

SKB SHUTTERS CORPORATION BERHAD

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015**

| | (Unaudited) 31 March 2015 RM'000 | (Audited) 30 June 2014 RM'000 |
|---|--|-------------------------------------|
| Assets | | |
| Property, plant and equipment | 37,525 | 37,683 |
| Investment properties | 1,449 | 1,454 |
| Prepaid lease payments | 5,513 | 5,766 |
| Investment in an associate | - | - |
| Total non-current assets | <u>44,487</u> | <u>44,903</u> |
| Inventories | 25,411 | 27,565 |
| Trade and other receivables | 20,421 | 21,718 |
| Current tax assets | 1,009 | 692 |
| Cash and cash equivalents | 12,549 | 6,066 |
| Assets classified as held for sale | - | 1,900 |
| Total current assets | <u>59,390</u> | <u>57,941</u> |
| Total assets | <u>103,877</u> | <u>102,844</u> |
| Equity | | |
| Share capital | 40,000 | 40,000 |
| Share premium | 1,498 | 1,498 |
| Reserves | (31) | 9 |
| Retained earnings | 36,329 | 35,048 |
| Total equity attributable to owners of the Company | <u>77,796</u> | <u>76,555</u> |
| Loans and borrowings | 2,112 | 1,974 |
| Deferred tax liabilities | 1,470 | 1,470 |
| Total non-current liabilities | <u>3,582</u> | <u>3,444</u> |
| Loans and borrowings | 11,481 | 11,279 |
| Trade and other payables | 11,018 | 11,564 |
| Current tax liabilities | - | 2 |
| Total current liabilities | <u>22,499</u> | <u>22,845</u> |
| Total equity and liabilities | <u>103,877</u> | <u>102,844</u> |
| Net assets per share (RM) | <u>1.94</u> | <u>1.91</u> |

The notes set out on pages 5 to 10 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 YEAR ENDED 31 MARCH 2015**

| | 3 months ended | | 9 months ended | |
|--|--------------------------------------|--------------------------------------|--------------------------------------|------------------------------------|
| | 31 March 2015 RM'000 Unaudited | 31 March 2014 RM'000 Unaudited | 31 March 2015 RM'000 Unaudited | 31 March 2014 RM'000 Audited |
| Continuing operations | | | | |
| Revenue | 14,288 | 12,823 | 42,811 | 37,882 |
| Result from operating activities | (140) | 522 | 2,119 | 220 |
| Interest income | 64 | 9 | 166 | 11 |
| Interest expense | (186) | (161) | (573) | (499) |
| Share of profit of associate | - | 96 | - | 325 |
| Profit/(Loss) before taxation | (262) | 466 | 1,712 | 57 |
| Tax expense | (178) | (278) | (431) | (464) |
| Profit/(Loss) for the period/ year representing comprehensive income/(expense) for the period/year attributable to owners of the Company | (440) | 188 | 1,281 | (407) |
| Basic earnings/(loss) per share (sen) | (1.10) | 0.47 | 3.20 | (1.02) |

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these condensed interim financial statements.

SKB SHUTTERS CORPORATION BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015 (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 2014 | 40,000 | 1,498 | 9 | 35,048 | 76,555 |
| Other comprehensive income/(loss) for the year | - | - | (40) | - | (40) |
| Profit for the year | - | - | - | 1,281 | 1,281 |
| Comprehensive expense for the year | - | - | (40) | 1,281 | 1,241 |
| At 31 March 2015 | <u>40,000</u> | <u>1,498</u> | <u>(31)</u> | <u>36,329</u> | <u>77,796</u> |

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2014 (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 2013 | 40,000 | 1,498 | 21 | 35,275 | 76,794 |
| Other comprehensive expense for the year | - | - | 16 | - | 16 |
| Loss for the year | - | - | - | (407) | (407) |
| Comprehensive expense for the year | - | - | 16 | (407) | (391) |
| At 31 March 2014 | <u>40,000</u> | <u>1,498</u> | <u>37</u> | <u>34,868</u> | <u>76,403</u> |

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these condensed interim financial statements.

