

**SKB SHUTTERS CORPORATION BERHAD**

(Company No. 430362 - U)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2017**

	(Unaudited) 30 September 2017 RM'000	(Audited) 30 June 2017 RM'000
<b>Assets</b>		
Property, plant and equipment	97,658	98,359
Investment properties	1,431	1,433
<b>Total non-current assets</b>	<u>99,089</u>	<u>99,792</u>
Inventories	36,010	38,867
Current tax assets	658	922
Trade and other receivables	16,099	23,583
Cash and cash equivalents	9,016	11,425
<b>Total current assets</b>	<u>61,783</u>	<u>74,797</u>
<b>Total assets</b>	<u><u>160,872</u></u>	<u><u>174,589</u></u>
<b>Equity</b>		
Share capital	41,528	41,528
Reserves	(224)	(227)
Retained earnings	38,166	36,230
<b>Total equity attributable to owners of the Company</b>	<u>79,470</u>	<u>77,531</u>
<b>Liabilities</b>		
Loans and borrowings	43,910	44,449
Deferred tax liabilities	1,040	1,040
<b>Total non-current liabilities</b>	<u>44,950</u>	<u>45,489</u>
Loans and borrowings	19,138	19,904
Current tax liabilities	-	-
Trade and other payables	17,314	31,665
<b>Total current liabilities</b>	<u>36,452</u>	<u>51,569</u>
<b>Total liabilities</b>	<u>81,402</u>	<u>97,058</u>
<b>Total equity and liabilities</b>	<u><u>160,872</u></u>	<u><u>174,589</u></u>
<b>Net assets per share (RM)</b>	<u>1.99</u>	<u>1.94</u>

The notes set out on pages 6 to 11 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 PERIOD ENDED 30 SEPTEMBER 2017**

	3 months ended			3 months ended		
	30 September 2017	30 September 2016	Changes (%)	30 September 2017	30 September 2016	Changes (%)
	RM'000 Unaudited	RM'000 Unaudited		RM'000 Unaudited	RM'000 Audited	
<b>Continuing operations</b>						
Revenue	18,062	14,759	22%	18,062	14,759	22%
Result from operating activities	2,951	1,550	90%	2,951	1,550	90%
Interest income	27	21	30%	27	21	30%
Interest expense	(774)	(545)	42%	(774)	(545)	42%
<b>Profit before taxation</b>	<b>2,204</b>	<b>1,026</b>	115%	<b>2,204</b>	<b>1,026</b>	115%
Tax expense	(268)	(245)	9%	(268)	(245)	9%
Profit attributable to owners of the Company	<b>1,936</b>	<b>781</b>	148%	<b>1,936</b>	<b>781</b>	148%
Basic earnings per share (sen)	4.84	1.95		4.84	1.95	

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

	<b>Current Quarter</b> <b>30 September 2017</b> <b>RM'000</b> <b>Unaudited</b>	<b>Immediate</b> <b>Preceding Quarter</b> <b>30 June 2017</b> <b>RM'000</b> <b>Unaudited</b>	<b>Changes</b> <b>(%)</b>
<b>Continuing operations</b>			
Revenue	<u>18,062</u>	<u>19,410</u>	-7%
Result from operating activities	2,951	712	314%
Interest income	27	32	-15%
Interest expense	(774)	(810)	-5%
Profit/(Loss) before taxation	<u>2,204</u>	<u>(66)</u>	3429%
Tax expense	(268)	(419)	-36%
Profit/(Loss) attributable to owners of the Company	<u>1,936</u>	<u>(485)</u>	499%
Basic earnings/(loss) per share (sen)	<u>4.84</u>	<u>(1.21)</u>	

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these condensed interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (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 2017	41,528	-	(227)	36,230	77,531
Other comprehensive income for the year	-	-	3	-	3
Profit for the year	-	-	-	1,936	1,936
Comprehensive income for the year	-	-	3	1,936	1,939
At 30 September 2017	41,528	-	(224)	38,166	79,470

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD 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

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these condensed interim financial statements.

