

SKB SHUTTERS CORPORATION BERHAD
(Company No.430362-U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES
Notes to the interim financial report

1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with FRS 134, Interim Financial Reporting and the additional disclosure requirements as set out in Part A of Appendix 9B of the Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 30 June 2008.

2. Changes in accounting policies

The accounting policies and the methods of computation adopted by SKB Shutters Corporation Berhad., its subsidiaries and associate (“the Group”) in this interim financial report are consistent with those adopted in the financial statements for the year ended 30 June 2008 other than the below:

The Group and the Company have not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs/Interpretations	Effective date
FRS 4, Insurance Contracts	1 January 2010
FRS 7, Financial Instruments: Disclosures	1 January 2010
FRS 8, Operating Segment	1 July 2009
FRS 139, Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010

FRS 4 is not applicable to the Group. The Group plans to apply FRS 8 from the annual period beginning 1 July 2009 and the other FRSs and Interpretations from the annual period beginning 1 July 2010.

The impact of applying FRS 4, FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSs. The initial application of the above standards (and its consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group and the Company.

3. Auditors’ qualification

There were no qualifications on the audit report of the preceding annual financial statements of SKB Shutters Corporation Berhad.

4. Seasonality or cyclicity of interim operations

The business of the Group was not affected by any significant seasonal or cyclical factors in the quarter.

5. Exceptional and extraordinary items

There were no material exceptional and extraordinary items for the period under review.

6. Change in estimates

There were no material changes in the estimates used for the preparation of this interim financial report.

7. Change in debt and equity securities

There were no issuance, cancellations, repurchase, resale and repayments of debt and equity securities for the financial period-to-date.

8. Dividends paid

The proposed first and final dividend of 3% per ordinary share less 25% tax in respect of the financial year ended 30 June 2008 has been accounted for in shareholders' equity as an appropriation of retained profits in the period in which they are declared.

9 Segment revenue and results

No segmental reporting has been prepared as the Group's activities are 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.

10. Valuation of property, plant and equipment

The valuation of land and buildings has been brought forward without amendment from the previous annual report.

11. Material post balance sheet events

There were no material events subsequent to balance sheet date.

12. Changes in Group's composition

There were no changes in the composition of the Group during the current quarter ended 31 December 2008.

13. Changes in contingent liabilities and assets

There were no contingent liabilities and assets for the Group as at 19 February 2009 (being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

14. Review of performance of the Company and its principal subsidiaries.

The Group's revenue for this quarter has decreased by 12.51% or RM1.983 million as compared to the corresponding quarter in the preceding year. The decrease in revenue was mainly due to the decrease in both roller shutters and racking sales.

The Group recorded a profit before taxation of RM1.145 million in the current quarter as compared to RM1.570 million in the preceding year corresponding period. The decrease in the profit before taxation for the quarter was mainly due to the decrease in revenue and higher cost of sales.

15. Variation of results against preceding quarter

The Group recorded a profit before taxation of RM1.145 million in this reporting quarter on the back of revenue of RM13.872 million. The decrease in profit before taxation as compared to the preceding quarter was mainly due to the decrease in revenue and higher cost of sales.

16. 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 door, racking, and storage systems. Also, the Group continuously strives to improve quality of products and developing new innovative products to increase its market share, sales revenue and profitability.

17. Variance of profit forecast

Not applicable as no profit forecast was published.

18. Tax expense

	3 months ended 31 December		6 months ended 31 December	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Current	290	379	373	453
Prior	-	-	-	-
Deferred tax expense				
Current	-	-	-	-
Prior	-	-	-	-
	<u>290</u>	<u>379</u>	<u>373</u>	<u>453</u>

The disproportionate tax charge for the six months ended 31 December 2008 is mainly due to the utilization of unabsorbed capital allowances by its subsidiaries.

19. Profit/(Loss) on sale of unquoted investments and/or properties for current quarter and financial year-to-date

There were no disposals of investments and properties during the current quarter under review

20. Purchase or disposal of quoted securities

There were no purchases or disposals of quoted shares during the current quarter under review.

21. Status of corporate proposals

Not applicable.

22. Group borrowings and debts securities

	31 Dec 2008 RM'000
Current	
Secured	5,506
Unsecured	7,778
	<u>13,284</u>
Non-current	
Secured	15,444
Unsecured	-
	<u>15,444</u>

The above borrowings are denominated in Ringgit Malaysia.

23. Off balance sheet financial instruments

The Group did not have any financial instruments with off balance sheet risk as at 19 February 2009 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report)

24. Litigation

Kuala Lumpur High Court
 Suit No. S3-23-75-2006
 SKB Shutters Manufacturing Sdn Bhd
-v- Standard Chartered Bank Malaysia Berhad

On 14th August 2006, one of the Group's wholly-owned subsidiaries, SKB Shutters Manufacturing Sdn Bhd vide Messrs Gunaseelan and associates served a WRIT, Civil Suit No.S3-23-75-2006 on the solicitors for the defendant, Messrs Shearn Delamore & Co demanded for general damages not less than RM250,000/- to be paid by Standard

Chartered Bank Malaysia Berhad within eight (8) days after served the said WRIT for the following claims:-

1. General compensation for breach of contract
2. General compensation on written defamation and oral defamation
3. Interest rate 8% per annum from 10 March 2006 to judgment on the general compensation.
4. Interest rate 8% per annum from judgment to the full settlement of the general compensation.
5. Defendant to pay the Plaintiff the cost of this legal proceeding
6. Continuous and other relief which is fair as determine by the High Court.

On 2nd October 2006, SCB had filed their defence, denying liabilities.

There is a pending application to amend the claims to include SKB Storage Industries Sdn Bhd as additional plaintiff. The Court on 26 February 2009 will decide whether to allow such amendment.

25. Proposed dividend

No dividend has been recommended for the quarter ended 31 December 2008.

26. Basic earnings per share

The calculation of basic earnings per share for the quarter is based on the net profit attributable to ordinary shareholders of RM855,438 and the weighted average number of ordinary shares outstanding during the quarter of 40,000,000.

27. Capital commitments

	31 Dec 2008 RM'000
Property, plant and equipment	
Contracted but not provided for in the financial statements	<u>6</u>

28. Related party transactions

There were no non-recurring related party transactions during the quarter under review.

BY ORDER OF THE BOARD

Sin Kheng Lee
Executive Chairman and Group Managing Director
Dated: 26th February 2009