



Reg. Trademark No. 85/B03843

SKB Shutters Corporation Berhad

(430362-U)



ANNUAL REPORT 2014



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Chairman's Statement

On behalf of the Board of Directors of SKB Shutters Corporation Berhad ("SKBC"), I am pleased to present the financial statements of the Group and the Company for the year ended 30 June 2014.

FINANCIAL RESULTS

The group registered revenue of RM55.04 million as compared to RM52.39 million in the previous financial year, which represents an increase of 5.06%. The increase in revenue was mainly due to increase in sales of storage racking systems, roller shutters and steel doors products. The group recorded a pre-tax profit of RM0.46 million in the current financial year as compared to RM2.52 million pre-tax loss in the previous year. The increase in the pre-tax profit was mainly due to increase in revenue, reduction in administrative costs, finance costs and other operating expenses as compared to the preceding financial year.

PROSPECTS

In second half of 2013, the Group was receiving growing positive responses from enquiries and revenue as a result of the Economic Transformation Programme (ETP). This is largely evident in our proud achievement to have successfully tendered and humbly appointed to supply doors and shutters in the Mass Rapid Transit system development in the Greater Kuala Lumpur. Once again, this large scale development further approves of our brand recognition and reliability in the shutter and door segment. We are confident that this will provide us the opportunity for similar mega projects and at the same time further strengthen our capability and capacity in catering for a project of this scale and complexity.

The Group strategy towards continuously creating awareness and marketing of high quality customised doors and windows for both security and architectural design was also carefully planned and implemented throughout the year. With the slow-down effect on mid-range properties and increasing number of niche and luxury property development not only within Malaysia but neighbor countries, we have been actively engaging our distributors, establishing new relationships with industry experts in enhancing the product features and proactively increasing marketing efforts in the steel door and roller shutter segment. However we are grateful and appreciative of the continuous support of industry pioneers, architects and interior designers for believing in our determination to innovate lasting and reliable products, recognizing the added value of quality doors, shutters and racking systems. We are also reaching out to interior designers, end-users and home owners to steadily grow a new market segment that we have not actively tapped into before 2012. This includes improving the design and functionality as well as the introduction of residential roller shutters and aluminum windows, emphasizing on fine quality finishing, high volume usage durability and security and safety considerations. Thus, the Group remains optimistic that there is increasing demand in both commercial and residential sector for security doors and shutters persist in the coming year.

While striving to tap into the residential market, the Group is in the view that the coming year is in no different to 2013 in terms of our long-term strategy to maintain as a market leader in the supply and marketing of roller shutters and window systems in the commercial sector. Hence, the Group continues to pursue greater heights in landing landmark projects and commercial development in undeveloped areas as the key strategy in sustaining the revenue stream within the sector.

In the financial year of 2014, the Group embarked on an R&D assignment in achieving product breakthrough for high performance shutters especially those regulated under the fire protection standards in the region. We are confident that once successful, the newly innovated product will be able to cater to higher thresholds of fire protection and enable the Group to establish a competitive edge to gain advantage as being the first in the region to achieve such high standards and performance. With the past years' research and exploration in complementary fire resistant products, we are determined to make this a success.

However, it is still important to highlight that, in line with one of the main priorities of the Group, it is also actively seeking opportunities to diversify and expand the Group's coverage. This should not be viewed as a digression from the Group's strategic priorities which is its core businesses in manufacturing and dealing of roller shutters, racking and storage systems, and effective and efficient people and cost management. It is also worth mentioning that the Group has been and still is at the forefront of the development of innovative security and architectural solutions in the market working closely with various stakeholders and market participants including architects, property owners and developers.

DIVIDEND

In view of the Group's performance for the financial year ended 30 June 2014, the Board does not recommend any dividend for the financial year ended 30 June 2014.

ACKNOWLEDGEMENT

The Board would like to extend our sincere gratitude and appreciation to the management and staff at all levels for their dedicated effort and commitment. We are also grateful to our loyal shareholders as well as our customers, suppliers and business associates for their continuing confidence and support of the Group.

