

**SKB SHUTTERS CORPORATION BERHAD**

Registration No.199701014865 (430362 - U)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020**

	(Unaudited) 30 June 2020 RM'000	(Audited) 30 June 2019 RM'000
<b>Assets</b>		
Property, plant and equipment	32,950	94,894
Right-of-use assets	60,291	-
Investment properties	1,406	1,415
<b>Total non-current assets</b>	<u>94,647</u>	<u>96,309</u>
Inventories	36,969	36,430
Trade and other receivables	19,892	24,004
Current tax assets	141	702
Cash and cash equivalents	7,300	5,186
<b>Total current assets</b>	<u>64,302</u>	<u>66,322</u>
<b>Total assets</b>	<u><u>158,949</u></u>	<u><u>162,631</u></u>
<b>Equity</b>		
Share capital	41,498	41,498
Reserves	(189)	(186)
Retained earnings	-	41,382
<b>Total equity attributable to owners of the Company</b>	<u>41,309</u>	<u>82,694</u>
<b>Liabilities</b>		
Loans and borrowings	39,662	41,484
Lease liabilities	465	-
Deferred tax liabilities	827	827
<b>Total non-current liabilities</b>	<u>40,954</u>	<u>42,311</u>
Loans and borrowings	17,283	14,962
Lease liabilities	153	-
Trade and other payables	18,827	22,664
<b>Total current liabilities</b>	<u>36,263</u>	<u>37,626</u>
<b>Total liabilities</b>	<u>77,217</u>	<u>79,937</u>
<b>Total equity and liabilities</b>	<u><u>118,526</u></u>	<u><u>162,631</u></u>
<b>Net assets per share (RM)</b>	<u>1.03</u>	<u>2.07</u>

The notes on pages 6 to 12 are 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 2020**

	3 months ended			12 months ended		
	30 June 2020	30 June 2019	Changes (%)	30 June 2020	30 June 2019	Changes (%)
	RM'000 Unaudited	RM'000 Unaudited		RM'000 Unaudited	RM'000 Audited	
<b>Continuing operations</b>						
Revenue	10,188	16,203	-37%	66,558	65,560	2%
Result from operating activities	(2,152)	1,751	-223%	2,507	6,432	-60%
Interest income	18	24	-25%	83	98	-15%
Interest expense	(557)	(709)	-21%	(2,566)	(2,865)	-10%
<b>(Loss)/Profit before taxation</b>	<b>(2,691)</b>	<b>1,066</b>	<b>352%</b>	<b>24</b>	<b>3,665</b>	<b>-99%</b>
Tax expense	(216)	253	-185%	(983)	(488)	101%
<b>(Loss)/Profit for the year</b>	<b>(2,907)</b>	<b>1,319</b>	<b>320%</b>	<b>(959)</b>	<b>3,177</b>	<b>-130%</b>
Other comprehensive expense, net of tax Item that is or may be reclassified subsequently to profit or loss						
Foreign currency transaction differences for foreign operation	(3)	(27)		(3)	(27)	
<b>Total comprehensive (expense)/income for the year attributable to owners of the company</b>	<b>(2,910)</b>	<b>1,292</b>		<b>(962)</b>	<b>3,150</b>	
Basic (loss)/earnings per share (sen)	(7.27)	3.30		(2.40)	7.94	

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2020**

	<b>Current Quarter 30 June 2020 RM'000 Unaudited</b>	<b>Immediate Preceding Quarter 31 March 2020 RM'000 Unaudited</b>	<b>Changes (%)</b>
<b>Continuing operations</b>			
Revenue	10,188	16,558	-38%
Result from operating activities	-	972	-100%
Interest income	-	21	-14%
Interest expense	-	(630)	-100%
(Loss)/Profit before taxation	-	363	-100%
Tax expense	-	(279)	-23%
(Loss)/Profit for the period	(2,907)	84	-3561%
Other comprehensive expense, net of tax Item that is or may be reclassified subsequently to profit or loss Foreign currency transaction differences for foreign operation	(3)	-	
Total comprehensive (expense)/income for the period attributable to owners of the company	(2,910)	84	
Basic (loss)/earnings per share (sen)	-	0.21	

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2020 (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 expense for the year	-	(3)	-	(3)
Loss for the year	-	-	(959)	(959)
Comprehensive expense for the year	-	(3)	(959)	(962)
At 30 June 2020	41,498	(189)	40,423	81,732

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

	----- 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

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2020**

	12 months ended 30 June	
	2020 RM'000 (Unaudited)	2019 RM'000 (Audited)
<b>Profit before tax from continuing operations</b>	24	3,665
Adjustments for :		
Depreciation of property, plant & equipment	3,283	4,156
Depreciation of investment properties	9	9
Depreciation of right-of-use assets	835	-
Loss/(Gain) on disposal of plant and equipment	2	(206)
Plant and equipment written off	5	9
Interest expense	2,566	2,865
Interest income	(83)	(98)
Operating profit before changes in working capital	6,641	10,400
Changes in working capital:		
Inventories	(539)	(5,608)
Trade and other receivables	4,112	(3,300)
Trade and other payables	(3,839)	2,930
Cash generated from operations	6,375	4,422
Tax paid	(422)	(1,006)
<b>Net cash from operating activities</b>	5,953	3,416
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(1,051)	(794)
Proceeds from disposal of plant and equipment	104	314
Interest received	83	98
<b>Net cash used in investing activities</b>	(864)	(382)
<b>Cash flows from financing activities</b>		
Repayment of hire purchase creditors	(1,861)	-
Repayment of finance lease liabilities	-	(1,897)
Repayment of term loan	(918)	(1,523)
Repayment of lease liabilities	(134)	-
Borrowings, net	2,994	1,600
Interest paid	(2,566)	(2,865)
<b>Net cash used in financing activities</b>	(2,485)	(4,685)
Net increase/(decrease) in cash and cash equivalents	2,604	(1,651)
Cash and cash equivalents at 1 July 2019/2018	2,916	4,567
<b>Cash and cash equivalents at 30 June</b>	5,520	2,916
Note :		
<u>Purchase of property, plant and equipment</u>		
Purchase of plant and equipment	1,823	3,177
Less: Acquired through finance lease liabilities	(772)	(2,383)
	1,051	794
<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	7,300	5,186
Bank overdrafts	(1,780)	(2,270)
	5,520	2,916

