

**SKB SHUTTERS CORPORATION BERHAD**

(Company No. 430362 - U)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

	(Unaudited) 31 December 2015 RM'000	(Audited) 30 June 2015 RM'000
<b>Assets</b>		
Property, plant and equipment	35,444	37,259
Investment properties	1,444	1,447
Prepaid lease payments	5,259	5,428
<b>Total non-current assets</b>	<u>42,147</u>	<u>44,134</u>
Inventories	27,483	26,116
Current tax assets	668	497
Trade and other receivables	30,475	19,162
Cash and cash equivalents	4,749	13,735
Assets classified as held for sale	-	-
<b>Total current assets</b>	<u>63,375</u>	<u>59,510</u>
<b>Total assets</b>	<u><u>105,522</u></u>	<u><u>103,644</u></u>
<b>Equity</b>		
Share capital	40,000	40,000
Share premium	1,498	1,498
Reserves	(154)	(65)
Retained earnings	35,137	34,533
<b>Total equity attributable to owners of the Company</b>	<u>76,481</u>	<u>75,966</u>
Loans and borrowings	1,498	1,973
Deferred tax liabilities	1,311	1,311
<b>Total non-current liabilities</b>	<u>2,809</u>	<u>3,284</u>
Loans and borrowings	13,245	12,219
Current tax liabilities	5	-
Trade and other payables	12,982	12,175
<b>Total current liabilities</b>	<u>26,232</u>	<u>24,394</u>
<b>Total equity and liabilities</b>	<u><u>105,522</u></u>	<u><u>103,644</u></u>
<b>Net assets per share (RM)</b>	<u><u>1.91</u></u>	<u><u>1.90</u></u>

The notes set out on pages 5 to 10 form an integral part of these condensed interim financial statements.

**SKB SHUTTERS CORPORATION BERHAD**

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	3 months ended		6 months ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
<b>Continuing operations</b>				
Revenue	15,814	15,006	28,513	28,524
Result from operating activities	1,015	821	1,427	2,223
Interest income	14	65	37	103
Interest expense	(187)	(204)	(374)	(387)
Share of profit of an associate	-	-	-	35
<b>Profit before taxation</b>	<b>842</b>	<b>682</b>	<b>1,090</b>	<b>1,974</b>
Tax expense	(245)	(185)	(486)	(253)
Profit for the period/year representing comprehensive income for the period/year attributable to owners of the Company	<b>597</b>	<b>497</b>	<b>604</b>	<b>1,721</b>
Basic earning per share (sen)	1.49	1.24	1.51	4.30

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015 (UNAUDITED)**

	----- Non-distributable -----			Distributable	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Reserves RM'000	Retained earnings RM'000	
At 1 July 2015	40,000	1,498	(65)	34,533	75,966
Other comprehensive expense for the year	-	-	(89)	-	(89)
Profit for the year	-	-	-	604	604
Comprehensive income for the year	-	-	(89)	604	515
At 31 December 2015	40,000	1,498	(154)	35,137	76,481

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2014 (UNAUDITED)**

	----- Non-distributable -----			Distributable	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Reserves RM'000	Retained earnings RM'000	
At 1 July 2014	40,000	1,498	9	35,048	76,555
Other comprehensive income for the year	-	-	21	-	21
Profit for the year	-	-	-	1,721	1,721
Comprehensive income for the year	-	-	21	1,721	1,743
At 31 December 2014	40,000	1,498	30	36,770	78,298

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**SKB SHUTTERS CORPORATION BERHAD**

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	<b>6 months ended 31 December</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit before tax from continuing operations</b>	1,090	1,974
Adjustments for :		
Depreciation of property, plant & equipment	2,415	2,393
Depreciation of investment properties	3	3
Amortisation of prepaid lease payments	-	-
Gain on disposal of plant and equipment	(19)	(995)
Gain on disposal of investment in an associate	-	-
Loss on disposal of investment property	-	-
Plant and equipment written off	-	-
Interest expense	374	387
Interest income	(37)	(103)
Share on profit after tax of an equity accounted associate	-	(35)
Operating profit before changes in working capital	3,826	3,624
Changes in working capital:		
Inventories	(1,367)	1,345
Trade and other receivables	(13,966)	(1,753)
Trade and other payables	3,372	187
Cash generated from operations	(8,135)	3,403
Dividend received from an associate	-	-
Income tax paid	(653)	(513)
<b>Net cash (used in)/from operating activities</b>	(8,788)	2,890
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(287)	(415)
Proceeds from disposal of plant and equipment	19	995
Proceeds from disposal of investment property	-	1,935
Proceeds from disposal of investment in an associate	-	-
Interest received	37	103
<b>Net cash (used in)/from investing activities</b>	(231)	2,618
<b>Cash flows from financing activity</b>		
Borrowings , net	557	(756)
Interest paid	(374)	-
<b>Net cash from/( used in) financing activities</b>	183	(756)
Net increase/(decrease) in cash and cash equivalents	(8,836)	4,752
Cash and cash equivalents at 1 July	10,977	3,302
<b>Cash and cash equivalents at 31 December</b>	2,141	8,054
Note :		
<u>Purchase of property, plant and equipment</u>		
Purchase of plant and equipment	431	1,287
Less: Acquired through finance lease	(144)	(872)
	287	415
<u>Cash and cash equivalents</u>		
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following :		
Cash and bank balances	4,749	10,822
Bank Overdrafts	(2,608)	(2,768)
	2,141	8,054

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**SKB SHUTTERS CORPORATION BERHAD**  
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**Notes to the condensed consolidated interim financial statements**

1. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and *MFRS134, Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 June 2015.

2. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 30 June 2015.

3. Seasonality or cyclicity of operations

The business of the Group was not affected by any significant seasonal or cyclical factors.

4. Exceptional and extraordinary items

There were no material exceptional and extraordinary items for the quarter/year under review.

5. Change in debt and equity securities

There were no issuance, cancellations, repurchase, resale and repayments of debt and equity securities for the quarter ended 31 December 2015.

6. Dividend

No dividend has been recommended or paid for the current quarter ended 31 December 2015.

7. Operating segments

The Group is principally confined to the manufacture and sale of roller shutters and related steel products, racking and storage systems which are principally carried out in Malaysia. Accordingly, information by operating segments on the Group's operations as required by MFRS 8 is not presented.

8. Valuation of property, plant and equipment

The valuation of land and buildings has been brought forward without amendments from the previous annual report.

9. Changes in Group's composition

There were no changes in the composition of the Group during the quarter under review.

10. Changes in contingent liabilities and assets

There were no contingent liabilities and assets for the Group as at 19 February 2016 (being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

11. Review of Group performance

Group revenue for the quarter ended 31 December 2015 increased by 5.38% or RM0.808 million as compared to the corresponding quarter in 2014. The increased revenue was mainly due to increase in sales of shutters and window products.

Group profit before tax of RM0.842 million increased by 23.45% as compared to corresponding quarter in the previous year mainly due to increase in revenue and other operation income.

12. Variation of results against preceding quarter

Group revenue increased from RM12.699 million to RM15.814 million as compared to the immediate preceding quarter. Group profit before tax of RM0.842 million as compared to Group profit before tax of RM0.248 million in the immediate preceding quarter was mainly due to increase in revenue.

13. Current year prospects

Barring unforeseen circumstances, the Directors anticipate that the Group will continue to strive to enhance the financial performance by practicing prudent cost management and to continue to concentrate on the Group's core activities which are the manufacturing and dealing of roller shutters, steel doors, racking, and storage systems. Also, the Group will continuously strive to improve quality of products and developing new innovative products to increase its market share, sales revenue and profitability.

14. Variance of actual profit from profit forecast

The Group has not announced or disclosed any profit forecast in a public document that relates to this interim reporting period.

15. Profit/(Loss) before taxation

	<b>3 months ended 31 December 2015</b>	<b>6 months ended 31 December 2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit/(Loss) before tax is arrived at :		
Depreciation and amortisation	1,206	2,418
Impairment loss on trade receivables	11	32
Gain/(Loss) on foreign exchange		
- realised	(193)	(189)
- unrealised	8	34
Gain on disposal of property, plant and equipment	-	19
Interest income	14	37

16. Tax expense

	3 months ended 31 December		6 months ended 31 December	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current tax expense				
Current	245	116	486	184
Prior	-	69	-	69
	245	185	486	253
Deferred tax expense				
Current	-	-	-	-
Prior	-	-	-	-
	-	-	-	-
	245	185	486	253

The disproportionate tax charge for the quarter ended 31 December 2015 is mainly due to certain non-deductible expenses and reversal.

17. Unquoted investments and properties

There were no disposals of unquoted investments and properties for the quarter under review and the financial period to-date.

18. Quoted investments

There were no purchases or disposals of quoted shares for the quarter under review and the financial period to-date.

19. Status of corporate proposals

Not applicable.

20. Loans and borrowings

	31 December 2015 RM'000
Current	
Secured	1,296
Unsecured	11,949
	<u>13,245</u>
Non-current	
Secured	<u>1,498</u>

The above borrowings are denominated in Ringgit Malaysia.



21. Off balance sheet financial instruments

The Group did not have any financial instruments with off balance sheet risk as at 19 February 2016 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report).

22. Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share for the quarter/year end is based on the net profit/(loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the quarter/year end of 40,000,000.

23. Related parties

There were no non-recurring related party transactions during the quarter under review and financial year to-date.

24. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors.

25. Retained earnings

The breakdown of retained earnings of the Group as at reporting date, into realised and unrealised is as follow:

	<b>(Unaudited) As at 31 December 2015 RM'000</b>	<b>(Unaudited) As at 31 December 2014 RM'000</b>
Total retained earnings of the Company and its subsidiaries		
- Realised	40,033	50,578
- Unrealised	8,942	1,470
Total share of retained earnings from an associate		
- Realised	-	-
- Unrealised	-	-
	<hr/> 48,975	<hr/> 52,048
Less : Consolidation adjustments	(13,838)	(15,279)
Total Group retained earnings as per consolidated accounts	<hr/> <hr/> 35,137	<hr/> <hr/> 36,769

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1 Determination of Realised and Unrealised Profits or Losses in the

Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

BY ORDER OF THE BOARD

Sin Kheng Lee  
Executive Chairman and Group Managing Director  
Dated: 26<sup>th</sup> February 2016