

**SKB SHUTTERS CORPORATION BERHAD**

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DEC 2011**

	(Unaudited) At 31 Dec 2011 RM'000	(Audited) At 30 June 2011 RM'000
<b>Assets</b>		
Property, plant and equipment	44,996	38,265
Prepaid lease payments	7,776	7,974
Investment properties	1,618	1,782
Interest in associate	1,414	1,170
<b>Total non-current assets</b>	<u>55,804</u>	<u>49,191</u>
Inventories	35,521	36,949
Trade and other receivables	19,395	15,039
Current tax assets	493	231
Cash and cash equivalents	2,907	5,034
<b>Total current assets</b>	<u>58,316</u>	<u>57,253</u>
<b>Total assets</b>	<u>114,120</u>	<u>106,444</u>
<b>Equity</b>		
Share capital	40,000	40,000
Share premium	1,498	1,498
Reserves	8,234	2,450
Retained earnings	27,977	26,330
<b>Total equity attributable to owners of the Company</b>	<u>77,709</u>	<u>70,278</u>
Loans and borrowings	5,341	8,377
Deferred tax liabilities	5,134	3,205
<b>Total non-current liabilities</b>	<u>10,475</u>	<u>11,582</u>
Trade and other payables	9,792	9,055
Loans and borrowings	16,144	15,529
<b>Total current liabilities</b>	<u>25,936</u>	<u>24,584</u>
<b>Total equity and liabilities</b>	<u>114,120</u>	<u>106,444</u>
<b>Net assets per share (RM)</b>	<u>1.94</u>	<u>1.76</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 STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 DEC 2011**

	3 months ended		6 months ended	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
<b>Continuing operations</b>				
Revenue	15,656	14,709	33,754	26,088
Operating profit	975	950	2,028	1,493
Interest expense	(280)	(303)	(574)	(596)
Share of profit of associate	122	131	245	272
<b>Profit before taxation</b>	<b>817</b>	<b>778</b>	<b>1,699</b>	<b>1,169</b>
Income tax expense	18	(253)	(52)	(293)
<b>Profit after taxation</b>	<b>835</b>	<b>525</b>	<b>1,647</b>	<b>876</b>
Minority interest	-	-	-	-
Profit for the period/ year representing total comprehensive income for the period/year attributable to owners of the Company	<u>835</u>	<u>525</u>	<u>1,647</u>	<u>876</u>
Basic earnings per share (sen)	<u>2.09</u>	<u>1.31</u>	<u>4.12</u>	<u>2.19</u>

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED 31 DEC 2011 (UNAUDITED)**

	----- Non-distributable -----			Distributable	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Reserves RM'000	Retained earnings RM'000	
At 1 July 2011	40,000	1,498	8,234	26,330	76,062
Profit for the period representing comprehensive income for the period	-	-	-	1,647	1,647
At 31 Dec 2011	<u>40,000</u>	<u>1,498</u>	<u>8,234</u>	<u>27,977</u>	<u>77,709</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED 31 DEC 2010 (UNAUDITED)**

	----- Non-distributable -----			Distributable	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Reserves RM'000	Retained earnings RM'000	
At 1 July 2010	40,000	1,498	2,450	25,320	69,268
Profit for the period representing comprehensive income for the period	-	-	-	876	876
At 31 Dec 2010	<u>40,000</u>	<u>1,498</u>	<u>2,450</u>	<u>26,196</u>	<u>70,144</u>

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**SKB SHUTTERS CORPORATION BERHAD**

(Company No. 430362 - U)

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AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DEC 2011**

