

SKB SHUTTERS CORPORATION BERHAD
(Company No.430362-U)
(Incorporated in Malaysia)
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 Listing Requirements of the Bursa Malaysia Securities Berhad 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 2014.

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 2013.

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 31 December 2014.

6. Dividends

No dividends have been recommended or paid for the current quarter ended 31 December 2014.

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 current quarter ended 31 December 2014.

10. Changes in contingent liabilities and assets

There were no contingent liabilities and assets for the Group as at 19 February 2015 (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 2014 increased by 17.58% or RM2.243 million as compared to the corresponding quarter in 2013. The increase in revenue was mainly due to increase in sales of roller shutters and racking products.

Group profit before tax of RM0.682 million increased by 709.22% as compared to corresponding quarter in the previous year mainly due to increase in revenue and other operating income.

12. Variation of results against preceding quarter

Group revenue increased from RM13.518 million to RM15.006 million as compared to the immediate preceding quarter. Group profit before tax of RM0.682 million as compared to Group profit before tax of RM1.293 million in the immediate preceding quarter was mainly due to reduce in other operating income.

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 31 December 2014 RM'000	6 months ended 31 December 2014 RM'000
Profit/(Loss) before tax is arrived at :		
Depreciation and amortisation	1,191	2,396
Impairment loss on trade receivables	31	11
Loss on foreign exchange		
- realised	32	62
- unrealised	(72)	(121)
Gain on disposal of property, plant and equipment	-	-

16. Tax expense

	3 months ended 31 December 2014		6 months ended 31 December 2014	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Current	116	80	184	153
Prior	69	33	69	33
Deferred tax expense				
Current	-	-	-	-
Prior	-	-	-	-
	<u>185</u>	<u>113</u>	<u>253</u>	<u>186</u>

The disproportionate tax charge for the quarter ended 31 December 2014 is mainly due to certain non-deductible expenses.

17. Unquoted investments and properties

There were no disposals of unquoted investments and/or 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 2014
	RM'000
Current	
Secured	1,470
Unsecured	10,242
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	11,712
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Non-current	
Secured	2,048
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The above borrowings are denominated in Ringgit Malaysia.

21. Off balance sheet financial instruments

The Group did not have any financial instruments with off balance sheet risk as at 19 February 2015 (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. Capital commitments

	31 December 2014
	RM'000
Property, plant and equipment	
Contracted but not provided	71
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24. Related parties

There were no non-recurring related party transactions during the quarter under review and financial year to-date.

25. Retained earnings

The breakdown of retained earnings of the Group as at reporting date, into realised and unrealised is as follow:

	As at 31 December 2014 RM'000	As at 30 September 2014 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	50,578	50,082
- Unrealised	1,470	1,470
Total share of retained earnings from an associate		
- Realised	-	-
- Unrealised	-	-
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	52,048	51,552
Less : Consolidation adjustments	(15,279)	(15,279)
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Total Group retained earnings as per consolidated accounts	<u>36,769</u>	<u>36,273</u>

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.

26. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors.

BY ORDER OF THE BOARD

Sin Kheng Lee
Executive Chairman and Group Managing Director
Dated: 26th February 2015