

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DEC 2010

	(Unaudited)	(Audited)
	At 31 Dec 2010	At 30 June 2010
	RM'000	RM'000
Assets		
Property, plant and equipment	39,280	41,152
Prepaid lease payments	8,173	8,371
Investment properties	1,786	1,793
Interest in associate	1,272	1,600
Total non-current assets	<u>50,511</u>	<u>52,916</u>
Inventories	33,272	32,305
Trade and other receivables	19,508	17,470
Current tax assets	683	669
Cash and cash equivalents	5,676	7,377
Total current assets	<u>59,139</u>	<u>57,821</u>
Total assets	<u>109,650</u>	<u>110,737</u>
Equity		
Share capital	40,000	40,000
Share premium	1,498	1,498
Reserves	2,450	2,450
Retained earnings	26,196	25,320
Total equity attributable to owners of the Company	<u>70,144</u>	<u>69,268</u>
Loans and borrowings	9,969	12,795
Deferred tax liabilities	3,320	3,320
Total non-current liabilities	<u>13,289</u>	<u>16,115</u>
Trade and other payables	10,875	11,622
Loans and borrowings	15,342	13,732
Total current liabilities	<u>26,217</u>	<u>25,354</u>
Total equity and liabilities	<u>109,650</u>	<u>110,737</u>
Net assets per share (RM)	<u>1.75</u>	<u>1.73</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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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DEC 2010 (UNAUDITED)**

	3 months ended		6 months ended	
	31 Dec 2010 RM'000	31 Dec 2009 RM'000	31 Dec 2010 RM'000	31 Dec 2009 RM'000
Continuing operations				
Revenue	<u>14,709</u>	<u>12,203</u>	<u>26,088</u>	<u>25,082</u>
Operating profit	950	496	1,493	1,005
Interest expense	(303)	(275)	(596)	(641)
Share of profit of associates	131	140	272	322
Profit before taxation	<u>778</u>	<u>361</u>	<u>1,169</u>	<u>686</u>
Tax expense	(253)	(31)	(293)	(73)
Profit for the period	<u>525</u>	<u>330</u>	<u>876</u>	<u>613</u>
Basic earnings per share (sen)	<u>1.31</u>	<u>0.83</u>	<u>2.19</u>	<u>1.53</u>

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 31 DEC 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	25,320	69,268
Profit for the period	-	-	876	876
At 31 Dec 2010	<u>40,000</u>	<u>3,948</u>	<u>26,196</u>	<u>70,144</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DEC 2009 (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 period	-	-	613	613
At 31 Dec 2009	<u>40,000</u>	<u>3,948</u>	<u>26,571</u>	<u>70,519</u>

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SKB SHUTTERS CORPORATION BERHAD

(Company No. 430362 - U)

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DEC 2010 (UNAUDITED)**

	6 months ended 31 Dec	
	2010 RM'000	2009 RM'000
Profit before tax from continuing operations	1,169	686
Adjustments for :		
Non-cash items	2,480	2,500
Non-operating items	596	270
Operating profit before changes in working capital	<u>4,245</u>	<u>3,456</u>
Changes in working capital:		
Net changes in current assets	(4,819)	(5,152)
Net changes in current liabilities	1,066	1,668
Dividend received	600	-
Taxes (paid) / refunded	(307)	118
Net cash from operating activities	<u>785</u>	<u>90</u>
Cash flows from investing activities		
- Purchase of property, plant and equipment	(179)	(721)
- Proceeds from disposal of property, plant and equipment	-	166
Net cash used in investing activities	(179)	(555)
Cash flows from financing activity		
-Borrowings , net	(3,226)	3,330
Net cash (used in) / from financing activity	(3,226)	3,330
Net (decrease) / increase in cash and cash equivalents	<u>(2,620)</u>	<u>2,865</u>
Cash and cash equivalents at 1 July	6,708	4,097
Cash and cash equivalents at 31 Dec	<u><u>4,088</u></u>	<u><u>6,962</u></u>
Note :		
<u>Purchase of property, plant and equipment</u>		
Additions of property, plant and equipment	675	2,572
Less: Hire purchase obligations	(496)	(1,851)
	<u>179</u>	<u>721</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	5,675	7,699
Overdrafts	(1,587)	(737)
	<u>4,088</u>	<u>6,962</u>

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SKB SHUTTERS CORPORATION BERHAD
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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 2010 other than the adoption of :

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

- FRS 4, Insurance Contracts
- 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 2, Share-based Payment: Vesting Conditions and Cancellations
- 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
- IC Interpretation 11, FRS 2 ó Group and Treasury Share Transactions
- IC Interpretation 13, Customer Loyalty Programmes
- IC Interpretation 14, FRS 119 ó The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

Amendment effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, Financial Instruments: Presentation - Classification of Rights Issues

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 FRS 2, Share-based Payment
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 12, Service Concession Agreements
- IC Interpretation 15, Agreements for the Construction of Real Estate
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17, Distribution of Non-cash Assets to Owners
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), Accounting Policies, Changes in Accounting Estimates and Errors, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

The initial application of a standard, amendment or an interpretation, which will be applied retrospectively, is not expected to have any material impact on the financial statements of the Company other than adoption of FRS117, Leases, FRS128, Investments in Associates and FRS123, Borrowing Costs (revised).

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 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 Dec 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 31 Dec 2010.

11. Changes in Group's composition

There were no changes in the composition of the Group during the current quarter ended 31 Dec 2010.

12. Changes in contingent liabilities and assets

There were no contingent liabilities and assets for the Group as at 17 Feb 2011 (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 31 Dec 2010 increased by 20.53% or RM2.5 million as compared to the corresponding quarter in 2009. The increase in revenue was mainly due to increase sales of racking, shutters and steel door products.

Group profit before taxation of RM0.778 million increased by 115% as compared to the corresponding quarter in the previous year due to increase in revenue and higher sundry income.

14. Variation of results against preceding quarter

Group revenue increased from RM11.379 million to RM14.708 million as compared to the immediate preceding quarter. Group profit before taxation of RM0.778 million increased by 98.79% as compared to the immediate preceding quarter mainly due to increase in revenue 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		6 months ended	
	31 Dec		31 Dec	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Current tax expense	144	31	184	73
Current	109	-	109	-
Prior				
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	253	31	293	73
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The disproportionate tax charge for the period ended 31 Dec 2010 is mainly due to utilisation 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

	31 Dec 2010 RMø000
Current	
Secured	6,366
Unsecured	8,978
	<hr/>
	15,344
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Non-current	
Secured	9,969
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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 17 Feb 2011 (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 (SCBö)

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 (Contd)

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.

The litigation against Standard Chartered Bank Berhad had been resolved amicably, withdrawn and struck out before the judge with no order as to costs as announced on 21st Dec 2010.

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

	31 Dec 2010 RM'000
Property, plant and equipment	
Contracted but not provided for in the financial statements	<u>16</u>

26. Related parties

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

27. Retained Earnings

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

	As at 31 Dec 2010 RMø000	As at 30 Sept 2010 RMø000
Total retained profits of the Company & its subsidiaries		
- Realised	32,382	30,920
- Unrealised	3,320	3,320
Total share of retained earnings from an associate		
- Realised	1,263	1,732
- Unrealised	9	9
	<hr/>	<hr/>
Less : Consolidation adjustments	36,974 (10,778)	35,981 (10,309)
	<hr/>	<hr/>
Total Group retained earnings as per consolidated accounts	26,196	25,672

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.

BY ORDER OF THE BOARD

Sin Kheng Lee
Executive Chairman and Group Managing Director
Dated: 24th Feb 2011