	6 months ended 31 Dec	
	2011	2010
	RM'000	RM'000
	Unaudited	Unaudited
<b>Profit before tax from continuing operations</b>	1,699	1,169
Adjustments for :		
Non-cash items	2,403	2,480
Non-operating items	574	596
	4,676	4,245
Operating profit before changes in working capital		
Changes in working capital:		
Net changes in current assets	(2,927)	(4,819)
Net changes in current liabilities	866	1,066
Dividend received	-	600
Taxes (paid) / refunded	(443)	(307)
	2,172	785
<b>Net cash from operating activities</b>		
<b>Cash flows from investing activities</b>		
- Purchase of property, plant and equipment	(612)	(179)
- Proceeds from disposal of property, plant and equipment	260	-
- Proceeds from disposal of investment properties	-	-
- Interest received	52	-
	(300)	(179)
<b>Net cash used in investing activities</b>		
<b>Cash flows from financing activities</b>		
-Borrowings , net	(4,486)	(3,226)
-Dividend paid	-	-
	(4,486)	(3,226)
<b>Net cash used in financing activities</b>		
Net decrease in cash and cash equivalents	(2,614)	(2,620)
Cash and cash equivalents at 1 July	3,953	6,708
	1,339	4,088
<b>Cash and cash equivalents at 30 Sept</b>		
Note :		
<u>Purchase of property, plant and equipment</u>		
Additions of property, plant and equipment	1,617	675
Less: Hire purchase obligations	(1,005)	(496)
	612	179
<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	2,907	5,675
Overdrafts	(1,568)	(1,587)
	1,339	4,088

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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 2011.

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 2011 other than the adoption of :

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

- 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 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

**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 IC Interpretation 9, Reassessment of Embedded Derivatives

Adoption of the above FRSs, Interpretations and Amendments do not have any significant impact on the Group’s financial position and results.

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 31 Dec 2011.

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

In June 2011, the Group strike-off its wholly owned subsidiary, SKB Diversified Sdn. Bhd. pursuant to Section 308(1) of the Companies Act, 1965.

Other than the above, there were no changes in the composition of the Group from the end of previous year until the announcement date of this report.

11. Changes in contingent liabilities and assets

There were no contingent liabilities and assets for the Group as at 21 February 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 31 Dec 2011 increased by 6.44% or RM0.948 million as compared to the corresponding quarter in 2010. The increase in revenue was mainly due to increase in sales of shutters and window products.

Group profit before taxation of RM0.817 million increased by 4.99% as compared to the corresponding quarter in the previous year due to increase in revenue , lower distribution and finance cost.

13. Variation of results against preceding quarter

Group revenue reduced from RM18.097 million to RM15.656 million as compared to the immediate preceding quarter. Group profit before taxation of RM0.817 million increased by 7.48% as compared to the immediate preceding quarter mainly due to lower administrative and distribution cost.

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. Income tax expense

	3 months ended 31 Dec		6 months ended 31 Dec	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current tax expense				0
Current	207	144	276	184
Prior	(225)	109	(224)	109
Deferred tax expense				
Current	-	-	-	-
Prior	-	-	-	-
	(18)	253	52	293

16. Income tax expense (continued)

The disproportionate tax charge for the period ended 31 Dec 2011 is mainly due to certain non-deductible expenses.

17. 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.

18. Quoted investments

There were no purchases or disposals of quoted shares for the quarter under review and the financial period to-date.

19. Status of corporate proposals

Not applicable.

20. Loans and borrowings

	31 Dec 2011 RM'000
Current	
Secured	6,168
Unsecured	9,976
	<hr/> <u>16,144</u>
Non-current	
Secured	<hr/> <u>5,341</u>

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 21 Feb 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

	31 Dec 2011 RM'000
Property, plant and equipment Contracted but not provided for in the financial statements	<u>20</u>

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 31 Dec 2011 RM'000	As at 30 Sept 2011 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	32,175	31,470
- Unrealised	5,134	5,134
Total share of retained earnings from an associate		
- Realised	1,298	1,286
- Unrealised	6	6
	<u>38,613</u>	<u>37,896</u>
Less : Consolidation adjustments	<u>(10,636)</u>	<u>(10,758)</u>
Total Group retained earnings as per consolidated accounts	<u>27,977</u>	<u>27,138</u>

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: 28<sup>th</sup> Feb 2012