

Condensed consolidated interim financial statements For the first quarter period ended 30 June 2024

Condensed consolidated statements of comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		30 June 2024 (Unaudited) RM'000	30 June 2023 (Unaudited) RM'000	30 June 2024 (Unaudited) RM'000	30 June 2023 (Unaudited) RM'000
Revenue	7	505,527	431,610	505,527	431,610
Cost of sales		(433,467)	(368,410)	(433,467)	(368,410)
Gross profit		<u>72,060</u>	<u>63,200</u>	<u>72,060</u>	<u>63,200</u>
Other operating income		1,708	657	1,708	657
Operating expenses		(37,087)	(36,388)	(37,087)	(36,388)
Operating profit		<u>36,681</u>	<u>27,469</u>	<u>36,681</u>	<u>27,469</u>
Finance costs		(1,033)	(687)	(1,033)	(687)
Interest income		1,642	1,214	1,642	1,214
Profit before tax	9	<u>37,290</u>	<u>27,996</u>	<u>37,290</u>	<u>27,996</u>
Income tax expense	10	(8,950)	(6,411)	(8,950)	(6,411)
Total comprehensive income for the period, net of tax		<u><u>28,340</u></u>	<u><u>21,585</u></u>	<u><u>28,340</u></u>	<u><u>21,585</u></u>
Total comprehensive income for the period, net of tax attributable to:					
Owners of the Company		28,340	21,585	28,340	21,585
Non-controlling interests		-	-	-	-
		<u><u>28,340</u></u>	<u><u>21,585</u></u>	<u><u>28,340</u></u>	<u><u>21,585</u></u>
Earnings per share attributable to equity holders of the Company (sen per share) :					
-Basic/Diluted	11	1.81	1.38	1.81	1.38

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 2024

Condensed consolidated statements of financial position

	Note	30 June 2024 Unaudited RM'000	31 March 2024 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	369,982	373,992
Right of use assets		82,089	84,940
Investment properties		3,264	3,274
Other non-current asset		74	74
Prepayments		6,076	6,076
		<u>461,485</u>	<u>468,356</u>
Current assets			
Inventories	13	260,332	187,481
Trade and other receivables		576,902	453,480
Contract assets		1,714	1,157
Prepayments		12,226	6,146
Other investments	15,17	164,112	178,156
Tax recoverable		1,677	4,389
Cash and bank balances	14	42,220	41,203
		<u>1,059,183</u>	<u>872,012</u>
TOTAL ASSETS		<u>1,520,668</u>	<u>1,340,368</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 shares	16	(208)	(208)
Other reserves		(1,388)	(1,388)
Retained earnings		717,816	689,476
Shareholders' equity		<u>917,344</u>	<u>889,004</u>
Non-current liabilities			
Trade and other payables		346	346
Loan and borrowings	18	8,200	8,950
Lease liabilities		14,605	16,264
Deferred tax liabilities		17,483	17,432
		<u>40,634</u>	<u>42,992</u>
Current liabilities			
Trade and other payables		446,818	331,230
Contract liabilities		59,515	20,064
Loan and borrowings	18	48,000	48,000
Lease liabilities		8,357	9,078
		<u>562,690</u>	<u>408,372</u>
Total liabilities		<u>603,324</u>	<u>451,364</u>
TOTAL EQUITY AND LIABILITIES		<u>1,520,668</u>	<u>1,340,368</u>
Net assets per share (RM)		<u>0.59</u>	<u>0.57</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 2024****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 2023	296,126	(95,002)	(208)	(1,388)	668,793	868,321
Profit for the financial period	-	-	-	-	21,585	21,585
Closing balance at 30 June 2023	<u>296,126</u>	<u>(95,002)</u>	<u>(208)</u>	<u>(1,388)</u>	<u>690,378</u>	<u>889,906</u>
Opening balance at 1 April 2024	296,126	(95,002)	(208)	(1,388)	689,476	889,004
Profit for the financial period	-	-	-	-	28,340	28,340
Closing balance at 30 June 2024	<u>296,126</u>	<u>(95,002)</u>	<u>(208)</u>	<u>(1,388)</u>	<u>717,816</u>	<u>917,344</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 2024**
Condensed consolidated statements of cash flows

