

SKB SHUTTERS CORPORATION BERHAD

(Company No. 430362 - U)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	(Unaudited) 31 December 2017 RM'000	(Audited) 30 June 2017 RM'000
Assets		
Property, plant and equipment	97,332	98,359
Investment properties	1,429	1,433
Total non-current assets	<u>98,761</u>	<u>99,792</u>
Inventories	32,748	38,867
Current tax assets	681	922
Trade and other receivables	20,821	23,583
Cash and cash equivalents	5,291	11,425
Total current assets	<u>59,541</u>	<u>74,797</u>
Total assets	<u><u>158,302</u></u>	<u><u>174,589</u></u>
Equity		
Share capital	41,528	41,528
Reserves	(205)	(227)
Retained earnings	38,665	36,230
Total equity attributable to owners of the Company	<u>79,988</u>	<u>77,531</u>
Liabilities		
Loans and borrowings	43,572	44,449
Deferred tax liabilities	1,040	1,040
Total non-current liabilities	<u>44,612</u>	<u>45,489</u>
Loans and borrowings	18,176	19,904
Current tax liabilities	-	-
Trade and other payables	15,526	31,665
Total current liabilities	<u>33,702</u>	<u>51,569</u>
Total liabilities	<u>78,314</u>	<u>97,058</u>
Total equity and liabilities	<u><u>158,302</u></u>	<u><u>174,589</u></u>
Net assets per share (RM)	<u>2.00</u>	<u>1.94</u>

The notes set out on pages 6 to 11 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 PERIOD ENDED 31 DECEMBER 2017**

	3 months ended			6 months ended		
	31 December 2017 RM'000 Unaudited	31 December 2016 RM'000 Unaudited	Changes (%)	31 December 2017 RM'000 Unaudited	31 December 2016 RM'000 Audited	Changes (%)
Continuing operations						
Revenue	17,269	19,423	-11%	35,331	34,183	3%
Result from operating activities	1,602	1,829	-12%	4,553	3,380	35%
Interest income	19	18	9%	47	38	23%
Interest expense	(766)	(789)	-3%	(1,540)	(1,335)	15%
Profit before taxation	855	1,058	-19%	3,060	2,083	47%
Tax expense	(357)	(241)	48%	(625)	(486)	29%
Profit attributable to owners of the Company	498	817	-39%	2,435	1,597	52%
Basic earnings per share (sen)	1.25	2.04		6.09	3.99	

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Current Quarter 31 December 2017 RM'000 Unaudited	Immediate Preceding Quarter 30 September 2017 RM'000 Unaudited	Changes (%)
Continuing operations			
Revenue	<u>17,269</u>	<u>18,062</u>	-4%
Result from operating activities	1,602	2,951	-46%
Interest income	19	27	-29%
Interest expense	(766)	(774)	-1%
Profit before taxation	<u>855</u>	<u>2,204</u>	-61%
Tax expense	(357)	(268)	33%
Profit attributable to owners of the Company	<u>498</u>	<u>1,936</u>	74%
Basic earnings per share (sen)	<u>1.25</u>	<u>4.84</u>	

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 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	-	-	22	-	22
Profit for the year	-	-	-	2,435	2,435
Comprehensive income for the year	-	-	22	2,435	2,457
At 31 December 2017	41,528	-	(205)	38,665	79,988

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 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	-	-	(53)	-	(53)
Profit for the year	-	-	-	1,597	1,597
Comprehensive income for the year	-	-	(53)	1,597	1,544
At 31 December 2016	40,000	1,498	(188)	35,706	77,016

