

SKB SHUTTERS CORPORATION BERHAD

(Company No. 430362 - U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	(Unaudited) 30 June 2019 RM'000	(Audited) 30 June 2018 RM'000
Assets		
Property, plant and equipment	94,895	95,990
Investment properties	1,415	1,424
Total non-current assets	<u>96,310</u>	<u>97,414</u>
Inventories	36,430	30,822
Trade and other receivables	23,430	20,691
Current tax assets	702	664
Cash and cash equivalents	5,186	7,866
Total current assets	<u>65,748</u>	<u>60,043</u>
Total assets	<u><u>162,058</u></u>	<u><u>157,457</u></u>
Equity		
Share capital	41,498	41,498
Reserves	(186)	(159)
Retained earnings	41,382	38,205
Total equity attributable to owners of the Company	<u>82,694</u>	<u>79,544</u>
Liabilities		
Loans and borrowings	41,484	42,855
Deferred tax liabilities	827	1,307
Total non-current liabilities	<u>42,311</u>	<u>44,162</u>
Loans and borrowings	15,742	14,057
Trade and other payables	21,311	19,694
Total current liabilities	<u>37,053</u>	<u>33,751</u>
Total liabilities	<u>79,364</u>	<u>77,913</u>
Total equity and liabilities	<u><u>162,058</u></u>	<u><u>157,457</u></u>
Net assets per share (RM)	<u>2.07</u>	<u>1.99</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 JUNE 2019**

	3 months ended			12 months ended		
	30 June 2019 RM'000 Unaudited	30 June 2018 RM'000 Unaudited	Changes (%)	30 June 2019 RM'000 Unaudited	30 June 2018 RM'000 Audited	Changes (%)
Continuing operations						
Revenue	16,203	14,341	13%	65,560	64,278	2%
Result from operating activities	1,751	609	187%	6,432	6,229	3%
Interest income	24	15	60%	98	83	18%
Interest expense	(709)	(697)	2%	(2,865)	(2,948)	-3%
Profit/(Loss) before taxation	1,066	(73)	1560%	3,665	3,364	9%
Tax expense	253	(503)	-150%	(488)	(1,389)	-65%
Profit/(Loss) attributable to owners of the Company	1,319	(576)	329%	3,177	1,975	61%
Basic earnings/(loss) per share (sen)	3.30	(1.44)		7.94	4.94	

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2019**

	Current Quarter 30 June 2019 RM'000 Unaudited	Immediate Preceding Quarter 31 March 2019 RM'000 Unaudited	Changes (%)
Continuing operations			
Revenue	<u>16,203</u>	<u>11,979</u>	35%
Result from operating activities	1,751	251	597%
Interest income	24	24	0%
Interest expense	(709)	(703)	1%
Profit/(Loss) before taxation	<u>1,066</u>	<u>(428)</u>	349%
Tax expense	253	(264)	-196%
Profit/(Loss) attributable to owners of the Company	<u><u>1,319</u></u>	<u><u>(692)</u></u>	291%
Basic earnings/(loss) per share (sen)	<u><u>3.30</u></u>	<u><u>(1.73)</u></u>	

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2019 (UNAUDITED)**

	----- Non-distributable -----		Distributable	Total equity RM'000
	Share capital RM'000	Reserves RM'000	Retained earnings RM'000	
At 1 July 2018	41,498	(159)	38,205	79,544
Other comprehensive expense for the year	-	(27)	-	(27)
Profit for the year	-	-	3,177	3,177
Comprehensive (expense)/income for the year	-	(27)	3,177	3,150
At 30 June 2019	41,498	(186)	41,382	82,694

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2018 (UNAUDITED)**

	----- Non-distributable -----		Distributable	Total equity RM'000
	Share capital RM'000	Reserves RM'000	Retained earnings RM'000	
At 1 July 2017	41,498	(197)	36,230	77,531
Other comprehensive income for the year	-	38	-	38
Profit for the year	-	-	1,975	1,975
Comprehensive income for the year	-	38	1,975	2,013
At 30 June 2018	41,498	(159)	38,205	79,544

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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 YEAR ENDED 30 JUNE 2019**