SKB SHUTTERS CORPORATION BERHAD
(Company No. 430362 - U)
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AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015

| | 9 months ended 31 March | |
|---|-------------------------------|-------------------------------|
| | 2015 RM'000 (Unaudited) | 2014 RM'000 (Unaudited) |
| Profit before tax from continuing operations | 1,712 | 57 |
| Adjustments for : | | |
| Depreciation of property, plant & equipment | 3,639 | 3,811 |
| Depreciation of investment properties | 5 | 9 |
| Amortisation of prepaid lease payments | - | 253 |
| Gain on disposal of property, plant and equipment | (75) | (255) |
| Interest expense | 573 | 499 |
| Interest income | (167) | (11) |
| Share on profit after tax of an equity accounted associate | (35) | (325) |
| Operating profit before changes in working capital | 5,652 | 4,038 |
| Changes in working capital: | | |
| Inventories | 2,153 | 1,896 |
| Trade and other receivables | 214 | 4,068 |
| Trade and other payables | 497 | (2,923) |
| Cash generated from operations | 8,516 | 7,079 |
| Dividend received from an associate | - | 165 |
| Income tax paid | (749) | (19) |
| Net cash from operating activities | 7,767 | 7,225 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (1,941) | (225) |
| Proceeds from disposal of property, plant and equipment | 138 | 471 |
| - Proceeds from disposal of investment properties | 1,935 | - |
| Interest received | 167 | 11 |
| Net cash from investing activities | 299 | 257 |
| Cash flows used in financing activity | | |
| Borrowings , net | (1,330) | (3,204) |
| Net cash used in financing activity | (1,330) | (3,204) |
| Net increase/(decrease) in cash and cash equivalents | 6,736 | 4,278 |
| Cash and cash equivalents at 1 July | 3,302 | (215) |
| Cash and cash equivalents at 31 March | 10,038 | 4,063 |
| Note : | | |
| <u>Purchase of property, plant and equipment</u> | | |
| Additions of property, plant and equipment | 3,291 | 573 |
| Less: Hire purchase obligations | (1,349) | (348) |
| | 1,942 | 225 |
| <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 | 12,549 | 5,260 |
| Overdrafts | (2,511) | (1,197) |
| | 10,038 | 4,063 |

The notes set out on pages 5 to 10 form an integral part of these condensed interim financial statement.

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 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 March 2015.

6. Dividends

No dividends have been recommended or paid for the current quarter ended 31 March 2015.

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 March 2015.

10. Changes in contingent liabilities and assets

There were no contingent liabilities and assets for the Group as at 21 May 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 March 2015 increased by 11.42% or RM1.465 million as compared to the corresponding quarter in 2014. The increase in revenue was mainly due to increase in sales of roller shutters and steel door products.

Group loss before tax of RM0.262 million reduced by 156.22% as compared to corresponding quarter in the previous year mainly due to increase in direct labour charges and administrative expenses.

12. Variation of results against preceding quarter

Group revenue reduced from RM15.006 million to RM14.288 million as compared to the immediate preceding quarter. Group loss before tax of RM0.262 million as compared to Group profit before tax of RM0.682 million in the immediate preceding quarter was mainly due to reduce in revenue and increase in 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 /(Loss) before taxation

| | 3 months ended 31 March 2015 RM'000 | 9 months ended 31 March 2015 RM'000 |
|---|--|--|
| Profit/(Loss) before tax is arrived at : | | |
| Depreciation and amortisation | 1,247 | 3,643 |
| Impairment loss/(gain) on trade receivables | (13) | (2) |
| Loss on foreign exchange | | |
| - realised | 32 | 95 |
| - unrealised | (102) | (223) |
| Gain on disposal of property, plant and equipment | 75 | - |
| Gain on disposal of investment | 1,030 | - |

16. Tax expense

| | 3 months ended 31 March 2015 2014 RM'000 RM'000 | | 9 months ended 31 March 2015 2014 RM'000 RM'000 | |
|----------------------|--|------------|--|------------|
| Current tax expense | | | | |
| Current | 167 | 278 | 350 | 431 |
| Prior | 11 | - | 81 | 33 |
| Deferred tax expense | | | | |
| Current | - | - | - | - |
| Prior | - | - | - | - |
| | <u>178</u> | <u>278</u> | <u>431</u> | <u>464</u> |

The disproportionate tax charge for the quarter ended 31 March 2015 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 March 2015 RM'000 |
|-------------|---------------------------------------|
| Current | |
| Secured | 1,522 |
| Unsecured | 9,959 |
| | <hr/> |
| | 11,481 |
| | <hr/> <hr/> |
| Non-current | |
| Secured | 2,112 |
| | <hr/> |

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 21 May 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 March 2015 RM'000 |
|--|---------------------------------------|
| Property, plant and equipment Contracted but not provided | 72 |

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 March 2015 RM'000 | As at 31 December 2014 RM'000 |
|---|---|--|
| Total retained earnings of the Company and its subsidiaries | | |
| - Realised | 50,138 | 50,578 |
| - Unrealised | 1,470 | 1,470 |
| Total share of retained earnings from an associate | | |
| - Realised | - | - |
| - Unrealised | - | - |
| | 51,608 | 52,048 |
| Less : Consolidation adjustments | (15,279) | (15,279) |
| Total Group retained earnings as per consolidated accounts | 36,329 | 36,769 |

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: 28th May 2015