	Note	3 months ended	
		30 June 2024 (Unaudited) RM'000	30 June 2023 (Unaudited) RM'000
Operating activities			
Profit before taxation		37,290	27,996
Adjustments for:			
Depreciation and amortisation		12,520	11,535
Fair value loss on financial assets at fair value through profit and loss		(75)	-
Gain on disposal of other investments		-	(30)
Gain on disposal of property, plant and equipment	12	(19)	(70)
Loss/(gain) on unrealised foreign exchange		56	(184)
Interest expense		1,033	687
Interest income		(1,642)	(1,214)
Operating profit before working capital changes		49,163	38,720
(Increase)/decrease in inventories		(72,851)	11,409
Increase in receivables		(123,463)	(23,368)
Increase in prepayments		(6,080)	(3,701)
(Increase)/decrease in contract assets		(557)	901
Increase in contract liabilities		39,451	20,769
Increase in payables		115,588	36,057
Cash flows generated from operations		1,251	80,787
Interest paid		(1,033)	(687)
Tax paid		(6,187)	(8,342)
Net cash flows (used in)/generated from operating activities		(5,969)	71,758
Investing activities			
Purchase of property, plant and equipment	12	(5,704)	(7,639)
Proceeds from disposal of property, plant and equipment		74	137
Withdrawal/(placement) of other investments		14,119	(61,249)
Interest received		1,642	1,214
Net cash flows generated from/(used in) investing activities		10,131	(67,537)
Financing activities			
Repayment of bank borrowings		(750)	(1,470)
Payment of principal portion of lease liabilities		(2,380)	(1,274)
Net cash flows used in financing activities		(3,130)	(2,744)
Net increase in cash and cash equivalents		1,032	1,477
Effects of foreign exchange rate changes		(15)	115
Cash and cash equivalents at beginning of period		41,203	46,907
Cash and cash equivalents at end of period		42,220	48,499

(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 2024

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 August 2024.

2. Basis of preparation

These condensed consolidated interim financial statements for the period ended 30 June 2024, 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 2024 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 2024.

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 2024.

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 2024 and for the financial year ended 31 March 2024.

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 first quarter period ended 30 June 2024****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 3 months ended	
	30 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
Moulding and modification works	4,157	5,960	4,157	5,960
Sales of goods	501,370	425,650	501,370	425,650
Total revenue	505,527	431,610	505,527	431,610

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 3 months ended	
	30 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
Interest income	(1,642)	(1,214)	(1,642)	(1,214)
Interest expense	1,033	687	1,033	687
Depreciation and amortisation	12,520	11,535	12,520	11,535
Gain on disposal of property, plant and equipment	(19)	(70)	(19)	(70)
Gain on disposal of other investment	-	(30)	-	(30)
Loss on foreign exchange - realised	1,721	467	1,721	467
Loss/(gain) on foreign exchange - unrealised	56	(184)	56	(184)

10. Income tax expense

	Current quarter 3 months ended		Cumulative quarters 3 months ended	
	30 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
Income tax				
- Malaysian income tax	8,899	6,284	8,899	6,284
Deferred tax				
- Origination and reversal of temporary difference	51	127	51	127
Income tax expense recognised in profit or loss	8,950	6,411	8,950	6,411

The effective tax rate of the Group for the current quarter is slightly lower than the statutory income tax rate due to factors such as differing tax treatments of certain income and expenditures. Conversely, the effective tax rate for the financial year to date is lower than the statutory income tax rate, primarily due to the recognition of reinvestment allowances arising from the acquisition of property, plant, and equipment, which has resulted in a reduction of tax expenses.

SKP RESOURCES BHD.

Company No. : 200001021690 (524297-T)

Explanatory notes pursuant to MFRS 134 For the first quarter period ended 30 June 2024

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 3 months ended	
	30 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
Profit net of tax attributable to equity holders of the Company used in the computation of earnings per share (RM'000)	28,340	21,585	28,340	21,585
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)	1.81	1.38	1.81	1.38

(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 three-month period ended 30 June 2024, the Group acquired assets at a cost of approximately RM5.7 million (30 June 2023: RM7.6 million).

Assets with a carrying amount of RM55,000 (30 June 2023: RM67,000) were disposed off by the Group during the three months period ended 30 June 2024, resulting in a gain on disposal of RM19,000 (30 June 2023: RM70,000), 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 2024: RM1.7 million).

SKP RESOURCES BHD.