SIN KHENG LEE

Chairman

Corporate Structure

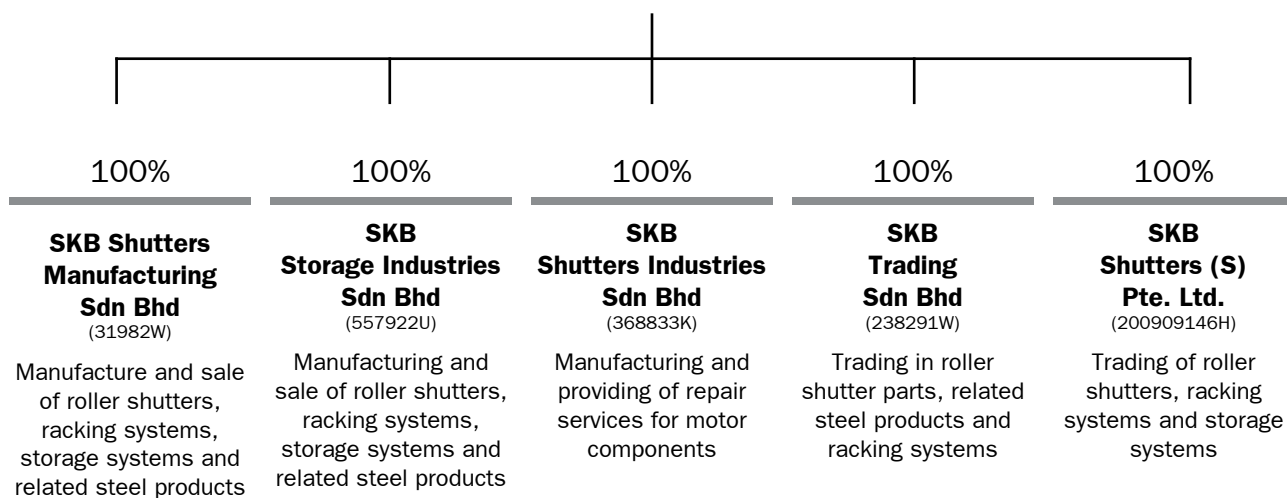


Reg. Trademark No. 85/B03843

SKB Shutters Corporation Berhad

(430362-U)

Investment Holding



Corporate Information

BOARD OF DIRECTORS

Sin Kheng Lee
(Executive Chairman and Group Managing Director)

Dato' Moehamad Izat bin Achmad Habechi Emir
(Deputy Chairman, Non-Independent Non-Executive Director)

Sin Ching San
(Executive Director)

Chou Lee Sin
(Executive Director)

Lai Lan Man @ Lai Shuk Mee
(Independent Non-Executive Director)

You Tong Lioung @ Yew Tong Leong
(Senior Independent Non-Executive Director)

Mohd Arif bin Mastol
(Independent Non-Executive Director)

Sin Siew Huey
(Executive Director)

COMPANY SECRETARY

Chin Lee Phing (MAICSA 7057836)

REGISTERED OFFICE

2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah,
10050 Penang
Tel. no. : (604) 2266 862
Fax no. : (604) 2272 391

PRINCIPAL BANKERS

Malayan Banking Berhad (3813-K)
Ambank (M) Berhad (8515-D)
Hong Leong Bank Berhad (97141-X)

AUDIT COMMITTEE

You Tong Lioung @ Yew Tong Leong *(Chairman)*
Lai Lan Man @ Lai Shuk Mee
Mohd Arif bin Mastol

NOMINATING COMMITTEE

Mohd Arif bin Mastol *(Chairman)*
You Tong Lioung @ Yew Tong Leong
Lai Lan Man @ Lai Shuk Mee

REGISTRAR

AGRITEUM Share Registration Services Sdn Bhd (578473-T)
2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang
Tel. no. : (604) 228 2321
Fax no. : (604) 227 2391

AUDITORS

KPMG (Firm No. AF 0758)
Chartered Accountants
Level 18, Hunza Tower
163E, Jalan Kelawei
10250 Penang

PRINCIPAL PLACE OF BUSINESS

Lot 22, Jalan Teknologi
Taman Sains Selangor 1
Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Website : www.skb-shutters.com

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities")

Directors' Profile

SIN KHENG LEE

Executive Chairman and Group Managing Director, age 57

Mr Sin Kheng Lee was appointed to the Board of SKBC on 10 February 2001. He holds a Diploma in Mechanical Engineering in 1979 from the Taipei Institute of Technology in Taiwan. Upon graduation, he started his career with Sin Kean Boon Industries Sdn. Bhd. for 13 years until his resignation in May 1992. During his tenure in the company, he was the Director-in-charge of the Kuala Lumpur branch from the year 1982 till May 1992.

