

**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:

<b>FRSs/Interpretations</b>	<b>Effective date</b>
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations	
FRS 4, Insurance Contracts	1 January 2010
FRS 7, Financial Instruments: Disclosures	1 January 2010
FRS 8, Operating Segment	1 July 2009
FRS 123, Borrowing Costs	1 January 2010
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
IC Interpretation 11 FRS 2, Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13, Customer Loyalty Programmes	1 January 2010
IC Interpretation 14 FRS 119, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

FRS 4, the Amendments and IC Interpretation 11, 13 and 14 are not applicable to the Group and the Company. 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 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 remaining standards 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

No dividend was paid for the current quarter ended 30 June 2009.

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 30 June 2009 other than the incorporation of SKB Shutters (S) Pte. Ltd., a company incorporated in the Republic of Singapore on 25 May 2009, as a wholly-owned subsidiary of the Company.

13. Changes in contingent liabilities and assets

There were no contingent liabilities and assets for the Group as at 21 Aug 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 dropped by 5.09% or RM0.878 million as compared to the corresponding quarter in the preceding year. The reduction in revenue was mainly due to the lower sales of parts & accessories , export furniture and racking products.

The Group recorded a loss before taxation of RM0.629 million in the current quarter as compared to a loss of RM0.827 million in the preceding year corresponding period. The reduction in the loss before taxation for the quarter was mainly due to the lower operating and finance costs.

15. Variation of results against preceding quarter

The Group recorded a loss before taxation of RM0.629 million in this reporting quarter on the back of revenue of RM16.372 million. The reduction in the loss before taxation as compared to the preceding quarter was mainly due to the lower operating and finance costs.

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 30 June		12 months ended 30 June	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current tax expense				
Current	(41)	63	424	439
Prior	(16)	-	(16)	162
Deferred tax expense				
Current	214	772	214	772
Prior	471	(141)	471	(141)
	<u>628</u>	<u>694</u>	<u>1,093</u>	<u>1,232</u>

The disproportionate tax charge for the year ended 30 June 2009 is mainly due to the utilisation of reinvestment allowance by a subsidiary.

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

	30 June 2009 RM'000
Current	
Secured	5,110
Unsecured	6,944
	<u>12,054</u>
Non-current	
Secured	13,450
Unsecured	-
	<u>13,450</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 21 Aug 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 14<sup>th</sup> August 2006, SKB Shutters Manufacturing Sdn Bhd 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.

On 2<sup>nd</sup> October 2006, SCB had filed their defence, denying liabilities.

An additional affidavit was filed by Messrs Michael Chow Advocates & Solicitors (who had taken over the services of Messrs Gunaseelan and Associates) to include SKB Storage Industries Sdn Bhd as additional plaintiff.

Kuala Lumpur High Court on 29<sup>th</sup> July 2009 dismissed SKB Shutters Manufacturing Sdn Bhd's appeal to amend the Statement of Claim with costs.

The case has now been fixed for mention on 5<sup>th</sup> October 2009.

25. Proposed dividend

The Board of Directors is pleased to recommend the payment of a first and final tax exempt dividend of 3 sen per share amounting to RM1.2 million in respect of the financial year ended 30 June 2009, which is subject to the approval of members at the forthcoming Annual General Meeting of the Company.

26. Basic earnings per share

The calculation of basic earnings per share for the quarter is based on the net loss attributable to ordinary shareholders of RM1.26 million and the weighted average number of ordinary shares outstanding during the quarter of 40,000,000.

27. Capital commitments

	30 June 09
	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: 28<sup>th</sup> Aug 2009