

SKB SHUTTERS CORPORATION BERHAD

(Company No. 430362 - U)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016**

	(Unaudited) 30 September 2016 RM'000	(Audited) 30 June 2016 RM'000
Assets		
Property, plant and equipment	36,277	36,178
Investment properties	1,438	1,440
Prepaid lease payments	61,495	5,091
Total non-current assets	<u>99,210</u>	<u>42,709</u>
Inventories	33,819	31,788
Current tax assets	888	720
Trade and other receivables	16,567	29,576
Cash and cash equivalents	2,920	6,222
Total current assets	<u>54,194</u>	<u>68,306</u>
Total assets	<u><u>153,404</u></u>	<u><u>111,015</u></u>
Equity		
Share capital	40,000	40,000
Share premium	1,498	1,498
Reserves	(154)	(134)
Retained earnings	34,890	34,109
Total equity attributable to owners of the Company	<u>76,234</u>	<u>75,473</u>
Liabilities		
Loans and borrowings	42,744	1,545
Deferred tax liabilities	983	983
Total non-current liabilities	<u>43,727</u>	<u>2,528</u>
Loans and borrowings	20,889	16,556
Current tax liabilities	7	3
Trade and other payables	12,547	16,455
Total current liabilities	<u>33,443</u>	<u>33,014</u>
Total liabilities	77,170	35,542
Total equity and liabilities	<u><u>153,404</u></u>	<u><u>111,015</u></u>
Net assets per share (RM)	<u><u>1.91</u></u>	<u><u>1.89</u></u>

The notes set out on pages 5 to 9 form an integral part of these condensed interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	3 months ended		3 months ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
Continuing operations				
Revenue	14,759	12,699	14,759	12,699
Result from operating activities	1,550	412	1,550	412
Interest income	21	23	21	23
Interest expense	(545)	(187)	(545)	(187)
Profit before taxation	1,026	248	1,026	248
Tax expense	(245)	(241)	(245)	(241)
Profit for the period representing comprehensive income for the period attributable to owners of the Company				
	781	7	781	7
Basic earnings per share (sen)	1.95	0.02	1.95	0.02

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these condensed interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016 (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 2016	40,000	1,498	(135)	34,109	75,472
Other comprehensive expense for the year	-	-	(19)	-	(19)
Profit for the year	-	-	-	781	781
Comprehensive income for the year	-	-	(19)	781	762
At 30 September 2016	40,000	1,498	(154)	34,890	76,234

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 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	-	-	(107)	-	(107)
Profit for the year	-	-	-	7	7
Comprehensive expense for the year	-	-	(107)	7	(100)
At 30 September 2015	40,000	1,498	(172)	34,540	75,866

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SKB SHUTTERS CORPORATION BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	03 months ended 30 September	
	2016	2015
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Profit before tax from continuing operations	1,026	248
Adjustments for :		
Depreciation of property, plant & equipment	943	1,210
Depreciation of investment properties	2	2
Amortisation of prepaid lease payments	-	-
Gain on disposal of plant and equipment	(13)	(19)
Gain on disposal of investment company	-	-
Interest expense	545	187
Interest income	(21)	(23)
Tax penalty	-	-
Operating profit before changes in working capital	<u>2,482</u>	<u>1,605</u>
Changes in working capital:		
Inventories	(2,031)	(2,385)
Trade and other receivables	8,991	(12,557)
Trade and other payables	951	3,392
Cash generated from/(used in) operations	<u>10,393</u>	<u>(9,945)</u>
Tax paid	(409)	(346)
Net cash from/(used in) operating activities	<u>9,984</u>	<u>(10,291)</u>
Cash flows from investing activities		
Purchase of plant and equipment	(57,538)	(91)
Proceeds from disposal of plant and equipment	104	19
Interest received	21	23
Net cash (used in) investing activities	<u>(57,413)</u>	<u>(49)</u>
Cash flows from financing activities		
Borrowings, net	44,201	(389)
Interest paid	(545)	(187)
Net cash from/(used in) financing activities	<u>43,656</u>	<u>(576)</u>
Net (decrease) in cash and cash equivalents	<u>(3,773)</u>	<u>(10,916)</u>
Cash and cash equivalents at 1 July	2,485	10,977
Cash and cash equivalents at 30 September	<u><u>(1,288)</u></u>	<u><u>61</u></u>
Note :		
<u>Purchase of property, plant and equipment</u>		
Purchase of plant and equipment	57,538	235
Less: Acquired through finance lease	-	(144)
	<u>57,538</u>	<u>91</u>
<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	2,920	2,798
Bank overdrafts	(4,208)	(2,737)
	<u>(1,288)</u>	<u>61</u>

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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 2016.

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 2016.

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 30 September 2016.

6. Dividend

No dividend has been recommended or paid for the current quarter ended 30 September 2016.

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 22 November 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 30 September 2016 increased by 16.22% or RM2.060 million as compared to the corresponding quarter in 2015. The increased revenue was mainly due to increase in sales of shutters products.

Group profit before tax of RM1.026 million increased by 313.17% as compared to corresponding quarter in the previous year mainly due to increase in revenue.

12. Variation of results against preceding quarter

Group revenue increased from RM13.558 million to RM14.759 million as compared to the immediate preceding quarter. Group profit before tax of RM1.026 million as compared to Group loss before tax of RM0.100 million in the immediate preceding quarter was mainly due to increase in revenue and reduce in other operating expenses.

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 before taxation

	3 months ended 30 September 2016
	RM'000
Profit before tax is arrived at :	
Depreciation and amortisation	945
Impairment Gain on trade receivables	3
Gain/(Loss) on foreign exchange	
- realised	(30)
- unrealised	82
Gain on disposal of plant and equipment	13
Interest income	21

16. Tax expense

	3 months ended 30 September	
	2016	2015
	RM'000	RM'000
Current tax expense		
Current	245	241
Prior	-	-
	245	241
Deferred tax expense		
Current	-	-
Prior	-	-
	-	-
	245	241

The disproportionate tax charge for the quarter ended 30 September 2016 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

	30 September 2016
	RM'000
Current	
Secured	4,809
Unsecured	16,080
	<hr/>
	20,889
	<hr/>
Non-current	
Secured	42,744
	<hr/>

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 22 November 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 per share

The calculation of basic earnings per share for the quarter end is based on the net profit 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. Capital commitments

30 September 2016
RM'000

Property, plant and equipment
Contracted but not provided

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26. Material post balance sheet events

There were no material events subsequent to the end of the period under review which have not been reflected in this interim financial report.

27. Retained earnings

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

	(Unaudited) As at 30 September 2016 RM'000	(Unaudited) As at 30 September 2015 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	39,214	39,428
- Unrealised	9,222	8,950
	<hr/> 48,436	<hr/> 48,378
Less : Consolidation adjustments	(13,546)	(13,838)
Total Group retained earnings as per consolidated accounts	<hr/> <hr/> 34,890	<hr/> <hr/> 34,540

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: 29th November 2016