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**AND ITS SUBSIDIARIES**  
**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 *MFRS 134, 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.

(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, except for the adoption of MFRS 16, *Leases*, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. The impacts arising from the changes are disclosed in Note 26.

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 other than MFRS 16 as disclosed in Note 26:

***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 MFRS 119, *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 June 2020.

## 6. Dividend

No dividend has been recommended or paid for the current quarter ended 30 June 2020.

## 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 August 2020 (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 2020 decrease by 37.12% or RM6.015 million as compared to the corresponding quarter in 2019. The decrease in revenue was mainly due to decrease in sales of shutters and racking products.

Group loss before tax of RM2.691 million decreased 352.43% as compared to corresponding quarter in the previous year was mainly due to decrease in revenue and impairment loss on trade receivables amounted to RM0.849 million and allowance for slow moving amounted to RM1.87 million.

#### 12. Variation of results against preceding quarter

Group revenue reduce from RM16.558 million to RM10.188 million as compared to the immediate preceding quarter. Group loss before tax of RM2.691 million as compared to Group profit before tax of RM0.363 million in the immediate preceding quarter was mainly due to impairment loss on trade receivables of RM0.849 million and allowance for slow moving of RM1.87 million.

#### 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. (Loss)/Profit before taxation

	<b>3 months ended 30 June 2020 RM'000</b>	<b>12 months ended 30 June 2020 RM'000</b>
(Loss)/Profit before tax is arrived at :		
Depreciation and amortisation	1,086	4,127
Impairment loss on trade receivables	938	938
Gain/(Loss) on foreign currency exchange		
- realised	(2)	(122)
- unrealised	25	52
Loss on disposal of plant and equipment	-	2
Interest income	18	83

16. Tax expense

	<b>3 months ended 30 June</b>		<b>12 months ended 30 June</b>	
	<b>2020 RM'000</b>	<b>2019 RM'000</b>	<b>2020 RM'000</b>	<b>2019 RM'000</b>
Current tax expense				
Current year	214	227	946	939
Prior year	2	-	37	29
	216	227	983	968
Deferred tax expense				
Current year	-	(471)	-	(471)
Prior year	-	(9)	-	(9)
	-	(480)	-	(480)
	216	(253)	983	488

The disproportionate tax charge for the quarter ended 30 June 2020 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

	<b>30 June 2020</b>
	<b>RM'000</b>
Current	
Secured	
-Term loan	1,762
-Finance lease liabilities	1,436
Unsecured	
-Bank overdrafts	1,779
-Bankers' acceptances	9,706
-Foreign currency loan("FCL")	600
-Revolving credit	2,000
	<hr/>
	17,283
	<hr/>
Non-current	
Secured	
-Term loan	38,178
-Finance lease liabilities	1,484
	<hr/>
	39,662
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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 August 2020 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report).

22. Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share for the quarter/year end is based on the net (loss)/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

	<b>30 June 2020</b>
	<b>RM'000</b>
Property, plant and equipment Contracted but not provided	<u>224</u>

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. Significant changes in accounting policies

During the year, the Group adopted MFRS 16.

Definition of a lease

On transition to MFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 July 2019.

As a lessee

Where the Group is a lessee, the Group applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 July 2019.

At 1 July 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group entities' incremental borrowing rate as at 1 July 2019. The weighted-average rate applied is 3.60%. Right-of-use assets are measured at either :

- their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at 1 July 2019; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117 :

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 July 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application;

- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease; and
- adjusted the right-of-use assets by the amount of provision for onerous contract under MFRS 137 immediately before the date of initial application, as an alternative to an impairment review.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 July 2019 are determined to be the same as the carrying amount of the leased asset and lease liability under MFRS 117 immediately before that date.

As a lessor

Group entities who is an intermediate lessor reassessed the classification of a sublease previously classified as an operating lease under MFRS 117 and concluded that the sublease is an operating lease under MFRS 16.

#### 27.1 Impacts on financial statements

Since the Group applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application at 1 July 2019, there are no adjustments made to the prior period presented.

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 30 June 2019, and lease liabilities recognised in the statement of financial position at 1 July 2019.

	<b>RM'000</b>
Discounted using the incremental borrowing rate at 1 July 2019	571
Finance lease liabilities recognised at 30 June 2019	4,009
Lease liabilities recognised at 1 July 2019	4,580

BY ORDER OF THE BOARD

Sin Kheng Lee  
 Executive Chairman and Group Managing Director  
 Dated: 27th August 2020