

SKB SHUTTERS CORPORATION BERHAD

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

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

	(Unaudited) 30 September 2019 RM'000	(Audited) 30 June 2019 RM'000
Assets		
Property, plant and equipment	94,219	94,895
Investment properties	1,413	1,415
Total non-current assets	<u>95,632</u>	<u>96,310</u>
Inventories	38,195	36,430
Current tax assets	255	702
Trade and other receivables	25,860	24,004
Cash and cash equivalents	5,248	5,186
Total current assets	<u>69,558</u>	<u>66,322</u>
Total assets	<u><u>165,190</u></u>	<u><u>162,632</u></u>
Equity		
Share capital	41,498	41,498
Reserves	(178)	(186)
Retained earnings	42,032	41,383
Total equity attributable to owners of the Company	<u>83,352</u>	<u>82,695</u>
Liabilities		
Loans and borrowings	40,889	41,484
Deferred tax liabilities	827	827
Total non-current liabilities	<u>41,716</u>	<u>42,311</u>
Loans and borrowings	18,047	14,962
Trade and other payables	22,075	22,664
Total current liabilities	<u>40,122</u>	<u>37,626</u>
Total liabilities	<u>81,838</u>	<u>79,937</u>
Total equity and liabilities	<u><u>165,190</u></u>	<u><u>162,632</u></u>
Net assets per share (RM)	<u>2.08</u>	<u>2.07</u>

The notes set out on pages 6 to 11 form an integral part of these condensed interim financial statements.

SKB SHUTTERS CORPORATION BERHAD

(Company No. 430362 - U)

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

	3 months ended			3 months ended		
	30 September 2019 RM'000 Unaudited	30 September 2018 RM'000 Unaudited	Changes (%)	30 September 2019 RM'000 Unaudited	30 September 2018 RM'000 Unaudited	Changes (%)
Continuing operations						
Revenue	18,880	16,539	14%	18,880	16,539	14%
Result from operating activities	1,564	1,353	16%	1,564	1,353	16%
Interest income	22	26	-16%	22	26	-16%
Interest expense	(692)	(726)	-5%	(692)	(726)	-5%
Profit before taxation	894	653	37%	894	653	37%
Tax expense	(244)	(240)	2%	(244)	(240)	2%
Profit attributable to owners of the Company	650	413	57%	650	413	57%
Basic earnings per share (sen)	1.62	1.03		1.62	1.03	

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

	Current Quarter 30 September 2019 RM'000 Unaudited	Immediate Preceding Quarter 30 June 2019 RM'000 Audited	Changes (%)
Continuing operations			
Revenue	<u>18,880</u>	<u>16,203</u>	17%
Result from operating activities	1,564	1,751	-11%
Interest income	22	24	-9%
Interest expense	(692)	(709)	-2%
Profit before taxation	<u>894</u>	<u>1,066</u>	-16%
Tax expense	(244)	253	196%
Profit attributable to owners of the Company	<u>650</u>	<u>1,319</u>	-51%
Basic earnings per share (sen)	<u>1.62</u>	<u>3.30</u>	

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

	----- Non-distributable -----		Distributable	Total equity RM'000
	Share capital RM'000	Reserves RM'000	Retained earnings RM'000	
At 1 July 2019	41,498	(186)	41,382	82,694
Other comprehensive income for the year	-	8	-	8
Profit for the year	-	-	650	650
Comprehensive income for the year	-	8	650	658
At 30 September 2019	41,498	(178)	42,032	83,352

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 SEPTEMBER 2018 (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	-	(17)	-	(17)
Profit for the year	-	-	413	413
Comprehensive (expense)/income for the year	-	(17)	413	396
At 30 September 2018	41,498	(176)	38,618	79,940

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SKB SHUTTERS CORPORATION BERHAD

(Company No. 430362 - U)

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

	3 months ended 30 September	
	2019	2018
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Profit before tax from continuing operations	894	653
Adjustments for :		
Depreciation of property, plant & equipment	1,066	1,029
Depreciation of investment properties	2	2
Gain on disposal of plant and equipment	-	(85)
Interest expense	692	727
Interest income	(22)	(26)
Operating profit before changes in working capital	<u>2,632</u>	<u>2,300</u>
Changes in working capital:		
Inventories	(1,765)	(1,221)
Trade and other receivables	(2,430)	(57)
Trade and other payables	773	(1,954)
Cash generated (used in) operations	<u>(790)</u>	<u>(932)</u>
Tax paid	203	(353)
Net cash (used in) operating activities	<u>(587)</u>	<u>(1,285)</u>
Cash flows from investing activities		
Purchase of plant and equipment	(84)	351
Proceeds from disposal of plant and equipment	-	85
Interest received	22	26
Net cash (used in)/from investing activities	<u>(62)</u>	<u>462</u>
Cash flows from financing activities		
Repayment of finance lease liabilities	(517)	(456)
Repayment of term loan	(865)	(865)
Borrowings, net	1,906	3,095
Interest paid	(692)	(726)
Net cash (used in)/from financing activities	<u>(168)</u>	<u>1,048</u>
Net (decrease)/increase in cash and cash equivalents	<u>(817)</u>	<u>225</u>
Cash and cash equivalents at 1 July	2,136	4,567
Cash and cash equivalents at 30 September	<u><u>1,319</u></u>	<u><u>4,792</u></u>
Note :		
<u>Purchase of property, plant and equipment</u>		
Purchase of plant and equipment	392	535
Less: Acquired through finance lease liabilities	(308)	(886)
	<u>84</u>	<u>(351)</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	5,248	7,979
Bank overdrafts	(3,929)	(3,187)
	<u><u>1,319</u></u>	<u><u>4,792</u></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 2019.

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 2019.

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 September 2019.

6. Dividend

No dividend has been recommended or paid for the current quarter ended 30 September 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 20 November 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 September 2019 increased by 14.16% or RM2.341 million as compared to the corresponding quarter in 2018. The increase in revenue was mainly due to increase in sales of shutter and steel door products.

Group profit before tax of RM0.894 million increased 37.09% 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 RM16.203 million to RM18.880 million as compared to the immediate preceding quarter. Group profit before tax of RM0.894 million as compared to Group profit before tax of RM1.066 million in the immediate preceding quarter was mainly due to increase in manufacturing cost, administrative and distribution expense.

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 September 2019 RM'000
Profit/(Loss) before tax is arrived at :	
Depreciation and amortisation	1,068
Impairment loss on trade receivables	52
Gain/(Loss) on foreign currency exchange	
- realised	(6)
- unrealised	(55)
Gain on disposal of plant and equipment	-
Interest income	22

16. Tax expense

	3 months ended 30 September	
	2019 RM'000	2018 RM'000
Current tax expense		
Current	244	240
Prior	-	-
	244	240
Deferred tax expense		
Current	-	-
Prior	-	-
	-	-
	244	240

The disproportionate tax charge for the quarter ended 30 September 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 September 2019 RM'000
Current	
Secured	
-Term loan	1,681
-Finance lease liabilities	1,675
Unsecured	
-Bank overdrafts	3,929
-Bankers' acceptances	8,508
-Foreign currency loan("FCL")	254
-Revolving credit	2,000
	<hr/>
	18,047
	<hr/>
Non-current	
Secured	
-Term loan	38,765
-Finance lease liabilities	2,124
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	40,889
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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 November 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 September 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: 27th November 2019