

**SKB SHUTTERS CORPORATION BERHAD**

(Company No. 430362 - U)  
(Incorporated in Malaysia)  
AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 30 JUNE 2010**

	(Unaudited) At 30 June 2010	(Audited) At 30 June 2009
	RM'000	RM'000
<b>Assets</b>		
Property, plant and equipment	41,152	43,246
Prepaid lease payments	8,371	8,768
Investment properties	1,793	1,993
Interest in associate	1,600	1,312
<b>Total non-current assets</b>	<u>52,916</u>	<u>55,319</u>
Inventories	32,305	27,326
Trade and other receivables	15,657	17,885
Current tax assets	669	1,378
Cash and cash equivalents	7,377	4,706
<b>Total current assets</b>	<u>56,008</u>	<u>51,295</u>
<b>Total assets</b>	<u><u>108,924</u></u>	<u><u>106,614</u></u>
<b>Equity</b>		
Share capital	40,000	40,000
Share premium	1,498	1,498
Reserves	2,450	2,450
Retained earnings	25,320	25,958
<b>Total equity attributable to owners of the Company</b>	<u>69,268</u>	<u>69,906</u>
Loans and borrowings	12,294	13,201
Deferred tax liabilities	3,320	3,505
<b>Total non-current liabilities</b>	<u>15,614</u>	<u>16,706</u>
Trade and other payables	9,809	7,699
Loans and borrowings	14,233	12,303
<b>Total current liabilities</b>	<u>24,042</u>	<u>20,002</u>
<b>Total equity and liabilities</b>	<u><u>108,924</u></u>	<u><u>106,614</u></u>
<b>Net assets per share (RM)</b>	<u><u>1.73</u></u>	<u><u>1.75</u></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.

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**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2010 (UNAUDITED)**

	3 months ended		12 months ended	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
<b>Continuing operations</b>				
Revenue	<u>13,662</u>	<u>16,372</u>	<u>48,609</u>	<u>65,043</u>
Operating (loss)/ profit	1,044	(327)	1,547	4,851
Interest expense	(266)	(386)	(1,183)	(1,871)
Share of profit of associates	90	84	536	622
<b>Profit/(Loss) before taxation</b>	<u>868</u>	<u>(629)</u>	<u>900</u>	<u>3,602</u>
Tax expense	(233)	(628)	(338)	(1,093)
<b>Profit/(loss) after taxation</b>	<u>635</u>	<u>(1,257)</u>	<u>562</u>	<u>2,509</u>
Minority interest	-	-	-	-
Profit / (Loss) for the period	<u>635</u>	<u>(1,257)</u>	<u>562</u>	<u>2,509</u>
Basic earnings/(loss) per share (sen)	<u>1.59</u>	<u>(3.14)</u>	<u>1.41</u>	<u>6.27</u>

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2010 (UNAUDITED)**

	----- Non-distributable -----		Distributable	Total equity RM'000
	Share capital RM'000	Reserves RM'000	Retained earnings RM'000	
At 1 July 2009	40,000	3,948	25,958	69,906
Profit for the year	-	-	562	562
Dividend paid	-	-	(1,200)	(1,200)
At 30 June 2010	<u>40,000</u>	<u>3,948</u>	<u>25,320</u>	<u>69,268</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2009 (AUDITED)**

	----- Non-distributable -----		Distributable	Total equity RM'000
	Share capital RM'000	Reserves RM'000	Retained earnings RM'000	
At 1 July 2008	40,000	3,948	24,349	68,297
Profit for the year	-	-	2,509	2,509
Dividend paid	-	-	(900)	(900)
At 30 June 2009	<u>40,000</u>	<u>3,948</u>	<u>25,958</u>	<u>69,906</u>