He subsequently pursued his career in manufacturing roller shutters where he was appointed Managing Director of SKB Shutters Manufacturing Sdn. Bhd. ("SKBM") on the 25 June 1992.

He is currently responsible of the overall developments of products and businesses of SKBM, which includes overseeing the manufacturing, administrative and operating functions of the company. With his vast experience of more than 30 years in the rollers shutters industry, he has successfully brought about the rapid expansion, modernization and diversification of the company's manufacturing activities, hence provided the necessary guidance and contribution towards the management activities of the Group. He also sits on the Board of several other private companies.

He was appointed as a committee member of the Malaysia Fire Protection Association from 2009 till 2011.

DATO' MOEHAMAD IZAT BIN ACHMAD HABECHI EMIR

Deputy Chairman, Non-Independent & Non-Executive Director, age 76

Dato' Moehamad Izat was appointed to the Board of SKBC on 10 February 2001. He was appointed as a Director of SKBM on 3 March 1997. He was subsequently appointed as Deputy Chairman of SKBC on 29 August 2006. He started work after completing his secondary education. He is a prominent Malaysian businessman with extensive international business and corporate experiences.

He is the founder cum President of Malay Business and Industrialists Association of Malaysia (PERDASAMA) since it was established in December 1998. Prior to that, he was the Chairman of the Malay Chamber of Commerce, Kuala Lumpur from 1984 to 1997.

He acts as Chairman to various organizations, among others IMPSA (M) Sdn. Bhd., Emir Holdings Sdn. Bhd. and Inno-Pacific Holdings Limited, Singapore.

He is an active member of delegation for almost every International Official Visit of the country's Premier. He was one of the speakers in the, "National Summit on Achieving Zero Inflation" and he was also served as Chairman of Panel Discussion on the "State Entrepreneur Education Seminar: Business Ethics in a Secured Nation", both of the events were held in Kuala Lumpur in 1995. Apart from being a participant in many economy and social related seminars and conferences locally and abroad, he is proactive Chairman of the organization Committee for various events in such nature. Most of the events he organized and aimed to improve Malay Entrepreneurs' performance in business and industry. Recently he has been appointed as an Icon / Mentor to over 1,000 students of MARA Polytechnic College (KPTM).

He held several key positions in United Malay National Organization (UMNO). He was the Vice Chairman of UMNO Puchong Division from 1993 to 1994. He was the Vice Chairman of UMNO Subang Division from 1994 to 1995. He was elected as Permanent Chairman of Petaling Jaya Selatan UMNO Youth from 1998 to 2001. He also held the office of Chairman of the National Consumer Affairs Council of Malaysia for three terms beginning from 1995. He was a member of Petaling Jaya Municipal Council from 1992 to 1995 and a member of the Subang Jaya Municipal Council from 1996 to 1998. He has been appointed by Ministry of Agriculture Malaysia as MARDI Scientific Council Member effective since June 2003. In February 2004, he was appointed as Committee Member for Malaysia International Trade and Industry (MITI) New Industry Plan by Ministry of International Trade and Industry Malaysia.

Due to his vast achievements and public services, he was conferred with Darjah Dato' Paduka Perak (DPMP) by the Sultan of Perak and awarded with Ali Mangku Negara (AMN).

Directors' Profile

(CONT'D)

SIN CHING SAN

Executive Director, age 46

Mr Sin Ching San was appointed to the Board of SKBC on 10 February 2001. He started work after completing his secondary education. He has over 20 years of experience and exposure in the roller shutters and metal-based industry. He was appointed to the Board of SKBM on 25 June 1992. He is also the Director of several private companies. He heads the Research and Development Department of the Group, whereby his responsibilities include improvement of productivities and quality of roller shutters and other related metal-based products through innovation.

CHOU LEE SIN

Executive Director, age 55

Ms Chou Lee Sin was appointed to the Board of SKBC on 10 February 2001. She obtained a Diploma in Synthetic Commerce from Taipei, Taiwan. She started her career in Malaysia in 1982 whereby she was attached to Sin Kean Boon Metal Industries Sdn. Bhd.. She was stationed in the Kuala Lumpur branch office and was responsible for the overall administration and financial matters. In May 1992 she joined SKBM as the General Manager and was responsible for the overall administration and financial matters. She was subsequently appointed as a Director of SKBM on 26 June 1997. She is currently holding the position of General Manager in SKB Trading Sdn. Bhd. and is responsible for its finance and administration. She has accumulated over 30 years of experience in the roller shutters and metal-based industry. She also sits on the Board of several other private companies.

