

10.0 FINANCIAL INFORMATION (Cont'd)**10.1 Profit and Dividend Records**

The table below has been extracted from the Accountants' Report in Section 11.0 of this Prospectus and should be read in conjunction with the notes thereto. A summary of the proforma consolidated financial results of the SKB Shutters Group for the five (5) years ended 30 June 2000 and two (2) months ended 31 August 2000, prepared on the assumption that the current structure of the Group had been in existence throughout the period under review, are as follows:

	<----- Financial year ended 30 June ----->					Two (2) months ended 31 August 2000
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	RM'000
Turnover	26,352	33,606	28,667	31,232	32,771	5,221
Profit before depreciation and interest	7,074	8,541	5,691	8,450	11,020	1,787
Depreciation	(697)	(1,169)	(1,555)	(1,885)	(1,989)	(370)
Interest expense	(234)	(885)	(771)	(441)	(335)	(112)
Operating profit	6,143	6,487	3,365	6,124	8,696	1,305
Share of profits of associated company	102	39	131	274	200	35
Profit before taxation	6,245	6,526	3,496	6,398	8,896	1,340
Taxation	(1,558)	(1,497)	(310)	(330)	(2,108)	(318)
Profit after taxation	4,687	5,029	3,186	6,068	6,788	1,022
Extraordinary item	-	-	-	-	-	-
Minority interest	-	-	-	-	-	-
Profit after taxation and minority interest	4,687	5,029	3,186	6,068	6,788	1,022
Number of ordinary shares assumed in issue after the Acquisitions but prior to the Rights Issue ('000)	17,958	17,958	17,958	17,958	17,958	17,958
Gross EPS (sen) ⁽¹⁾	34.78	36.34	19.47	35.63	49.54	44.77*
Net EPS (sen) ⁽²⁾	26.10	28.00	17.74	33.79	37.80	34.15*
Number of ordinary shares assumed in issue after the Acquisitions, Rights Issue and Public Issue ('000)	40,000	40,000	40,000	40,000	40,000	40,000
Gross EPS (sen) ⁽³⁾	15.61	16.32	8.74	16.00	22.24	20.10*
Net EPS (sen) ⁽⁴⁾	11.72	12.57	7.97	15.17	16.97	15.33*
Gross dividend (sen)	-	-	-	-	-	-

* Annualised

Note :

- (1) Based on the profit before taxation but after minority interest divided by the number of shares assumed in issue after the Acquisitions but prior to the Rights Issue.
- (2) Based on the profit after taxation and minority interest divided by the number of shares assumed in issue after the Acquisitions but prior to the Rights Issue.

10.0 FINANCIAL INFORMATION (Cont'd)

- (3) *Based on the profit before taxation but after minority interest divided by the number of shares assumed in issue after the Acquisitions, Rights Issue and Public Issue.*
- (4) *Based on the profit after taxation and minority interest divided by the number of shares assumed in issue after the Acquisitions, Rights Issue and Public Issue.*
- (5) *For the purpose of proforma consolidation, the financial results of the subsidiaries and associated company with different year ends have been extracted from the audited accounts of the respective companies for the relevant years on a time apportionment basis in order to be coterminous with SKB Shutters' financial year end.*
- (6) *There were no extraordinary items for all the years under review.*

Commentary on the financial highlights

- (1) In 1998, due to the softening of the local economy, the Group had incurred a drop in turnover for the year by 14.7% to RM28.7 million from RM33.6 million in the previous year. The decrease was primarily due to deferment of several major construction projects, which the Group had secured previously and also fewer new projects secured for the year. In line with the lower turnover for the year, the Group's profit before taxation had also reduced to RM3.5 million from RM6.5 million in 1997 or a decrease of 46.4%. The higher decrease in profits was due to the additional provision for doubtful debts and doubtful debts written off totalling approximately RM1.4 million.
- (2) For the year 1999, the Group had registered a 8.9% increase in turnover and a 83.0% increase in profit before taxation. The improvement was due to new projects secured and completion of several major projects.
- (3) For the year 2000, the Group had registered a 4.9% increase in turnover and a 39.0% increase in profit before taxation. The improvement was due to better export market for the Group's products.