**SKB SHUTTERS CORPORATION BERHAD**

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

	<b>3 months ended 30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit before tax from continuing operations</b>	2,204	1,026
Adjustments for :		
Depreciation of property, plant & equipment	1,185	943
Depreciation of investment properties	1	2
Amortisation of prepaid lease payments	-	-
Gain on disposal of plant and equipment	(56)	(13)
Plant and equipment written off	-	-
Interest expense	774	545
Interest income	(27)	(21)
Operating profit before changes in working capital	4,081	2,482
Changes in working capital:		
Inventories	2,856	(2,031)
Trade and other receivables	2,471	8,991
Trade and other payables	(8,866)	951
Cash generated from operations	542	10,393
Tax paid	(5)	(409)
<b>Net cash from operating activities</b>	537	9,984
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(329)	(57,538)
Proceeds from disposal of plant and equipment	56	104
Interest received	27	21
<b>Net cash (used in) investing activities</b>	(246)	(57,413)
<b>Cash flows from financing activities</b>		
Borrowings, net	63	44,201
Interest paid	(774)	(545)
<b>Net cash (used in) financing activities</b>	(711)	43,656
Net (decrease) in cash and cash equivalents	(420)	(3,773)
Cash and cash equivalents at 1 July	5,418	2,485
<b>Cash and cash equivalents at 30 September</b>	4,998	(1,288)
Note :		
<u>Purchase of property, plant and equipment</u>		
Purchase of plant and equipment	483	57,538
Less: Acquired through finance lease	(154)	-
	329	57,538
<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	9,016	2,920
Bank overdrafts	(4,018)	(4,208)
	4,998	(1,288)

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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 2017.

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 2017.

3. Seasonality or cyclical 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 2017.

## 6. Dividend

No dividend has been recommended or paid for the current quarter ended 30 September 2017.

## 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 21 November 2017 (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 2017 increased by 22% or RM3.303 million as compared to the corresponding quarter in 2016. The increased revenue was mainly due to increase in sales of shutters and racking products.

Group profit before tax of RM2.204 million increased by 115% as compared to corresponding quarter in the previous year mainly due to increase in revenue.

## 12. Variation of results against preceding quarter

Group revenue reduced from RM19.410 million to RM18.062 million as compared to the immediate preceding quarter. Group profit before tax of RM2.204 million as compared to Group loss before tax of RM0.066 million in the immediate preceding quarter was mainly due to reduce in cost of sales and administrative 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

	<b>3 months ended 30 September 2017</b>	
	<b>RM'000</b>	
Profit before tax is arrived at :		
Depreciation and amortisation	1186	
Impairment loss on trade receivables	-	
Gain/(Loss) on foreign exchange		
- realised	(91)	
- unrealised	(42)	
Gain on disposal of plant and equipment	56	
Interest income	27	

16. Tax expense

	<b>3 months ended 30 September</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Current tax expense		
Current	268	245
Prior	-	-
	268	245
Deferred tax expense		
Current	-	-
Prior	-	-
	-	-
	268	245

The disproportionate tax charge for the quarter ended 30 September 2017 is mainly due to certain non-deductible expenses and reversal.



17. Unquoted investments and properties

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

18. Quoted investments

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

19. Status of corporate proposals

Not applicable.

20. Loans and borrowings

	<b>30 September 2017</b>
	<b>RM'000</b>
Current	
Secured	
-Term loan	1,525
-Finance lease liabilities	1,455
Unsecured	
-Bank overdrafts	4,018
-Bankers' acceptances	9,769
-Foreign currency loan("FCL")	371
-Revolving credit	2,000
	<hr/>
	19,138
	<hr/>
Non-current	
Secured	
-Term loan	41,980
-Finance lease liabilities	1,930
	<hr/>
	43,910
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The above borrowings are denominated in Ringgit Malaysia other than FCL which is denominated in United States Dollar.

21. Off balance sheet financial instruments

The Group did not have any financial instruments with off balance sheet risk as at 21 November 2017 (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 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. Capital commitments

There were no capital commitments committed as at financial year end.

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:

	<b>(Unaudited) As at 30 September 2017 RM'000</b>	<b>(Unaudited) As at 30 September 2016 RM'000</b>
Total retained earnings of the Company and its subsidiaries		
- Realised	42,541	39,214
- Unrealised	9,289	9,222
	<hr/> 51,830	<hr/> 48,436
Less : Consolidation adjustments	(13,664)	(13,546)
Total Group retained earnings as per consolidated accounts	<hr/> <hr/> 38,166	<hr/> <hr/> 34,890

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: 28<sup>th</sup> November 2017