Company No. : 200001021690 (524297-T)

Explanatory notes pursuant to MFRS 134 For the first quarter period ended 30 June 2024

14. Cash and cash equivalents

Cash and cash equivalents comprised of the following amounts:

	30 June 2024 RM'000	31 March 2024 RM'000
Cash at banks and on hand	<u>42,220</u>	<u>41,203</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 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 is disclosed at fair value:

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
At 31 March 2024				
Assets measured at fair value:				
Investment in cash management fund	178,125	-	178,125	-
Assets for which fair value information are disclosed:				
Investment properties	3,720	-	820	2,900
At 30 June 2024				
Assets measured at fair value:				
Investment in cash management fund	164,112	-	164,112	-
Assets for which fair value information are disclosed:				
Investment properties	3,720	-	820	2,900

No transfers between any levels of the fair value hierarchy took place during the reporting period. There was also no changes in the purpose of any financial assets 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 24th 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 2024.

As at 30 June 2024, 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 first quarter period ended 30 June 2024****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

	30 June 2024 RM'000	31 March 2024 RM'000
Current		
<u>Unsecured</u>		
Revolving credits	45,000	45,000
<u>Secured:</u>		
Term loan	<u>3,000</u>	<u>3,000</u>
Total current loan and borrowings	<u>48,000</u>	<u>48,000</u>
Non-Current		
<u>Secured:</u>		
Term loan	<u>8,200</u>	<u>8,950</u>
Total loan and borrowings	<u><u>56,200</u></u>	<u><u>56,950</u></u>

19. Dividends

On 26 July 2024, the directors have approved a final single-tier dividend in respect of the financial year ended 31 March 2024 amounting to a dividend payable of approximately RM45,621,000 (2.92 sen per ordinary share for 1,562,360,337 shares which excluded 375,000 treasury shares), payable on 24 October 2024.

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:

	30 June 2024 RM'000	31 March 2024 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	8,892	10,235
Approved and not contracted for:		
Property, plant and equipment	1,000	-

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 three-month period ended 30 June 2024****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 30 June 2024 until the date of this report.

24. Performance review

	Current quarter		Variance (%)	Cumulative quarter		Variance (%)
	3 months ended			3 months ended		
	30 June 2024 RM'000	30 June 2023 RM'000		30 June 2024 RM'000	30 June 2023 RM'000	
Revenue	505,527	431,610	17.1%	505,527	431,610	17.1%
Operating profit	36,681	27,469	33.5%	36,681	27,469	33.5%
Profit before tax	37,290	27,996	33.2%	37,290	27,996	33.2%
Profit after tax, representing profit attributable to equity holders of the Company	28,340	21,585	31.3%	28,340	21,585	31.3%

For the current quarter ended 30 June 2024, the Group reported a revenue of RM505.5 million, reflecting a commendable increase of 17.1% compared to RM431.6 million in the corresponding quarter in the previous year.

The Group has implemented various cost optimization procedures and other initiatives to enhance operational efficiency at the Group's existing manufacturing bases which bore fruits evidently by the further escalation of profit before tax margin ("PBT Margin") of 7.38% (PBT Margin of 6.49% for previous year corresponding quarter) for the current quarter ended 30 June 2024 and profit after tax margin ("PAT Margin") of 5.61% (PAT Margin of 5.00% 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 three-month period ended 30 June 2024****25. Comment on material change in profit before tax**

	Current Quarter 30 June 2024 RM'000	Preceding Quarter 31 March 2024 RM'000	Variance (%)
Revenue	505,527	458,799	10.2%
Operating profit	36,681	29,691	23.5%
Profit before tax	37,290	32,521	14.7%
Profit after tax, representing profit attributable to equity holders of the Company	28,340	24,671	14.9%

The Group recorded a modest improvement in revenue to RM505.5 million for the current quarter compared to RM458.8 million in the preceding quarter, representing a praiseworthy growth of 10.2%.

In the meantime, other financial metrics remain favorable as profit before tax increased by 14.7% from RM32.5 million in the preceding quarter to RM37.3 million in the current quarter. The ability of generation of operating profit remains well defended as proven by the increase of operating profit by 23.5% from RM29.7 million in the preceding quarter to RM36.7 million in the current quarter. The improvement in various financial metrics is further analyzed in Note 24.

26. Commentary on prospects

In view of challenging business landscape which persistently exerts 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 three-month period ended 30 June 2024****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 30 June 2024 or the previous financial year ended 31 March 2024.

33. Risks and policies of derivatives

The Group did not enter into any derivatives during the period ended 30 June 2024 or the previous financial year ended 31 March 2024.

34. Disclosure of gains / losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 30 June 2024 and 31 March 2024.

35. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 March 2024 was not qualified.