

SKB SHUTTERS CORPORATION BERHAD

(Company No. 430362 - U)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2008 - UNAUDITED**

| | (Unaudited) As at 30 June 2008 | (Audited) As at 30 June 2007 |
|---|--------------------------------------|------------------------------------|
| | RM'000 | RM'000 |
| Assets | | |
| Property, plant and equipment | 45,016 | 48,606 |
| Prepaid lease payment | 9,165 | 9,536 |
| Investment properties | 2,009 | 2,026 |
| Interest in associates | 937 | 686 |
| Total non-current assets | <u>57,127</u> | <u>60,854</u> |
| Inventories | 33,142 | 25,164 |
| Trade and other receivables | 16,836 | 12,871 |
| Tax refundable | 670 | 1,551 |
| Assets classified as held for sale | - | 16,863 |
| Cash and cash equivalents | 2,434 | 682 |
| Total current assets | <u>53,082</u> | <u>57,131</u> |
| Total Assets | <u>110,209</u> | <u>117,985</u> |
| Equity | | |
| Share capital | 40,000 | 40,000 |
| Share premium | 1,498 | 1,498 |
| Reserves | 2,451 | 5,802 |
| Retain earnings | 24,349 | 18,667 |
| Total equity attributable to shareholders of the Company | <u>68,298</u> | <u>65,967</u> |
| Liabilities | | |
| Long term borrowings | 16,984 | 21,530 |
| Deferred tax liabilities | 2,820 | 2,518 |
| Total non-current liabilities | <u>19,804</u> | <u>24,048</u> |
| Trade and other payables | 7,115 | 10,625 |
| Tax liabilities | 1 | 6 |
| Short term borrowings | 14,991 | 17,339 |
| Total current liabilities | <u>22,107</u> | <u>27,970</u> |
| Total liabilities | 41,911 | 52,018 |
| Total Equity And Liabilities | <u>110,209</u> | <u>117,985</u> |
| Net asset per share (RM) | <u>1.71</u> | <u>1.65</u> |

The notes set out on pages 5 to 9 form an integral part of, and, should be read in conjunction with, this interim financial report.

SKB SHUTTERS CORPORATION BERHAD
 (Company No. 430362 - U)
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 AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2008 - UNAUDITED**

| | Share Capital RM'000 | Non- Distributable Reserves RM'000 | Distributable Retained Earnings RM'000 | Total RM'000 |
|---|----------------------------|---|---|-----------------|
| At 1 July 2007 | | | | |
| -As previously stated | 40,000 | 7,300 | 18,667 | 65,967 |
| | <u>40,000</u> | <u>7,300</u> | <u>18,667</u> | <u>65,967</u> |
| Net profit for the period | - | - | 2,877 | 2,877 |
| Reversal of revaluation surplus on disposal | - | (3,352) | 3,681 | 329 |
| Dividend paid | - | - | (876) | (876) |
| At 30 June 2008 (Unaudited) | <u>40,000</u> | <u>3,948</u> | <u>24,349</u> | <u>68,297</u> |

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 30 JUNE 2007 - AUDITED**

| | Share Capital RM'000 | Non- Distributable Reserves RM'000 | Distributable Retained Earnings RM'000 | Total RM'000 |
|--------------------------------|----------------------------|---|---|-----------------|
| At 1 July 2006 | | | | |
| -As previously stated | 40,000 | 6,919 | 17,774 | 64,693 |
| -Effects of adopting FRS 3 | - | - | 205 | 205 |
| | <u>40,000</u> | <u>6,919</u> | <u>17,979</u> | <u>64,898</u> |
| Net profit for the period | - | - | 688 | 688 |
| Revaluation surplus adjustment | - | 381 | - | 381 |
| At 30 June 2007 (Audited) | <u>40,000</u> | <u>7,300</u> | <u>18,667</u> | <u>65,967</u> |

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CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008 - UNAUDITED

| | 3 months ended | | 12 months ended | |
|---------------------------------------|----------------|----------------|-----------------|---------------|
| | 30-Jun | | 30-Jun | |
| | 2008 | 2007 | 2008 | 2007 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | <u>17,250</u> | <u>13,181</u> | <u>62,738</u> | <u>50,059</u> |
| Operating profit/(loss) | (342) | (641) | 6,014 | 3,708 |
| Interest expense | (591) | (653) | (2,318) | (2,635) |
| Interest income | - | - | - | - |
| Share of profit of associates | 107 | 73 | 413 | 273 |
| Profit/(loss) before taxation | <u>(826)</u> | <u>(1,221)</u> | <u>4,109</u> | <u>1,346</u> |
| Tax expense | (694) | (226) | (1,232) | (657) |
| Profit/(loss) after taxation | <u>(1,520)</u> | <u>(1,447)</u> | <u>2,877</u> | <u>689</u> |
| Minority interests | - | - | - | - |
| Net Profit/(loss) for the period | <u>(1,520)</u> | <u>(1,447)</u> | <u>2,877</u> | <u>689</u> |
| Basic (loss)/earnings per share (sen) | <u>(3.80)</u> | <u>(3.62)</u> | <u>7.19</u> | <u>1.72</u> |

