

**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 presentation adopted for this interim financial report are consistent with those adopted in the audited financial statements for the 12 months year ended 30 June 2011 except for the changes in accounting policies and presentation resulting from the adoption of relevant FRSs, Amendments to FRSs and IC Interpretations that are effective for the financial periods beginning on or after 1 July 2010, 1 January 2011 and 1 July 2011 respectively.

The adoption of relevant FRSs, Amendments to FRSs and IC Interpretations are not expected to have any significant financial impact on the financial statements of the Group.

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 30 June 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

There were no changes in the composition of the Group during the current quarter ended 30 June 2012.

11. Changes in contingent liabilities and assets

There were no contingent liabilities and assets for the Group as at 22 August 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 30 June 2012 reduced by 7.09% or RM1.089 million as compared to the corresponding quarter in 2011. The drop in revenue was mainly due to drop in sales of shutters, racking and steel door products.

Group loss before taxation of RM0.220 million reduced by 133.96% as compared to corresponding quarter in the previous year due to drop in revenue and increase in other operating expenses, such as bad debts and slow moving inventories.

13. Variation of results against preceding quarter

Group revenue increased from RM14.034 million to RM14.273 million as compared to the immediate preceding quarter. Group loss before taxation of RM0.220 million reduced by 215.45% as compared to the immediate preceding quarter mainly due to increase in other operating expenses, such as bad debts and slow moving inventories.

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. Profit/(Loss) before taxation

	3 months ended 30 June 2012 RM'000	12 months ended 30 June 2012 RM'000
Depreciation and amortisation	1438	5676
Impairment of property, plant and equipment	405	405
Profit/(Loss) on foreign exchange		
- realised	46	41
- unrealised	30	74
Impairment loss on trade receivables	520	497
Inventories written off	210	210

17. Income tax expense

	3 months ended 30 June		12 months ended 30 June	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current tax expense				
Current	381	560	805	882
Prior	-	(35)	(224)	67
Deferred tax expense				
Current	(573)	(514)	(573)	(514)
Prior	342	400	342	399
	150	411	350	834

The disproportionate tax charge for the period ended 30 June 2012 is mainly due to certain non-deductible expenses.

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

	30 June 2012 RM'000
Current	
Secured	6,482
Unsecured	10,285
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	16,767
Non-current	
Secured	<hr/> 3,709

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 22 August 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

	30 June 2012 RM'000
Property, plant and equipment	
Contracted but not provided for in the financial statements	<hr/> 555

#### 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 30 June 2012 RM'000	As at 30 June 2011 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	31,877	32,002
- Unrealised	4,902	5,208
Total share of retained earnings from an associate		
- Realised	1,449	814
- Unrealised	11	8
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Less : Consolidation adjustments	38,239 (10,590)	38,032 (11,702)
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Total Group retained earnings as per consolidated accounts	27,649	26,330

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. 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: 29<sup>th</sup> August 2012