LAI LAN MAN @ LAI SHUK MEE

Independent Non-Executive Director, age 59

Ms Lai Lan Man was appointed to the Board of SKBC on 10 February 2001. She is a member of our Audit Committee and was appointed as member of Nominating Committee on 29 August 2013.

She obtained her first degree in B.A. (Econs) from University of Malaya in 1978 and thereafter worked in personnel management for six and a half years. She later completed her LLB through the University of London External Programme and was called to the English bar in July 1988 and then to the Malaysian Bar in 1989.

In 1990 she set-up legal practice which is now known as Messrs Lai, Yoong & Rita.

YOU TONG LIOUNG @ YEW TONG LEONG

Senior Independent Non-Executive Director, aged 78

Mr You Yong Lioung was appointed to the Board of SKBC on 10 February, 2001. He also chairs our Audit Committee. Mr You was appointed as member of Nominating Committee on 29 August 2013.

Upon graduation from Nanyang University in Singapore with a Bachelor of Commerce degree majoring in Banking, Mr You naturally chose banking as his career by joining UMBC (i.e. United Malayan Banking Corporation Berhad which is presently known as RHB Bank Berhad) on 16 December 1960. It was there he was trained intensively as a Bills Officer specializing in import and export trade financing. After one year, he was posted to several branches throughout the country as Branch Manager for a period of about 23 years.

After his rounds in the branches, he resigned from UMBC and joined the Malaysian French Bank (formerly known as French Bank, and now known as Alliance Bank) in 1985 as a Branch Manager serving in several branches for a period of about 11 years.

To further his career development, he retired from the bank in November 1996 to join a construction company as a Senior Operation Manager in Kedah.

He left the construction company in July 1998 to join Kurnia Insurans (M) Bhd, a leading general insurance company in Malaysia and Asean, as a Senior Manager until February 2012.

He was also appointed to the Board of Toyo Ink Group Berhad as an Independent Non-Executive Director on 4 August, 2003. He is also a member of their Internal Audit and Remuneration Committees.

SKBC stands to benefit significantly from Mr You vast experience and rich knowledge earned from the financial sector and other sectors over the years.

Directors' Profile

(CONT'D)

MOHD ARIF BIN MASTOL

Independent Non-Executive Director, aged 60

En Mohd Arif was appointed to the Board of SKBC on 28 June 2002. He is a member of our Audit Committee and was appointed as Chairman of Nominating Committee on 29 August 2013.

He started work after completing his Diploma in Accountancy in 1977. He then obtained his Degree in Accountancy in 1984. With that he was admitted as Member of Malaysian Institute of Accountants in 1998. He has accumulated more than 30 years of experience in Accounts, Finance & Administration with Manufacturing, Local Authority, Telecommunication and Development Company. He is also an Independent Non-Executive Director of Leader Steel Holding Berhad and Federal Furniture Holdings (M) Berhad.

SIN SIEW HUEY

Executive Director, aged 32

Ms Sin Siew Huey was appointed to the Board on 15 July 2009. She graduated from Swinburne University of Technology in Melbourne with a Master in Accounting in 2005 and Bachelor in Business, majoring in Economics and Finance from RMIT University in 2004. Upon graduation, she started her career in KPMG Malaysia as an Auditor in the field of banking and finance. She is a member of the CPA Australia.

Notes:

All the directors are Malaysian except for Chou Lee Sin who is a Taiwanese.

None of the directors has any conflict of interest with SKBC other than as disclosed in the Directors' Report and Notes to the Financial Statements. None of the directors had been convicted for offences within the past 10 years other than traffic offences.

None of the directors has any family relationship with any director and/or major shareholder of SKBC other than:

- (i) Chou Lee Sin who is the spouse of Sin Kheng Lee while Sin Ching San and Sin Kheng Lee are brothers*
- (ii) Sin Kheng Lee, Sin Ching San and Chou Lee Sin have interest in SKB Glory Sdn. Bhd., a substantial shareholder of SKBC.*
- (iii) Sin Siew Huey is the daughter of Sin Kheng Lee and Chou Lee Sin*

None of the directors has any other directorship in public companies except Dato' Moehamad Izat Bin Achmad Habechi Emir, Mr You Tong Lioung @ Yew Tong Leong and En Mohd Arif Bin Mastol whose directorship has been shown as above.

