

**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 2016.

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 2016.

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 2017.

## 6. Dividend

No dividend has been recommended or paid for the current quarter ended 30 June 2017.

## 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 23 August 2017 (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 2017 increased by 43% or RM5.857 million as compared to the corresponding quarter in 2016. The increased revenue was mainly due to increase in sales of shutters and racking products.

Group profit before tax of RM0.084 million increased by 184% as compared to corresponding quarter in the previous year mainly due to increase in revenue.

## 12. Variation of results against preceding quarter

Group revenue increased from RM15.480 million to RM19.410 million as compared to the immediate preceding quarter. Group profit before tax of RM0.084 million as compared to Group profit before tax of RM1.268 million in the immediate preceding quarter was mainly due to increase in others operating 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 before taxation

	<b>3 months ended 30 June 2017</b>	<b>12 months ended 30 June 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before tax is arrived at :		
Depreciation and amortisation	880	3536
Impairment loss on trade receivables	448	456
Gain/(Loss) on foreign exchange		
- realised	(73)	(357)
- unrealised	(91)	89
Gain on disposal of plant and equipment	79	126
Loss on winding up of investment in a subsidiary	-	(17)
Interest income	32	106

16. Tax expense

	<b>3 months ended 30 June</b>		<b>12 months ended 30 June</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Current tax expense				
Current	362	225	1,096	960
Prior	-	(79)	12	(80)
	362	146	1,108	880
Deferred tax expense				
Current	36	(223)	36	(223)
Prior	21	(105)	21	(105)
	57	(328)	57	(328)
	419	(182)	1,165	552

The disproportionate tax charge for the quarter ended 30 June 2017 is mainly due to certain non-deductible expenses and reversal.

17. Unquoted investments and properties

There were no disposals of unquoted investments and properties during the quarter under review and the financial year to-date.

18. Quoted investments

There were no purchases or disposals of quoted shares for the quarter under review and the financial year to-date.

19. Status of corporate proposals

Not applicable.

20. Loans and borrowings

	<b>30 June 2017</b>	<b>30 June 2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Current		
Secured		
-Term loan	1,508	-
-Finance lease liabilities	1,583	1,456
Unsecured		
-Bank overdrafts	5,918	2,876
-Bankers' acceptances	8,464	7,150
-Foreign currency loan("FCL")	773	1,074
-Revolving credit	2,000	4,000
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	20,246	16,556
Non-current		
Secured		
-Term loan	42,372	-
-Finance lease liabilities	2,115	1,545
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	44,487	1,545

The above borrowings are denominated in Ringgit Malaysia other than FCL which is denominated in United States Dollar.

The increase loans and borrowings is mainly due to acquire for extension of leasehold land.

21. Off balance sheet financial instruments

The Group did not have any financial instruments with off balance sheet risk as at 23 August 2017 (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 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

There were no capital commitments committed as at financial year end.

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. Retained earnings

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

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>30 June</b>
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings of the Company and its subsidiaries		
- Realised	40,912	38,480
- Unrealised	9,158	9,468
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	50,070	47,948
Less : Consolidation adjustments	(13,690)	(13,838)
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Total Group retained earnings as per consolidated accounts	<u>36,380</u>	<u>34,110</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.

**BY ORDER OF THE BOARD**

Sin Kheng Lee  
Executive Chairman and Group Managing Director  
Dated: 30<sup>th</sup> August 2017