10.2 Segmental Analysis of Revenue and Profits**10.2.1 Analysis of turnover by companies**

Company	< -----Year ended 30 June----- >					Two (2) months ended 31 August 2000
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	RM'000
SKBM	25,626 [^]	32,701	28,279	30,783	32,025	5,152
SKBT	2,199 [^]	2,802	1,213	1,004	1,652	482
SKBE	-	35	76	24	44	12
Rigida*	-	-	-	-	-	-
	27,825	35,538	29,568	31,811	33,721	5,646
Less : Proforma consolidation adjustments	(1,474)	(1,932)	(901)	(579)	(950)	(425)
Proforma consolidated turnover	26,352	33,606	28,667	31,232	32,771	5,221

10.0 FINANCIAL INFORMATION (Cont'd)**10.2.2 Analysis of profit before taxation by companies**

Company	< -----Year ended 30 June----- >					Two (2) months ended 31 August 2000
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	RM'000
SKB Shutters	-	-	-	-	-	(11)
SKBM	5,919	6,523	3,373	6,109	8,572	1,291
SKBT	224	15	5	11	111	17
SKBE	-	(51)	(13)	4	13	8
Rigida*	102	39	131	274	200	35
Proforma consolidated profit before taxation	6,245	6,526	3,496	6,398	8,896	1,340

* *Rigida is a 20%-owned associated company of SKB Shutter. Hence, 20% of the profit before taxation of Rigida has been included in the Group's profit before taxation.*

10.3 Impact of Interest Rates on Operating Profit

The impact of interest rates on operating profit is minimal as the Group has a low gearing level for the five (5) financial years ended 30 June 2000 and two (2) months ended 31 August 2000. The interest cover as compared to operating profit before depreciation, interest and taxation ranged between 7.38 times to 32.90 times.

The following table sets out the interest expense and profits before depreciation, interest and taxation for the past five (5) financial years ended 30 June 2000 and two (2) months ended 31 August 2000:

	< -----Year ended 30 June----- >					Two (2) months ended 31 August 2000
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	RM'000
Interest expense	234	885	771	441	335	112
Profit before depreciation, interest and taxation	7,073	8,541	5,691	8,450	11,020	1,787
Interest coverage (times)	30.23	9.65	7.38	19.16	32.90	15.96

10.4 Directors' Declaration on Financial Performance

As at 10 February 2001, being the latest practicable date prior to the printing of this Prospectus, the financial conditions and operations of the Company and its subsidiaries are not affected by any of the following:

- (i) Known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of the Group;
- (ii) Material commitment for capital expenditure;
- (iii) Unusual, infrequent events or transactions or any significant economic change that materially affected the financial performance, position and operations of the SKB Shutters Group; and

10.0 FINANCIAL INFORMATION (Cont'd)

- (iv) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

10.5 Working Capital, Borrowings and Contingent Liabilities**10.5.1 Working Capital**

The Directors of SKB Shutters are of the opinion that after taking into account the cashflow projections and the banking facilities available, the Company and its subsidiary companies will have adequate working capital for its foreseeable requirements.

10.5.2 Borrowings

As at 10 February 2001, the Group's total bank borrowings comprising term loans, overdrafts and short-term advance amounted to 8,708,975.

Save for the above, the SKB Shutters Group does not have any other loan capital created but unissued or mortgages or charges outstanding as at that date.

10.5.3 Contingent Liabilities

As at 10 February 2001, the Group has contingent liabilities in respect of performance bonds and guarantees under contracting and other agreements entered into in the normal course of business as well as counterclaim amounting to RM1,246,865.25.

10.6 Consolidated Profit Forecast

Barring any unforeseen circumstances and the bases and assumption set out below, the Directors of the SKB Shutters Group forecast that the consolidated profit after taxation and minority interests of SKB Shutters for the year ending 30 June 2001 will be as follows:

Year ending 30 June	Forecast 2001 RM'000
Turnover	<u>36,396</u>
Consolidated profit before taxation and MI	11,525
Less : Taxation	<u>(2,396)</u>
Consolidated profit after taxation but before MI	9,129
Less : MI	-
Consolidated profit after taxation and MI	<u><u>9,129</u></u>

Based on 17,958,073 ordinary shares of RM1.00 each in issue after the Acquisitions

Net EPS (sen)	50.84
PE multiple (times) *	2.95

Based on the enlarged share capital of 40,000,000 ordinary shares of RM1.00 each in issue

Net EPS (sen)	22.82
PE multiple (times) *	6.57

* *Based on Issue price of RM1.50 per share*

The principal assumptions upon which the consolidated profit forecast has been made, are set out in the Reporting Accountants' letter which is set out in Section 10.7 of this Prospectus.

