordinary shares	-	-	-	-	(70,306)	(70,306)
Closing balance at 31 December 2023	<u>296,126</u>	<u>(95,002)</u>	<u>(208)</u>	<u>(1,388)</u>	<u>670,579</u>	<u>870,107</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 2023
Condensed consolidated statements of cash flows

	Note	9 months ended	
		31 December 2023 (Unaudited) RM'000	31 December 2022 (Unaudited) RM'000
Operating activities			
Profit before taxation		93,384	160,641
Adjustments for:			
Depreciation and amortisation		34,855	32,411
Fair value loss on financial assets at fair value through profit and loss		17	-
Gain on disposal of other investments		(46)	(60)
Gain on disposal of property, plant and equipment	12	(74)	(1,295)
Loss on unrealised foreign exchange		496	407
Interest expense		2,111	987
Interest income		(4,676)	(1,353)
Property, plant and equipment written off		143	16
Operating profit before working capital changes		<u>126,210</u>	<u>191,754</u>
Decrease/(increase) in inventories		67,063	(57,155)
Decrease/(increase) in receivables		4,313	(246,113)
(Increase)/decrease in prepayments		(9,793)	8,909
Decrease in contract assets		108	7,449
Decrease in contract liabilities		(3,307)	(1,776)
Increase in payables		7,321	155,306
Cash flows generated from operations		<u>191,915</u>	<u>58,374</u>
Interest paid		(2,111)	(987)
Tax paid		(29,168)	(26,623)
Net cash flows generated from operating activities		<u>160,636</u>	<u>30,764</u>
Investing activities			
Purchase of property, plant and equipment	12	(18,951)	(98,727)
Proceeds from disposal of property, plant and equipment		149	3,425
(Placement)/proceeds from disposal of other investments		(65,335)	19,815
Interest received		4,676	1,353
Net cash flows used in investing activities		<u>(79,461)</u>	<u>(74,134)</u>
Financing activities			
Proceeds from borrowings		2,030	72,728
Payment of principal portion of lease liabilities		(3,780)	46,769
Dividends paid	19	(70,306)	(86,711)
Net cash flows (used in)/generated from financing activities		<u>(72,056)</u>	<u>32,786</u>
Net increase/(decrease) in cash and cash equivalents		9,119	(10,584)
Effects of foreign exchange rate changes		89	105
Cash and cash equivalents at beginning of year		46,907	51,260
Cash and cash equivalents at end of period		<u>56,115</u>	<u>40,781</u>

(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 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 26 February 2024.

2. Basis of preparation

These condensed consolidated interim financial statements, for the period ended 31 December 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 2023 which were prepared under MFRS are available upon request from the registered office of the Company 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 2023.

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 2023.

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 2023 and for the financial year ended 31 March 2023.

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 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 9 months ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Rental Income	-	-	-	11
Moulding and modification works	7,603	9,799	21,395	28,095
Sales of goods	445,497	730,334	1,383,221	2,003,650
Total revenue	453,100	740,133	1,404,616	2,031,756

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 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Interest income	(1,726)	(493)	(4,676)	(1,353)
Interest expense	725	613	2,111	987
Depreciation and amortisation	11,677	10,917	34,855	32,411
Gain on disposal of property, plant and equipment	(14)	(118)	(74)	(1,295)
Gain on disposal of other investment	(16)	(27)	(46)	(60)
Loss on foreign exchange - realised	5,786	3,631	8,871	7,024
Loss on foreign exchange - unrealised	610	273	496	407

10. Income tax expense

	Current quarter 3 months ended		Cumulative quarters 9 months ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Income tax				
- Malaysian income tax	6,462	9,840	20,867	34,251
Deferred tax				
- Origination and reversal of temporary difference	132	66	425	1,990
Income tax expense recognised in profit or loss	6,594	9,906	21,292	36,241

The effective tax rate of the Group for the current quarter and financial period to date is lower than the statutory income tax rate due to 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 third quarter period ended 31 December 2023

11. Earnings Per Share

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

Diluted earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period, excluding treasury shares held by the Company, 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 period:

(a) Basic Earnings Per Share

	Current quarter 3 months ended		Cumulative quarters 9 months ended	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Profit net of tax attributable to equity holders of the Company used in the computation of earnings per share (RM'000)	23,436	40,741	72,092	124,400
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)	1.50	2.61	4.61	7.96

(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-month period ended 31 December 2023, the Group acquired assets at a cost of approximately RM18.9 million (31 December 2022: RM98.7 million).

Assets with a carrying amount of RM75,000 (31 December 2022: RM2,130,000) were disposed off by the Group during the nine months period ended 31 December 2023, resulting in a gain on disposal of RM74,000 (31 December 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 2023: RM20,000).