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008 - UNAUDITED**

| | Current year to-date 30 June 2008 RM'000 (Unaudited) | Preceding year to-date 30 June 2007 RM'000 (Audited) |
|---|---|---|
| Profit before tax | 4,109 | 1,346 |
| Adjustments for | | |
| Non-cash items | 3,724 | 5,415 |
| Non-operating items | 2,831 | 2,409 |
| Operating profit before changes in working capital | <hr/> 10,664 | <hr/> 9,170 |
| Changes in working capital | | |
| Net changes in current assets | (11,945) | (7,784) |
| Net changes in current liabilities | (3,510) | 2,926 |
| Dividend received | 163 | 145 |
| Taxes refunded/(paid) | 233 | (148) |
| Net cash generated from/(used in) operating activities | <hr/> (4,395) | <hr/> 4,309 |
| Cash flows from investing activities | | |
| - Proceed from disposal of Associate | - | - |
| - Purchase of property, plant and equipment | (510) | (1,275) |
| - Proceeds from disposal of property, plant and equipment | 430 | 512 |
| - Proceeds from disposal of assets classified as held for sale | 18,425 | - |
| Net cash generated from/(used in) investing activities | 18,345 | (763) |
| Cash flows from financing activities | | |
| - Borrowings | (12,196) | (1,882) |
| Net cash used in financing activities | (12,196) | (1,882) |
| Net increase in cash and cash equivalents | <hr/> 1,754 | <hr/> 1,664 |
| Cash and cash equivalents at 1 July | (355) | (2,019) |
| Cash and cash equivalents at 30 June | <hr/> <hr/> 1,399 | <hr/> <hr/> (355) |
| Note : | | |
| <u>Purchase of property, plant and equipment</u> | | |
| Additions of property, plant and equipment | 2,110 | 2,472 |
| Less: Hire purchase obligations | (1,600) | (1,197) |
| Interest on term loan capitalised | - | - |
| | <hr/> 510 | <hr/> 1,275 |
| <u>Cash and cash equivalents</u> | | |
| Cash and cash equivalents included in the condensed consolidated cash flow statement comprise the following : | | |
| Cash and bank balances | 2,434 | 682 |
| Overdrafts | (1,035) | (1,037) |
| | <hr/> 1,399 | <hr/> (355) |

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SKB SHUTTERS CORPORATION BERHAD

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2008**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|----------------------------------|---|--|---|---|
| | CURRENT YEAR QUARTER 30-Jun-08 RM | PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-07 RM | CURRENT YEAR TO DATE 30-Jun-08 RM | PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-07 RM |
| REVENUE | 17,250,367 | 13,180,797 | 62,737,700 | 50,058,519 |
| COST OF SALES | (14,889,348) | (11,179,985) | (47,808,184) | (38,652,258) |
| GROSS PROFIT | 2,361,019 | 2,000,812 | 14,929,516 | 11,406,261 |
| DISTRIBUTION COST | 14% (37,378) | 15% (195,441) | 24% (1,357,079) | (941,809) |
| ADMINISTRATIVE EXPENSES | (2,155,104) | (2,422,632) | (7,961,784) | (8,125,954) |
| OTHER OPERATING EXPENSES | (697,184) | (834,505) | (1,663,021) | (1,568,825) |
| OTHER OPERATING INCOME | 186,242 | 810,856 | 2,066,301 | 2,938,167 |
| OPERATING PROFIT | (342,405) | (640,909) | 6,013,932 | 3,707,840 |
| FINANCING COSTS | (591,341) | (652,980) | (2,318,253) | (2,635,462) |
| SHARE OF ASSOCIATE | 107,158 | 73,299 | 413,120 | 273,421 |
| PROFIT BEFORE TAX | (826,588) | (1,220,590) | 4,108,799 | 1,345,799 |
| TAX EXPENSE | (693,995) | (226,273) | (1,232,243) | (657,426) |
| NET PROFIT AFTER TAX | (1,520,583) | (1,446,863) | 2,876,556 | 688,372 |
| RETAINED PROFIT B/F | 22,348,130 | 17,979,353 | 22,348,130 | 17,979,353 |
| TRANSFER TO CAPITAL REDEMPTION R | - | - | - | - |
| DIVIDEND PAID | | | | |
| PREFERENCE SHARE | - | - | - | - |
| ORDINARY SHARE | (876,000) | - | (876,000) | - |
| | <u>19,951,547</u> | <u>16,532,489</u> | <u>24,348,686</u> | <u>18,667,725</u> |
| Basic earnings per share (sen) | (3.80) | (3.62) | 7.19 | 1.72 |

SKB SHUTTERS CORPORATION BERHAD
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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 2007.

