

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) 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 2014.

3. Seasonality or cyclicity 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 2015.

6. Dividend

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

10. Changes in contingent liabilities and assets

There were no contingent liabilities and assets for the Group as at 20 August 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 30 June 2015 reduced by 51.97% or RM8.919 million as compared to the corresponding quarter in 2014. The reduced revenue was mainly due to reduce in sales of roller shutters and racking products.

Group loss before tax of RM1.636 million increased by 506.97% as compared to corresponding quarter in the previous year mainly due to reduced revenue and increase in administrative expenses.

12. Variation of results against preceding quarter

Group revenue reduced from RM14.288 million to RM8.243 million as compared to the immediate preceding quarter. Group loss before tax of RM1.636 million as compared to Group loss before tax of RM0.262 million in the immediate preceding quarter was mainly due to reduced 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. (Loss)/Profit before taxation

	3 months ended 30 June 2015 RM'000	12 months ended 30 June 2015 RM'000
(Loss)/Profit before tax is arrived at :		
Depreciation and amortisation	1,212	4,855
Impairment loss on trade receivables	98	98
Loss/(Gain) on foreign exchange		
- realised	124	219
- unrealised	44	(179)
Gain on disposal of property, plant and equipment	45	120
Gain on disposal of investment in an associate	-	1,030
Reversal of inventories written down	436	436
Reversal of impairment loss on trade receivables	41	43
Interest income	84	250

16. Tax expense

	3 months ended 30 June		12 months ended 30 June	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current tax expense				
Current	319	2	669	433
Prior	-	-	81	33
	319	2	750	466
Deferred tax expense				
Current	(241)	(145)	(241)	(145)
Prior	82	365	82	365
	(159)	220	(159)	220
	160	222	591	686

The disproportionate tax charge for the quarter ended 30 June 2015 is mainly due to certain non-deductible expenses and reversal.

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 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

	30 June 2015 RM'000
Current	
Secured	1,407
Unsecured	10,782
	<u>12,189</u>
Non-current	
Secured	<u>2,003</u>

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 20 August 2015 (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. Significant Event

On 8 August 2014, the Group disposed of its entire investment in an associate, Ryde (Malaysia) Sdn Bhd for a total cash consideration of RM2.930 million.

26. Retained earnings

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

	(Unaudited) As at 30 June 2015 RM'000	(Audited) As at 30 June 2014 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	39,216	40,123
- Unrealised	9,155	8,652
Total share of retained earnings from an associate		
- Realised	-	1,524
- Unrealised	-	28
	<hr/> 48,371	<hr/> 50,327
Less : Consolidation adjustments	(13,838)	(15,279)
Total Group retained earnings as per consolidated accounts	<hr/> <hr/> 34,533	<hr/> <hr/> 35,048

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.

BY ORDER OF THE BOARD

Sin Kheng Lee
Executive Chairman and Group Managing Director
Dated: 27th August 2015