**Explanatory notes pursuant to MFRS 134
For the third quarter period ended 31 December 2023**

14. Cash and cash equivalents

Cash and cash equivalents comprised of the following amounts:

	31 December 2023 RM'000	31 March 2023 RM'000
Cash at banks and on hand	<u>56,115</u>	<u>46,907</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 2023				
Assets measured at fair value:				
Investment in cash management funds	70,068	-	70,068	-
Assets for which fair value information are disclosed:				
Investment properties	2,420	-	820	1,600
At 31 December 2023				
Assets measured at fair value:				
Investment in cash management funds	135,463	-	135,463	-
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 29 September 2023, 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 29 September 2023 until the conclusion of the 23rd AGM of the Company to be convened in Year 2024.

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 December 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 third quarter period ended 31 December 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 loan and borrowings

	31 December 2023 RM'000	31 March 2023 RM'000
Current		
<u>Secured:</u>		
Revolving credits	50,000	45,000
Bankers' acceptance	-	720
Term loan	3,000	3,000
Total current loan and borrowings	<u>53,000</u>	<u>48,720</u>
Non-Current		
<u>Secured:</u>		
Term loan	<u>9,700</u>	<u>11,950</u>
Total loan and borrowings	<u><u>62,700</u></u>	<u><u>60,670</u></u>

19. Dividends

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

On 27 July 2023, the directors have approved a final single-tier dividend in respect of the financial year ended 31 March 2023 amounting to a dividend payable of approximately RM70,306,000 (4.50 sen per ordinary share for 1,562,360,337 shares which excluded 375,000 treasury shares), which was paid on 26 October 2023.

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 2023 RM'000	31 March 2023 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	25,994	23,471
Approved and not contracted for:		
Property, plant and equipment	2,000	2,600

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.

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 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 period ended 31 December 2023 until the date of this report.

24. Performance review

	Current quarter		Variance (%)	Cumulative quarter		Variance (%)
	3 months ended			9 months ended		
	31 December 2023 RM'000	31 December 2022 RM'000		31 December 2023 RM'000	31 December 2022 RM'000	
Revenue	453,100	740,133	-38.8%	1,404,616	2,031,756	-30.9%
Operating profit	29,029	50,767	-42.8%	90,819	160,275	-43.3%
Profit before tax	30,030	50,647	-40.7%	93,384	160,641	-41.9%
Profit after tax, representing profit attributable to equity holders of the Company	23,436	40,741	-42.5%	72,092	124,400	-42.0%

For the current quarter ended 31 December 2023, the Group recorded a revenue of approximately RM453.1 million, representing a decrease of 38.8% or RM287.0 million as compared to previous year corresponding quarter.

The decline in general profitability measures such as profit before tax margin of 6.6% (profit before tax margin of 6.8% for previous year corresponding quarter) for the current quarter ended 31 December 2023 and profit after tax margin of 5.2% (profit after tax margin of 5.5% for previous year corresponding quarter) for the current quarter ended 31 December 2023 in comparison to the same period in previous financial year were primarily attributed to soft market, both domestically and globally.

The impact of reduced sale orders received from customers mitigated by the Group's concerted efforts in managing manpower, supply chain management in addition to other cost optimization measures implemented at existing manufacturing bases of the Group which is instrumental to enhance operational excellence proven by the achievement of favorable gross profit margin of 13.3% (gross profit margin of 12.5% for previous year corresponding quarter).

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 2023****25. Comment on material change in profit before tax**

	Current Quarter 31 December 2023 RM'000	Preceding Quarter 30 September 2023 RM'000	Variance (%)
Revenue	453,100	519,906	-12.8%
Operating profit	29,029	34,321	-15.4%
Profit before tax	30,030	35,358	-15.1%
Profit after tax, representing profit attributable to equity holders of the Company	23,436	27,071	-13.4%

For the current quarter ended 31 December 2023, the Group recorded a revenue of approximately RM453.1 million, representing a decrease of 12.8% or RM66.8 million as compared to the preceding quarter. Meanwhile, profit before tax decreased by 15.1% or RM5.3 million to RM30.0 million as compared to preceding quarter due to the above-mentioned reason in Note 24.

On a positive note, the concerted efforts by the Group in implementation of various cost optimization commence to bear fruits, with gross profit margin registered for the current quarter ended 31 December 2023 remained intact as compared to preceding quarter despite rise of production costs.

26. Commentary on prospects

In view of challenging business landscape which persistently exert inflationary pressure which in turn results in heightened production costs, the Group will remain vigilant with future order book received from customers in addition to exercise prudence to ensure a lean and highly efficient operating structure.

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 nine-month period ended 31 December 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 period ended 31 December 2023 or the previous financial year ended 31 March 2023.

33. Risks and policies of derivatives

The Group did not enter into any derivatives during the period ended 31 December 2023 or the previous financial year ended 31 March 2023.

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 2023 and 31 March 2023.

35. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 March 2023 was not qualified.