Statement on Corporate Governance

The Board of Directors of SKB Shutter Corporation Berhad (“the Board”) recognises the importance of corporate governance. To this end, the Board is pleased to report the manner in which the Company has applied the principles of the corporate governance and the extent of its compliance with the best practices set out in the Malaysian Code on Corporate Governance 2012 (“the Code”) during its financial year ended 30 June 2014.

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

Board’s Roles and Responsibilities

The objective of the principles stated in the Code is to establish the fundamental structures for effective functioning of the Board.

Principally, the responsibilities of the Board cover the areas of strategic plan, risk management, succession planning, investor relation and system of internal control of the Group. Within its areas of responsibilities, the Board ensures the Group is properly managed and continuously improves in its performance.

Board Charter

To enhance accountability, the Board has established clear functions reserved for the Board and those delegated to the Management. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. The delineation of board’s roles and responsibilities are also clearly set out in the Board Charter which serves as a reference point for Board activities and reinforces the supervisory role of the Board.

Code of Conduct

The Board has formalised its ethical standards in code of conduct. The objective of this code of conduct is to provide guidance to stakeholders on the ethical behaviors to be expected from the Group and to communicate, measure and monitor its values and performance designed to achieve objectives and to instill values into the Group.

Sustainability of Business

The Group is committed to sustainability development by balancing the shareholders’ value, the welfare of employees, community and environment in which it operates. Details of the sustainability initiatives and Corporate Social Responsibility activities are set out in Corporate Social Responsibility Statement on page 15 of this annual report.

The board charter and code of conduct are available in the company’s website for stakeholders’ information.

Supply of and Access to Information

The supply, timeliness and quality of the information affect the effectiveness of the Board to overseeing the conduct of the business and to evaluate the management performance. The Board is given and have unrestricted access to timely and appropriate information to enable it to discharge its duties. Additionally, management is invited to attend the Board and Audit Committee meetings and to brief and provide explanation to the directors on the operations of the Group. Progressively, the Board is also briefed by the Company Secretary, External Auditors and the Internal Auditors on new or changes in corporate regulatory requirements.

PRINCIPLE 2 - STRENGTHEN COMPOSITION OF THE BOARD

Board Composition and Independence

Presently, the Board has eight (8) members, comprising one (1) Non-Independent Non-Executive Director, three (3) Independent Non-Executive Directors and four (4) Executive Directors. The Company’s Article of Association provides that all directors shall retire from office every year, but shall be eligible for re-election.

Statement on Corporate Governance

(CONT'D)

PRINCIPLE 2 - STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

Board Composition and Independence (cont'd)

The Board also recognises the important of gender diversity in the Board and will continue to give due consideration in balancing its gender composition in the director nomination and appointment. Presently, the Board has three (3) female directors constituting more than one third of its composition.

Board Committees

Presently, save for Remuneration Committee, the Board has formed its Audit Committee and Nominating Committee.

Details of the Audit Committee's functions and activities are reported on pages 18 to 20.

Nominating Committee

The Board formed its Nominating Committee on 29th August 2013. The present composition of the Nominating Committee is as follows:

- Mohd. Arif Bin Mastol - Chairman, Independent Non-Executive Director
- Lai Lan Man @ Lai Shuk Mee - Member, Independent Non-Executive Director
- You Tong Lioung @ Yew Tong Leong - Member, Senior Independent Non-Executive Director

During the financial year the Nominating Committee conducted a meeting on 27 November 2013. At this meeting, the Nominating Committee:

- i. Discussed the role and responsibilities and the Term of Reference of the Nominating Committee
- ii. Reviewed the Independence Assessment for Independent Directors
- iii. Deliberated on the contribution of each director and effectiveness of the Board and Committees
- iv. Reviewed the current composition of the Board and Board Committees and their required mix of skills, integrity, knowledge, expertise and experience to function effectively under the current size of operations of the Group
- v. Reviewed and recommended to the Board for re-election of retiring directors in AGM.