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2010 (UNAUDITED)**

	(Unaudited)	(Audited)
	12 months ended 30 June	
	2010	2009
	RM'000	RM'000
<b>Profit before tax from continuing operations</b>	900	3,602
Adjustments for :		
Non-cash items	5,020	5,118
Non-operating items	1,183	386
Operating profit before changes in working capital	<u>7,103</u>	<u>9,106</u>
Changes in working capital:		
Net changes in current assets	(2,752)	4,767
Net changes in current liabilities	2,110	(230)
Dividend received	248	248
Taxes refunded/(paid)	186	(1,117)
<b>Net cash from operating activities</b>	<u>6,895</u>	<u>12,774</u>
<b>Cash flows from investing activities</b>		
- Purchase of property, plant and equipment	<u>(1,356)</u>	<u>(1,392)</u>
- Proceeds from disposal of property, plant and equipment	460	-
<b>Net cash used in investing activities</b>	<u>(896)</u>	<u>(1,392)</u>
<b>Cash flows from financing activities</b>		
-Borrowings	<u>(2,188)</u>	<u>(8,598)</u>
-Dividend paid	<u>(1,200)</u>	<u>(896)</u>
<b>Net cash used in financing activities</b>	<u>(3,388)</u>	<u>(9,494)</u>
Net increase in cash and cash equivalents	<u>2,611</u>	<u>1,888</u>
Cash and cash equivalents at 1 July	4,097	2,209
<b>Cash and cash equivalents at 30 June</b>	<u><u>6,708</u></u>	<u><u>4,097</u></u>
Note :		
<u>Purchase of property, plant and equipment</u>		
Additions of property, plant and equipment	3,325	3,557
Less: Hire purchase obligations	(1,969)	(2,165)
	<u>1,356</u>	<u>1,392</u>
<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	7,377	4,706
Overdrafts	(669)	(609)
	<u>6,708</u>	<u>4,097</u>

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**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

A first and final tax exempt dividend of 3% per ordinary share totalling RM1.2 million for the financial year ended 30 June 2009 was paid on 19 March 2010.

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 30 June 2010.

11. Changes in Group's composition

There were no changes in the composition of the Group during the current quarter ended 30 June 2010.

12. Changes in contingent liabilities and assets

There were no contingent liabilities and assets for the Group as at 23 Aug 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 30 Jun 2010 dropped by 16.56% or RM2.711 million as compared to the corresponding quarter in 2009. The drop in revenue was mainly due to lower sales for racking and shutters products.

Group profit before taxation of RM0.868 million increased by 238.10% as compared to the corresponding quarter in the previous year due to lower administrative expenses and finance costs.

14. Variation of results against preceding quarter

Group revenue increased from RM9.866 million to RM13.662 million as compared to the immediate preceding quarter. Group profit before taxation of RM0.868 million increased by 232.72% as compared to the immediate preceding quarter mainly due to higher profit margin for window sales and lower distribution 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 30 June		12 months ended 30 June	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current tax expense				
Current	81	(41)	320	424
Prior	152	(16)	18	(16)
	233	(57)	338	408
Deferred tax expense				
Current	(398)	214	(398)	214
Prior	398	471	398	471
	-	685	-	685
	233	628	338	1,093

The disproportionate tax charge for the period ended 30 June 2010 is mainly due to utilization of tax incentive and capital allowance by a subsidiary in the current quarter.

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 2010 RM'000
Current	
Secured	6,231
Unsecured	8,002
	<hr/>
	14,233
	<hr/>
Non-current	
Secured	12,294
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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 23 Aug 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 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.



23. Material litigation (Cont'd)

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 Court of appeal has fixed the case management dated on 16 August 2010 11.00a.m. and the Kuala Lumpur High Court has fixed the date of show cause on 9 August 2010 at 9.30a.m.

The learned Judge after hearing the parties briefing on the facts of the matter formed the view that the parties should mediate a settlement and therefore mediation is fixed on 7 September 2010.

The case has yet to be fixed for mentioned as at 23 Aug 2010 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report).

24. 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.

25. Capital commitments

	30 June 2010 RM'000
Property, plant and equipment	
Contracted but not provided for in the financial statements	<u>57</u>

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: 30<sup>th</sup> Aug 2010