10.0 FINANCIAL INFORMATION (Cont'd)

10.7 Auditors' Letter on the Consolidated Profit Forecast
(Prepared for inclusion in this Prospectus)



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20 FEB 2001

The Board of Directors
SKB Shutters Corporation Berhad
1st Floor (Room 102)
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Dear Sirs,

**AUDITORS' LETTER ON THE CONSOLIDATED PROFIT FORECAST FOR THE
YEAR ENDING 30 JUNE 2001**

We have reviewed the accounting policies and calculations for the consolidated profit forecast of SKB Shutters Corporation Berhad ("SKB Shutters") and its subsidiary companies ("the Group") for the financial year ending 30 June 2001 for which the Directors are solely responsible, as set out in the Prospectus dated **22 FEB 2001** in connection with the public issue of 6,150,000 new ordinary shares of RM1.00 each at an issue price of RM1.50 per ordinary share and the listing of and quotation for the entire issued and paid-up share capital of SKB Shutters on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the consolidated profit forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the Directors as set out in the Prospectus and is presented on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully

KPMG
Firm Number : AF 0758
Public Accountants

Ng Swee Weng
Partner

Approval Number : 1414/03/02 (J/PH)



10.0 FINANCIAL INFORMATION (Cont'd)

CONSOLIDATED PROFIT FORECAST

The Directors of SKB Shutters forecast that, barring any unforeseen circumstances and on the bases and assumptions set out below, the consolidated profit after taxation for the year ending 30 June 2001 will be as follows:

	Forecast 2001 RM'000
Consolidated profit before taxation	11,525
Taxation	(2,396)
Consolidated profit after taxation	<u>9,129</u>
Number of ordinary shares in issue	40,000,000
Gross earnings per share (sen)	28.8*
Net earnings per share (sen)	22.8**
Gross price earnings multiple based on the issue price of RM1.50 per ordinary share (times)	5.2
Net price earnings multiple based on the issue price of RM1.50 per ordinary share (times)	6.6

* Calculated based on the consolidated profit before taxation.

** Calculated based on the consolidated profit after taxation.

10.0 FINANCIAL INFORMATION (Cont'd)

BASES AND ASSUMPTIONS

The principal bases and assumptions upon which the consolidated profit forecast has been arrived at are set out below:

- a) There will be no significant changes in the principal activities, management structure, accounting and business policies adopted by the Group.
- b) The existing terms and conditions of contracts and agreements entered into by the Group will remain in force.
- c) There will be no adverse change to the legislation and regulations which will adversely affect the operations of the Group.
- d) There will be no material setback in the growth of the economy and political conditions which will adversely affect the operations of the Group or the markets in which it operates.
- e) There will be no major industrial disputes or any abnormal circumstances which will adversely affect the operations of the Group.
- f) There will be no significant changes to the current pricing of the Group's products.
- g) The revenue and related costs are based on estimates of the directors after taking into consideration the present condition of selling prices and related costs of the Group.
- h) Production/processing cost will not be adversely affected by any abnormal circumstances or events. Raw material cost will not fluctuate significantly.
- i) There will be no significant changes in current demand and in the prevailing market conditions which will adversely affect the performance of the Group.
- j) The rates and bases of taxation including the tax incentives and government duties applicable to the Group will be consistent at their present levels.
- k) There will be no major breakdown or disruption in the manufacturing facilities nor will there be any disruption in the sourcing of suppliers and materials by the Group.
- l) There will be no material fluctuations in manufacturing costs (including labour, cost of materials and other production overheads).
- m) There will be no unexpected problems that may affect the Group's various manufacturing programmes.
- n) There will be no major capital and revenue cost item variations that are beyond the control of the Group.

10.0 FINANCIAL INFORMATION (Cont'd)

BASES AND ASSUMPTIONS (Cont'd)

- o) Inflation rates will remain at present levels.
- p) There will be no adverse movements in foreign currency exchange rates which will materially affect the Group's operation. The Group assumes the exchange rate of US\$1.00 : RM3.80 in the profit forecast.
- q) There will be no significant incidence of bad debts.
- r) There will be no material acquisition or disposals of property, plant and equipment other than those that have been budgeted for.
- s) Interest rates for deposits will not change significantly and for the purpose of the forecast, the rate used is 4.0% per annum.
- t) The estimated listing expenses amounting to RM1.2 million will be set-off against the share premium account.