	12 months ended 30 June	
	2019 RM'000 (Unaudited)	2018 RM'000 (Unaudited)
Profit before tax from continuing operations	3,665	3,364
Adjustments for :		
Depreciation of property, plant & equipment	4,156	4,214
Depreciation of investment properties	9	9
Gain on disposal of plant and equipment	(206)	(56)
Plant and equipment written off	9	1
Interest expense	2,865	2,948
Interest income	(98)	(83)
Operating profit before changes in working capital	<u>10,400</u>	<u>10,397</u>
Changes in working capital:		
Inventories	(5,608)	8,045
Trade and other receivables	(2,739)	2,879
Trade and other payables	1,589	(10,387)
Cash generated from operations	<u>3,642</u>	<u>10,934</u>
Tax paid	(1,006)	(865)
Net cash from operating activities	<u>2,636</u>	<u>10,069</u>
Cash flows from investing activities		
Purchase of plant and equipment	(794)	(1,837)
Proceeds from disposal of plant and equipment	314	56
Interest received	98	83
Net cash used in investing activities	<u>(382)</u>	<u>(1,698)</u>
Cash flows from financing activities		
Repayment of finance lease liabilities	(1,897)	(1,700)
Repayment of term loan	(1,523)	(1,501)
Borrowings, net	1,600	(3,524)
Interest paid	(2,865)	(2,949)
Net cash used in financing activities	<u>(4,685)</u>	<u>(9,674)</u>
Net decrease in cash and cash equivalents	<u>(2,431)</u>	<u>(1,303)</u>
Cash and cash equivalents at 1 July	4,567	5,870
Cash and cash equivalents at 30 June	<u><u>2,136</u></u>	<u><u>4,567</u></u>
Note :		
<u>Purchase of property, plant and equipment</u>		
Purchase of plant and equipment	3,178	1,335
Less: Acquired through finance lease liabilities	(2,384)	(624)
	<u>794</u>	<u>711</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	5,186	7,865
Bank overdrafts	(3,050)	(3,298)
	<u>2,136</u>	<u>4,567</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* in Malaysia. 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 2018.

The Group has adopted the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January, 2018. The adoption of MFRS 9 and MFRS 15 from 1 July 2018 does not have any significant impact to the financial report of the Group.

(b) Significant 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 annual financial statements as at and for the year ended 30 June 2019.

For the adoption of new and revised MFRSs and IC Interpretations below that are relevant and came into effect for accounting periods beginning on or after 1 January, 2019 did not have any significant impact to the unaudited consolidated financial statements upon their initial application :

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS119, *Employee Benefits - Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures*

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 2018.

There were no changes in estimates of amounts reported in the prior financial periods that have a material effect in the current quarter.

3. Seasonality or cyclical nature 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 June 2019.

6. Dividend

No dividend has been recommended or paid for the current quarter ended 30 June 2019.

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 carrying amount 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 August 2019 (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 June 2019 increased by 12.98% or RM1.862 million as compared to the corresponding quarter in 2018. The increase in revenue was mainly due to increase in sales of shutter products.

Group profit before tax of RM1.066 million increased 1,560.27% as compared to corresponding quarter in the previous year was mainly due to increase in revenue.

12. Variation of results against preceding quarter

Group revenue increased from RM11.979 million to RM16.203 million as compared to the immediate preceding quarter. Group profit before tax of RM1.066 million as compared to Group loss before tax of RM0.428 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

	3 months ended 30 June 2019 RM'000	12 months ended 30 June 2019 RM'000
Profit/(Loss) before tax is arrived at :		
Depreciation and amortisation	1,065	4,165
Impairment loss on trade receivables	161	161
Gain/(Loss) on foreign currency exchange		
- realised	89	119
- unrealised	(113)	84
Gain on disposal of plant and equipment	54	206
Interest income	24	98

16. Tax expense

	3 months ended 30 June		12 months ended 30 June	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current tax expense				
Current	227	195	939	1,081
Prior	-	41	29	41
	227	236	968	1122
Deferred tax expense				
Current	(471)	254	(471)	254
Prior	(9)	13	(9)	13
	(480)	267	(480)	267
	(253)	503	488	1389

The disproportionate tax charge for the quarter ended 30 June 2019 was mainly due to certain non-deductible expenses and reversal of deferred tax liabilities on.

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 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 June 2019
	RM'000
Current	
Secured	
-Term loan	1,681
-Finance lease liabilities	1,700
Unsecured	
-Bank overdrafts	3,050
-Bankers' acceptances	6,618
-Foreign currency loan("FCL")	693
-Revolving credit	2,000
	<hr/>
	15,742
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Non-current	
Secured	
-Term loan	39,175
-Finance lease liabilities	2,309
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	41,484
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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 22 August 2019 (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. Capital commitments

30 June 2019
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.

BY ORDER OF THE BOARD

Sin Kheng Lee
Executive Chairman and Group Managing Director
Dated: 29th August 2019