

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 Listing Requirements of the Bursa Malaysia Securities Berhad and *FRS134, 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 2009.

2. Significant accounting policies

(a) 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 2009 other than the adoption of FRS 8 - Operating Segments which became effective for financial periods beginning on and after 1 July 2009.

3. 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 2009.

4. Seasonality or cyclicity of operations

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

5. Exceptional and extraordinary items

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

6. 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.

7. Dividends

No dividends have been recommended or paid for the quarter ended 31 Dec 2009.

8. 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 *FRS 8* is not presented.

9. Valuation of property, plant and equipment

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

10. Subsequent events

No subsequent events for the quarter ended 31 Dec 2009.

11. Changes in Group's composition

On 17 Nov 2009, the Group acquired 51% equity interest in SKB Diversified Sdn Bhd for a cash consideration of RM51.

12. Changes in contingent liabilities and assets

There were no contingent liabilities and assets for the Group as at 17 Feb 2010 (being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

13. Review of Group performance

Group revenue for the quarter ended 31 Dec 2009 dropped by 12.03% or RM1.669 million as compared to the corresponding quarter in 2008. The drop in revenue was mainly due to lower sales for furniture, shutters and roller door products.

Group profit before taxation of RM0.361 million was down by 68% as compared to the corresponding quarter in the previous year due to lower sales demand as a result of the global economic downturn and lower other operating income.

14. Variation of results against preceding quarter

Group revenue decreased from RM12.879 million to RM12.203 million as compared to the immediate preceding quarter. Group profit before taxation increased by 11% or RM0.036 million as compared to the immediate preceding quarter mainly due to lower distribution and finance costs.

15. 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 will continuously strive to improve quality of products and developing new innovative products to increase its market share, sales revenue and profitability.

16. 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.

17. Tax expense

	3 months ended 31 Dec		6 months ended 31 Dec	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current tax expense				
Current	31	290	73	373

The disproportionate tax charge for the period ended 31 Dec 2009 is mainly due to the utilisation of reinvestment allowance by a subsidiary.

18. Unquoted investments and properties

There were no disposals of unquoted investments and/or properties for the quarter under review and the financial period to-date.

19. Quoted investments

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

20. Status of corporate proposals

Not applicable.

21. Loans and borrowings

	31 Dec 2009 RM'000
Current	
Secured	5,178
Unsecured	9,781
	<hr/>
	14,959
	<hr/>
Non-current	
Secured	16,123
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The above borrowings are denominated in Ringgit Malaysia.

22. Off balance sheet financial instruments

The Group did not have any financial instruments with off balance sheet risk as at 17 Feb 2010 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report).

23. Material litigation

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

On 14th 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.

23. Material litigation (Cont'd)

On 2nd 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 29th 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 26th March 2010.

24. 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 RM0.33 million and the weighted average number of ordinary shares outstanding during the quarter of 40,000,000.

25. Capital commitments

No capital commitments for the quarter ended 31 Dec 2009.

26. Related parties

There were no non-recurring related party transactions during the quarter under review and financial period to-date.

BY ORDER OF THE BOARD

Sin Kheng Lee
Executive Chairman and Group Managing Director
Dated: 24th Feb 2010