10.0 FINANCIAL INFORMATION (Cont'd)

10.8 Directors' Analysis on Profit Forecast for the Financial Year Ending 30 June 2001

The Group intends to secure more overseas customers for its shutters and related steel products. Accordingly, the Group is proposing to market and introduce its products through exhibitions, foreign magazines and the set-up of the Company's web site on the internet as part of the Group's expansion plan to venture into new export markets. Based on the expected increase in new customers, the Group has forecasted its turnover to improve by 6.77% to RM36.396 million from RM34.087 million in 2000. The increase in the Group's turnover is mainly due to the contribution of SKBM, which is expected to register a turnover of RM36.027 million for the financial year ending 30 June 2001 or RM33.985 million (93.37% of the Group's total turnover after inter-company elimination).

In line with SKBM's emphasis on the promotion of exports, the Group forecasts that direct export sales will constitute about 40.63% of total Group turnover for the year ending 30 June 2001 or RM14.636 million, as compared to the financial year ended 30 June 2000 of 24.80% or RM8.369 million.

During the year, the Group plans to purchase forklifts, mould and pallet racking machine totalling RM1.460 million. These machineries would enable the Group to operate at higher efficiency and produce better quality shutters and related products. The machineries are expected to benefit the Group in terms of cost savings in labour and production time.

Despite a forecasted moderate growth in turnover for the year, the Group expects to achieve higher profit before taxation of RM11.525 million, which represents an increase of 2955% over 2000. Pre-tax profit margin for the year would increase to 31.67% (2000: 27.15%).

The relatively strong improvement in pre-tax profit margin and the resulting growth in profit before taxation are primarily attributable to better contribution from export sales, higher turnover as well as improvement in operating efficiency for the year under review.

Based on the assumptions set out in Section 10.7 of this Prospectus, the Directors of SKB Shutters are of the opinion that the abovementioned forecast is achievable.

10.9 Sensitivity Analysis**Variation in Sales Volume**

	< ----Forecast for the financial year ending 30 June 2001--- >	
	Profit before taxation RM'000	Profit after taxation RM'000
As forecasted	11,525	9,129
Up 10%	13,343	10,431
Up 5%	12,430	9,777
Down 5%	10,629	8,487
Down 10%	9,741	7,851

10.0 FINANCIAL INFORMATION (Cont'd)**Variation in selling price**

	< ----Forecast for the financial year ending 30 June 2001--- >	
	Profit before taxation RM'000	Profit after taxation RM'000
As forecasted	11,525	9,129
Up 10%	14,842	11,512
Up 5%	13,175	10,314
Down 5%	9,897	7,959
Down 10%	8,292	6,789

Variation in raw material cost

	< ----Forecast for the financial year ending 30 June 2001--- >	
	Profit before taxation RM'000	Profit after taxation RM'000
As forecasted	11,525	9,129
Up 10%	10,417	8,320
Up 5%	10,971	8,730
Down 5%	12,079	9,528
Down 10%	12,633	9,927

10.10 Dividend Forecast Policy

Barring unforeseen circumstances, the Directors of SKB Shutters expect to declare a gross dividend of 7 sen per share for financial year ending 30 June 2001 based on the enlarged issued and paid-up share capital of 40,000,000 ordinary shares of RM1.00 each.

The intended appropriation of the consolidated profit forecast after taxation in respect of the financial year ending 30 June 2001 would be as follows:

For the year ending 30 June	Forecast 2001 RM'000
Consolidated profit before taxation	11,525
Less : Taxation	<u>(2,396)</u>
Consolidated profit after taxation	9,129
Minority interest	<u>-</u>
Consolidated profit after taxation and minority interest	9,129
Proposed dividend	<u>(2,016)</u>
Retained profit for the year	<u><u>7,113</u></u>
Gross dividend per share (sen)	7.00
Net dividend per share (sen)	5.04
Gross dividend yield based on the issue price of RM1.50 per share (%)	4.67
Net dividend yield based on the issue price of RM1.50 per share (%)	3.36
Gross dividend cover (times)	5.72
Net dividend cover (times)	4.53

10.0 FINANCIAL INFORMATION (Cont'd)

Future dividends may be waived if:

- (a) The Group is in a loss position for the relevant financial period; or
- (b) The Group has insufficient cashflow to meet any dividend payment.