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 2007 except for the adoption of the following applicable new/revised Financial Reporting Standards and Interpretations effective for the financial period beginning 1 July 2007:

Standard/Interpretation

| | |
|---|---|
| FRS 107, Cash Flow Statements | |
| FRS 111, Construction Contracts | |
| FRS 112, Income Taxes | |
| FRS 118, Revenue | |
| FRS 120, Accounting for Government Grants and Disclosure of Government Assistance | |
| FRS 124, Related Party Disclosures | |
| FRS 134, Interim Financial Reporting | |
| FRS 137, Provisions, Contingent Liabilities and Contingent Assets | |
| FRS 139, Financial Instruments: Recognition and Measurement | |
| Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates – Net Investments in Foreign Operations | |
| IC Interpretation 1 | Changes in Exiting Decommissioning, Restoration and Similar Liabilities |
| IC Interpretation 2 | Members’ Shares in Co-operative Entities and Similar Instruments |
| IC Interpretation 5 | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| IC Interpretation 6 | Liabilities arising from Participating in a Specific market – Waste Electrical and Electronic Equipment |
| IC Interpretation 7 | Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies |
| IC Interpretation 8 | Scope of FRS 2 |
| FRS 111, FRS 120 | Amendment to FRS 121 and the Interpretations listed above are not applicable to the Group. FRS 139 has been deferred and has not been adopted by the Group. |

The initial applications of the other FRSs are not expected to have a material impact on the financial statements of the Group and of 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 cyclical nature 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 2008

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 2008.

13. Changes in contingent liabilities and assets

There were no changes in contingent liabilities and assets for the Group as at 22 June 2008 (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 increased by 30.87% or RM4.069 million as compared to the corresponding quarter in the preceding year. The increase in revenue was mainly due to the increase in roller shutters and racking sales.

The Group recorded a loss before taxation of RM0.827 million for the current quarter and current quarter to date as compared to a loss of RM1.221 million in the preceding year corresponding period. The decrease in the loss before taxation for the quarter was mainly due to the increase in revenue.

15. Variation of results against preceding quarter

The Group recorded a loss before taxation of RM0.827 million in this reporting quarter on the back of revenue of RM17.250 million. The decrease in loss before taxation as compared to the preceding quarter was mainly due to the increase in revenue.

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 | |
|---------------------|---------------------------|----------------|----------------------------|----------------|
| | 2008 RM'000 | 2007 RM'000 | 2008 RM'000 | 2007 RM'000 |
| Current tax expense | | | | |
| Current | 694 | 226 | 1,232 | 657 |
| Prior | - | - | - | - |

| | | | | |
|----------------------|-----|-----|-------|-----|
| Deferred tax expense | | | | |
| Current | - | - | - | - |
| Prior | - | - | - | - |
| | 694 | 226 | 1,232 | 657 |

The disproportionate tax charge is mainly due to the utilization of unabsorbed capital allowances and non taxable income derived from the disposal of land and building by a subsidiary company.

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

On 19 July 2007, a wholly-owned subsidiary, SKB Shutters Manufacturing Sdn Bhd had disposed off its assets held for sale and recognized a net gain of RM0.754 million.

20. Purchase or disposal of quoted securities

There were no purchases or disposals of quoted shares for the period under review.

21. Status of corporate proposals

Not applicable.

22. Group borrowings and debts securities

| | |
|-------------|--------------|
| | 30 June 2008 |
| | RM'000 |
| Current | |
| Secured | 5,466 |
| Unsecured | 9,525 |
| | 14,991 |
| Non-current | |
| Secured | 16,984 |
| Unsecured | - |
| | 16,984 |

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 22 August 2008 (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.

25. Proposed dividend

A first and final dividend of 3% less 25% has been recommended for the financial year ended 30 June 2008.

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 RM1,520,584 and the weighted average number of ordinary shares outstanding during the quarter of 40,000,000.

27. Capital commitments

| | 30 June 2008 RM'000 |
|---|------------------------|
| Property, plant and equipment | |
| Contracted but not provided for in the financial statements | <u>436</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: 29th August 2008