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SKB SHUTTERS CORPORATION BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	6 months ended 31 December	
	2017	2016
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Profit before tax from continuing operations	3,060	2,083
Adjustments for :		
Depreciation of property, plant & equipment	2,193	1,797
Depreciation of investment properties	3	4
Amortisation of prepaid lease payments	-	-
Gain on disposal of plant and equipment	(56)	(6)
Plant and equipment written off	-	-
Interest expense	1,540	1,335
Interest income	(47)	(38)
Operating profit before changes in working capital	<u>6,693</u>	<u>5,175</u>
Changes in working capital:		
Inventories	6,118	(3,897)
Trade and other receivables	(2,251)	3,930
Trade and other payables	(10,635)	7,082
Cash generated from/(used in) operations	<u>(75)</u>	<u>12,290</u>
Tax paid	(384)	(782)
Net cash from/(used in) operating activities	<u>(459)</u>	<u>11,508</u>
Cash flows from investing activities		
Purchase of plant and equipment	(540)	(57,430)
Proceeds from disposal of plant and equipment	56	163
Interest received	47	38
Net cash (used in) investing activities	<u>(437)</u>	<u>(57,229)</u>
Cash flows from financing activities		
Borrowings, net	(3,650)	44,389
Interest paid	(1,540)	(1,335)
Net cash from/(used in) financing activities	<u>(5,190)</u>	<u>43,054</u>
Net (decrease) in cash and cash equivalents	<u>(6,086)</u>	<u>(2,667)</u>
Cash and cash equivalents at 1 July	5,418	2,485
Cash and cash equivalents at 31 December	<u><u>(668)</u></u>	<u><u>(182)</u></u>

Note :

Purchase of property, plant and equipment

Purchase of plant and equipment	1,164	58,721
Less: Acquired through finance lease	(624)	(1,290)
	<u>540</u>	<u>57,431</u>

Cash and cash equivalents

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following :

Cash and bank balances	5,291	6,139
Bank overdrafts	(5,959)	(6,321)
	<u>(668)</u>	<u>(182)</u>

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SKB SHUTTERS CORPORATION BERHAD
(Company No.430362-U)
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Notes to the condensed consolidated interim financial statements

1. Basis of preparation

- (a) Statement of com
- (b) pliance

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 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 2017.

6. Dividend

No dividend has been recommended or paid for the current quarter ended 31 December 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 20 February 2018 (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 2017 reduced by 11.09% or RM2.154 million as compared to the corresponding quarter in 2016. The reduce in revenue was mainly due to reduce in sales of shutters products.

Group profit before tax of RM0.855 million reduced by 19.11% as compared to corresponding quarter in the previous year mainly due to reduce in revenue.

12. Variation of results against preceding quarter

Group revenue reduced from RM18.062 million to RM17.269 million as compared to the immediate preceding quarter. Group profit before tax of RM0.855 million as compared to Group profit before tax of RM2.204 million in the immediate preceding quarter was mainly due to reduce in revenue and higher 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

	3 months ended 31 December 2017	6 months ended 31 December 2017
	RM'000	RM'000
Profit before tax is arrived at :		
Depreciation and amortisation	1,010	2,196
Impairment loss on trade receivables	106	106
Loss on foreign exchange		
- realised	(120)	(211)
- unrealised	15	(27)
Gain on disposal of plant and equipment	-	56
Interest income	19	47

16. Tax expense

	3 months ended 31 December		6 months ended 31 December	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Current	357	241	625	486
Prior	-	-	-	-
	357	241	625	486
Deferred tax expense				
Current	-	-	-	-
Prior	-	-	-	-
	-	-	-	-
	357	241	625	486

The disproportionate tax charge for the quarter ended 31 December 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 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 2017
	RM'000
Current	
Secured	1,542
-Term loan	1,422
-Finance lease liabilities	
Unsecured	
-Bank overdrafts	5,959
-Bankers' acceptances	7,057
-Foreign currency loan("FCL")	196
-Revolving credit	2,000
	<hr/>
	18,176
	<hr/>
Non-current	
Secured	
-Term loan	41,582
-Finance lease liabilities	1,990
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	43,572
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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 20 February 2018 (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

	31 December 2017 RM'000
Property, plant and equipment	
Contracted but not provided	766
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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 31 December 2017 RM'000	(Unaudited) As at 31 December 2016 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	43,055	39,914
- Unrealised	9,274	9,338
	<hr/> 52,329	<hr/> 49,252
Less : Consolidation adjustments	(13,664)	(13,546)
	<hr/>	<hr/>
Total Group retained earnings as per consolidated accounts	<hr/> <hr/> 38,665	<hr/> <hr/> 35,706

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: 27th February 2018