Notwithstanding the above, the Directors of SKB Shuttlers have full discretion not to propose any future dividend payment as and when deemed necessary, if it is in the best interest of the Company.

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10.0 FINANCIAL INFORMATION (Cont'd)

10.11 Auditors' Letter on Proforma Consolidated Balance Sheet
(Prepared for inclusion in this Prospectus)



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20 FEB 2001

The Board of Directors
SKB Shutters Corporation Berhad
1st Floor (Room 102)
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42, Jalan Sultan Ahmad Shah
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Dear Sirs,

AUDITORS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of SKB Shutters Corporation Berhad ("SKB Shutters") and its subsidiary companies ("the Group") as at 31 August 2000 together with the notes and assumptions thereon for which the Directors are solely responsible, as set out in the Prospectus dated **22 FEB 2001** in connection with the public issue of 6,150,000 new ordinary shares of RM1.00 each at an issue price of RM1.50 per ordinary share and the listing of and quotation for the entire issued and paid-up share capital of SKB Shutters on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the above-mentioned Proforma Consolidated Balance Sheets together with the notes thereon which are provided for illustrative purposes only, have been prepared on the accounting principles and bases consistent with those normally adopted by the Group and are presented in a form suitable for inclusion in the said Prospectus.

Yours faithfully

KPMG
Firm No : AF 0758
Public Accountants

Ng Swee Weng
Partner
Approval Number : 1414/03/02 (J/PH)



10.0 FINANCIAL INFORMATION (Cont'd)

**SKB SHUTTERS CORPORATION BERHAD
AND ITS SUBSIDIARIES**

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2000

		(A)	(B)	(C)
	Company	Proforma	After (A)	After (B) and
	Audited	Group	and	Public Issue
	RM'000	After	Rights	and Estimated
		Acquisitions	Issue	Listing
		RM'000	RM'000	Expenses
				RM'000
PROPERTY, PLANT AND EQUIPMENT	-	28,604	28,604	28,604
GOODWILL ON CONSOLIDATION	-	48	48	48
INVESTMENT IN AN ASSOCIATED COMPANY	-	348	348	348
OTHER INVESTMENT	-	27	27	27
CURRENT ASSETS				
Inventories	-	8,616	8,616	8,616
Trade and other receivables	-	21,530	21,530	21,530
Cash and cash equivalents	*	387	10,315	18,340
	*	30,533	40,461	48,486
CURRENT LIABILITIES				
Trade and other payables	559	13,495	13,495	13,495
Bank borrowings	-	5,964	-	-
Provision for taxation	-	1,093	1,093	1,093
	559	20,552	14,588	14,588
NET CURRENT (LIABILITIES)/ASSETS	(559)	9,981	25,873	33,898
DEFERRED EXPENDITURE	548	548	548	548
	(11)	39,556	55,448	63,473

10.0 FINANCIAL INFORMATION (Cont'd)
**SKB SHUTTERS CORPORATION BERHAD
AND ITS SUBSIDIARIES**
PROFORMA CONSOLIDATED BALANCE SHEETS (Cont'd)

		(A)	(B)	(C)
	Company Audited RM'000	Proforma Group After Acquisitions RM'000	After (A) and Rights Issue RM'000	After (B) and Public Issue and Estimated Listing Expenses RM'000
(
Financed by:				
SHARE CAPITAL	*	17,958	33,850	40,000
SHARE PREMIUM	-	105	105	1,980
RETAINED PROFITS/ (ACCUMULATED LOSS)	(11)	15,130	15,130	15,130
SHAREHOLDERS' FUNDS	(11)	33,193	49,085	57,110
HIRE PURCHASE OBLIGATIONS	-	1,729	1,729	1,729
DEFERRED TAXATION	-	1,634	1,634	1,634
OTHER LIABILITIES	-	3,000	3,000	3,000
	(11)	39,556	55,448	63,473
Net Tangible (Liabilities)/Assets per ordinary share (RM)	(279,500)	1.82	1.43	1.41

* These denote cash in hand and share capital of RM2.00 each respectively.

10.0 FINANCIAL INFORMATION (Cont'd)

**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS OF SKB SHUTTERS AS AT 31 AUGUST 2000**

The Proforma Consolidated Balance Sheets of SKB Shutters have been prepared based on a restructuring scheme involving the following acquisitions, rights issue, public issue and estimated listing expenses and are provided for illustrative purposes only. The Proforma Consolidated Balance Sheets are based on the audited financial statements of SKB Shutters, SKB Shutters Manufacturing Sdn Bhd ("SKBM"), SKB Trading Sdn Bhd ("SKBT") and SKB Electric Motor Sdn Bhd ("SKBE") as at 31 August 2000.

