

**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 2011.

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 2011 other than the adoption of :

**FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010**

- FRS 7, Financial Instruments: Disclosures
- FRS 101, Presentation of Financial Statements (revised)
- FRS 123, Borrowing Costs (revised)
- FRS 139, Financial Instruments: Recognition and Measurement
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
- Amendments to FRS 7, Financial Instruments: Disclosures
- Amendments to FRS 101, Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 132, Financial Instruments: Presentation - Puttable Financial Instruments and Obligations Arising on Liquidation - Separation of Compound Instruments
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement
- Improvements to FRSs (2009)
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 10, Interim Financial Reporting and Impairment

**FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010**

- FRS 1, First-time Adoption of Financial Reporting Standards (revised)
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

Adoption of the above FRSs, Interpretations and Amendments do not have any significant impact on the Group’s financial position and results.

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 2011.

4. Seasonality or cyclical nature 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 Mar 2012.

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. Changes in Group's composition

In December 2011, the Companies Commission of Malaysia has struck-off of the name of its wholly owned subsidiary, SKB Diversified Sdn. Bhd. from the register pursuant to Section 308(4) of the Companies Act, 1965. The company has received the notification from the Registrar of Companies and the announcement was made on 06 March 2012.

Other than the above, there were no changes in the composition of the Group from the end of previous year until the announcement date of this report.

11. Changes in contingent liabilities and assets

There were no contingent liabilities and assets for the Group as at 23 May 2012 (being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

12. Review of Group performance

Group revenue for the quarter ended 31 Mar 2012 increased by 36.38% or RM3.743 million as compared to the corresponding quarter in 2011. The increase in revenue was mainly due to increase in sales of shutters, racking and window products.

Group profit before taxation of RM0.191 million increased by 653% as compared to the corresponding quarter in the previous year due to increase in revenue and lower distribution cost.

13. Variation of results against preceding quarter

Group revenue reduced from RM15.656 million to RM14.034 million as compared to the immediate preceding quarter. Group profit before taxation of RM0.191 million reduced by 76.62% as compared to the immediate preceding quarter mainly due to reduce in sales and higher administrative and distribution cost.

14. 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.

15. 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.

16. Income tax expense

	3 months ended 31 Mar		9 months ended 31 Mar	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current tax expense				
Current	149	139	425	317
Prior	-	(7)	(224)	101
Deferred tax expense				
Current				
Prior	-	-		
	149	132	201	418

16. Income tax expense (continued)

The disproportionate tax charge for the period ended 31 Mar 2012 is mainly due to certain non-deductible expenses.

17. 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.

18. Quoted investments

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

19. Status of corporate proposals

Not applicable.

20. Loans and borrowings

	31 Mar 2012 RM'000
Current	
Secured	6,297
Unsecured	9,149
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	15,446
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Non-current	
Secured	4,966
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The above borrowings are denominated in Ringgit Malaysia.

21. Off balance sheet financial instruments

The Group did not have any financial instruments with off balance sheet risk as at 23 Mar 2012 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report).

22. Basic earnings per share

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

23. Capital commitments

	31 Mar 2012 RM'000
Property, plant and equipment Contracted but not provided for in the financial statements	<u>20</u>

24. Related parties

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

25. Retained Earnings

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

	As at 31 Mar 2012 RM'000	As at 31 Dec 2011 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	31,873	32,175
- Unrealised	5,134	5,134
Total share of retained earnings from an associate		
- Realised	1,520	1,298
- Unrealised	11	6
	<u>38,538</u>	<u>38,613</u>
Less : Consolidation adjustments	<u>(10,519)</u>	<u>(10,636)</u>
Total Group retained earnings as per consolidated accounts	<u>28,019</u>	<u>27,977</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 and should not be applied for any other purposes.

26. Subsequent event

There is no further development subsequent to the Company's announcement on 30 April 2012 on the Memorandum of Understanding signed between SKB Shutters Manufacturing Sdn Bhd and Fujisash Malaysia Sdn Bhd.

27. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors.

BY ORDER OF THE BOARD

Sin Kheng Lee  
Executive Chairman and Group Managing Director  
Dated: 30<sup>th</sup> May 2012