

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

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPT 2010

| | (Unaudited) At 30 Sept 2010 | (Audited) At 30 June 2010 |
|---|--------------------------------|------------------------------|
| | RM'000 | RM'000 |
| Assets | | |
| Property, plant and equipment | 40,333 | 41,152 |
| Prepaid lease payments | 8,277 | 8,371 |
| Investment properties | 1,789 | 1,793 |
| Interest in associate | 1,741 | 1,600 |
| Total non-current assets | 52,140 | 52,916 |
| Inventories | 32,328 | 32,305 |
| Trade and other receivables | 16,470 | 17,470 |
| Current tax assets | 804 | 669 |
| Cash and cash equivalents | 5,036 | 7,377 |
| Total current assets | 54,638 | 57,821 |
| Total assets | 106,778 | 110,737 |
| Equity | | |
| Share capital | 40,000 | 40,000 |
| Share premium | 1,498 | 1,498 |
| Reserves | 2,450 | 2,450 |
| Retained earnings | 25,672 | 25,320 |
| Total equity attributable to owners of the Company | 69,620 | 69,268 |
| Loans and borrowings | 11,173 | 12,795 |
| Deferred tax liabilities | 3,320 | 3,320 |
| Total non-current liabilities | 14,493 | 16,115 |
| Trade and other payables | 7,849 | 11,622 |
| Loans and borrowings | 14,816 | 13,732 |
| Total current liabilities | 22,665 | 25,354 |
| Total equity and liabilities | 106,778 | 110,737 |
| Net assets per share (RM) | 1.74 | 1.73 |

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 SEPT 2010 (UNAUDITED)**

| | 3 months ended | | 3 months ended | |
|--------------------------------|------------------------|------------------------|------------------------|------------------------|
| | 30 Sept 2010 RM'000 | 30 Sept 2009 RM'000 | 30 Sept 2010 RM'000 | 30 Sept 2009 RM'000 |
| Continuing operations | | | | |
| Revenue | <u>11,379</u> | <u>12,879</u> | <u>11,379</u> | <u>12,879</u> |
| Operating profit | 543 | 509 | 543 | 509 |
| Interest expense | (293) | (366) | (293) | (366) |
| Share of profit of associates | 142 | 182 | 142 | 182 |
| Profit before taxation | <u>392</u> | <u>325</u> | <u>392</u> | <u>325</u> |
| Tax expense | (40) | (41) | (40) | (41) |
| Profit after taxation | <u>352</u> | <u>284</u> | <u>352</u> | <u>284</u> |
| Minority interest | - | - | - | - |
| Profit for the period | <u>352</u> | <u>284</u> | <u>352</u> | <u>284</u> |
| | | | | |
| Basic earnings per share (sen) | <u>0.88</u> | <u>0.71</u> | <u>0.88</u> | <u>0.71</u> |

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SKB SHUTTERS CORPORATION BERHAD

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

| | ----- Non-distributable ----- | | Distributable | | Total equity RM'000 |
|---------------------|-------------------------------|--------------------|--------------------------------|----------|------------------------|
| | Share capital RM'000 | Reserves RM'000 | Retained earnings RM'000 | | |
| At 1 July 2010 | 40,000 | - | 3,948 | - | 69,268 |
| | <u>40,000</u> | <u>3,948</u> | <u>25,320</u> | | <u>69,268</u> |
| Profit for the year | - | - | 352 | | 352 |
| At 30 Sept 2010 | <u>40,000</u> | <u>-</u> | <u>3,948</u> | <u>-</u> | <u>69,620</u> |

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

| | ----- 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 | - | 69,906 |
| | <u>40,000</u> | <u>3,948</u> | <u>25,958</u> | | <u>68,297</u> |
| Profit for the year | - | - | 284 | | 284 |
| At 30 Sept 2009 | <u>40,000</u> | <u>-</u> | <u>3,948</u> | <u>-</u> | <u>70,190</u> |

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

| | (Unaudited) 3 months ended 30 Sept 2010 RM'000 | (Unaudited) 2009 RM'000 |
|---|---|-------------------------------|
| Profit before tax from continuing operations | 391 | 325 |
| Adjustments for : | | |
| Non-cash items | 1,216 | 1,165 |
| Non-operating items | 293 | 366 |
| Operating profit before changes in working capital | <u>1,900</u> | <u>1,856</u> |
| Changes in working capital: | | |
| Net changes in current assets | (837) | (1,936) |
| Net changes in current liabilities | (1,960) | 2,437 |
| Taxes (paid) / refunded | (174) | 316 |
| Net cash (used in) / from operating activities | <u>(1,071)</u> | <u>2,673</u> |
| Cash flows from investing activities | | |
| - Purchase of property, plant and equipment | <u>(64)</u> | <u>(394)</u> |
| - Proceeds from disposal of property, plant and equipment | <u>-</u> | <u>216</u> |
| Net cash used in investing activities | <u>(64)</u> | <u>(178)</u> |
| Cash flows from financing activity | | |
| -Borrowings , net | <u>(2,388)</u> | <u>17</u> |
| Net cash (used in) / from financing activity | <u>(2,388)</u> | <u>17</u> |
| Net (decrease) / increase in cash and cash equivalents | <u>(3,523)</u> | <u>2,512</u> |
| Cash and cash equivalents at 1 July | 6,708 | 4,097 |
| Cash and cash equivalents at 30 Sept | <u><u>3,185</u></u> | <u><u>6,609</u></u> |
| Note : | | |
| <u>Purchase of property, plant and equipment</u> | | |
| Additions of property, plant and equipment | 439 | 727 |
| Less: Hire purchase obligations | (375) | (333) |
| | <u>64</u> | <u>394</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 | 5,036 | 7,162 |
| Overdrafts | (1,851) | (553) |
| | <u>3,185</u> | <u>6,609</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 2010.

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 2010.

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 30 Sept 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 Sept 2010.

11. Changes in Group's composition

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

12. Changes in contingent liabilities and assets

There were no contingent liabilities and assets for the Group as at 19 Nov 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 Sept 2010 dropped by 11.65% or RM1.5 million as compared to the corresponding quarter in 2009. The drop in revenue was mainly due to lower sales of part & accessories, shutters and steel door products.

Group profit before taxation of RM0.392 million increased by 20.62% 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 decreased from RM13.662 million to RM11.379 million as compared to the immediate preceding quarter. Group profit before taxation of RM0.392 million decreased by 54.91% as compared to the immediate preceding quarter mainly due to lower of sales and higher 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 Sept | |
| | 2010 | 2009 |
| | RM'000 | RM'000 |
| Current tax expense | | |
| Current | 40 | 41 |
| Prior | | |
| | <hr/> | <hr/> |
| | 40 | 41 |
| | <hr/> | <hr/> |

The disproportionate tax charge for the period ended 30 Sept 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 Sept 2010 RM'000 |
|-------------|------------------------|
| Current | |
| Secured | 6,297 |
| Unsecured | 8,519 |
| | <hr/> |
| | 14,816 |
| | <hr/> |
| Non-current | |
| Secured | 11,173 |
| | <hr/> |

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

The Court has fixed 12 October 2010 as the next case management date.

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 and it had then been adjourned to 11 October 2010 and all parties had agreed to fix the mediation on 26 Nov 2010 together with the court's confirmation.

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 Sept 2010 RM'000 |
| Property, plant and equipment | |
| Contracted but not provided for in the financial statements | <u>0</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: 26th Nov 2010