In conjunction with the listing of and quotation for the entire issued and paid-up share capital of SKB Shutters on the Second Board of the KLSE, the Company undertook the following restructuring scheme and the Proforma Consolidated Balance Sheets have been prepared based on the assumption that the restructuring scheme was effected as at 31 August 2000:

(I) Acquisitions

- (i) Acquisition of the entire issued and fully paid-up share capital in SKBM by SKB Shutters comprising 2,000,000 ordinary shares of RM1.00 each for a total consideration of RM24,914,804 to be satisfied by the issue of 17,422,940 new ordinary shares of RM1.00 each, at RM1.43 per share in SKB Shutters. The purchase consideration is based on the adjusted net tangible assets of SKBM after accounting for the revaluation surplus of RM251,661.
- (ii) Acquisition of the entire issued and fully paid-up share capital in SKBT by SKB Shutters comprising 2 ordinary shares of RM1.00 each for a total consideration of RM417,276 to be satisfied by the issue of 291,801 new ordinary shares of RM1.00 each, at RM1.43 per share in SKB Shutters.
- (iii) Acquisition of the entire issued and fully paid-up share capital in SKBE by SKB Shutters comprising 2 ordinary shares of RM1.00 each for a total consideration of RM2 to be satisfied by cash.
- (iv) Acquisition of 20% of the issued and fully paid-up share capital in Rigida by SKB Shutters for a purchase consideration of RM347,962 to be satisfied by the issue of 243,330 new ordinary shares of RM1.00 each, at RM1.43 per share in SKB Shutters.

10.0 FINANCIAL INFORMATION (Cont'd)**Merger Debit**

The merger debit arising from the acquisition of the subsidiary companies accounted for using the merger method of accounting is shown below:

	RM'000
Share capital of the subsidiaries acquired	
- SKBM (2,000,000 ordinary shares of RM1.00 each)	2,000
- SKBT (2 ordinary shares of RM1.00 each)	*
Number of ordinary shares of RM1 each in the Company issued as purchase consideration in :	
- SKBM	17,423
- SKBT	292
Merger Debit	<u>15,715</u>
The merger debit has been applied against the following :-	
- Capital reserves	4,403
- Retained profits	11,312
	<u>15,715</u>

Intercompany balances have been eliminated in arriving at the Proforma Consolidated Balance Sheets. Except for SKBE which is consolidated using acquisition method, the Proforma Consolidated Balance Sheets of SKB Shutters and its proposed subsidiary companies are prepared using the merger method of accounting in accordance with the provisions of Malaysian Accounting Standard 2 ("MAS 2").

* The amount of share capital acquired is RM2.

(II) Rights Issue

Rights Issue of 15,891,927 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share, for cash on the basis of 100 new ordinary shares for every 113 existing ordinary shares held, based on the enlarged share capital of 17,958,073 ordinary shares of RM 1.00 each in SKB Shutters (after the above acquisitions).

10.0 FINANCIAL INFORMATION (Cont'd)**(III) Proposed Public Issue**

Proposed Public Issue of 6,150,000 new ordinary shares of RM1.00 each at an issue price of RM1.50 per share.

The rights issue, proposed public issue and listing exercise are estimated to generate the following net cash flow:

	RM'000
Proceeds from the rights issue of 15,891,927 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share	15,892
Proceeds from the public issue of 6,150,000 new ordinary shares of RM1.00 each at an issue price of RM1.50 per share	9,225
Estimated listing expenses	(1,200)
	<u>23,917</u>

2. The movements of the issued and paid-up share capital and the share premium account of SKB Shutters after taking into account the above transactions are as follows :

	Share capital RM'000	Share premium RM'000
Balance as at 31 August 2000	*	-
Issued as consideration for the Acquisitions of SKBM, SKBT and Rigida	17,958	105
After Acquisitions	<u>17,958</u>	<u>105</u>
Rights Issue	15,892	-
Proposed Public Issue	6,150	3,075
Estimated listing expenses	-	(1,200)
	<u>40,000</u>	<u>1,980</u>

* Denotes 2 ordinary shares of RM1.00 each