Terms of Reference

1. **Composition**
The Nominating Committee ("NC") members shall be appointed by the Board from among the Directors of the Company and shall comprise exclusively non-executive directors, a majority of whom are independent directors.
2. **Quorum**
The quorum of the meeting of the NC shall be at least two (2) members, a majority of whom shall be Independent Directors.
3. **Chairman**
The Chairman of NC shall be an independent director identified by the Board. In the absence of the Chairman during the meeting, the remaining members present shall elect one of their members who must be an independent director as Chairman of the meeting.
4. **Secretary**
The Company Secretary shall act as Secretary of the NC.
5. **Meetings and Minutes**
 - a) The NC shall meet at least annually or as and when there are matters referred to them for consideration or a member may at any time and the Secretary shall on the requisition of a member, summon a meeting of the NC;
 - b) If issues shall be resolved through circular resolution, a circular resolution in writing, stating the reason(s) to arrive at a recommendation or resolution, signed by ALL members, shall be valid and effective as if it had been passed at a meeting duly convened and constituted;
 - c) Minutes of each meeting shall be circulated to NC members and presented to the Board; and
 - d) Issues discussed and actions recommended by the NC shall be presented and reported to the Board for decision.

Statement on Corporate Governance

(CONT'D)

PRINCIPLE 2 - STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

Terms of Reference (cont'd)

6. Functions

The NC shall discharge the following duties and responsibilities and report the same to the Board:

- a) To develop, maintain and review the criteria to be used in the recruitment process and annual assessment of directors;
- b) To assess and recommend to the board the candidature of directors and appointment of directors to board committees based on the individual and the directors' competencies, commitment, contribution and performance;
- c) To issue on behalf of the Board a letter of appointment to new director;
- d) To facilitate the conduct of annual performance appraisal on the Board, the board committee and the individual directors and identify the training needs for the board and its members;
- e) To facilitate board induction and its training programmes;
- f) To report the activities of NC in the annual report;
- g) Review the boardroom diversity and encourage female participation in the Board;
- h) To develop the criteria to assess independence of independent director annually and when any new interest or relationship develops;
- i) To examine and review the Board structure, size and composition and recommend to the Board on the optimum number of directors on the Board to ensure its effectiveness and to comply with regulatory requirements; and
- j) To review and report such other matters as may be delegated by the Board from time to time.

7. Access to Advice

The NC is authorized, subject to the approval of the Board, to seek independent professional advice, at the expense of the Company, in carrying out its duties.

In the absence of the Remuneration Committee, all remuneration of Directors comes under the purview of the Board. Nonetheless, directors would abstain from the Board's deliberation and discussing of his or her remuneration.

The number of Directors whose annual income falls within the following bands is set out as follows:

Remuneration Bands	Executive Directors	Non-Executive Directors
RM50,000 and below	–	4
RM300,001 – RM350,000	1	–
RM450,001 – RM500,000	2	–
RM700,001 – RM750,000	1	–

The aggregated annual remuneration paid to all Directors of the Company are further categorised into the following components:

	Fees* (RM'000)	Salaries and other emoluments (RM'000)	Bonuses (RM'000)	Benefit- in-kind (RM'000)	EPF and SOCSO (RM'000)	Total (RM'000)
Executive Directors	120	1,260	390	27	196	1,993
Non-Executive Directors	40	-	-	-	-	40

* The directors' fees paid are related to financial year 2014.

Statement on Corporate Governance

(CONT'D)

PRINCIPLE 3 - REINFORCE INDEPENDENCE OF THE BOARD

Independence is important for ensuring objectivity and fairness in board's decision making. Presently, the tenure of all the Independent Directors have exceeded a cumulative term of 9 years. The Board has noted the best practices suggested in the Code for assessing the independence of independent director. Therefore, for the purpose of seeking shareholders' approval for reappointment of these Independent Directors, the Board has conducted an assessment of independence of its Independent Directors focusing on events that would affect the ability of Independent Directors to continue bringing independent and objective judgment to board deliberation. Following are the Board justifications for the reappointment of the existing Independent Directors who have exceeded the tenure of nine years:

- All the Independent Directors continue to fulfil the criteria and definition of an Independent Director as set out under Para 1.01 of Bursa Securities' Listing Requirements;
- During their tenure of office, all the Independent Directors have not developed, established or maintained any significant personal or social relationship whether direct or indirect with the Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent and expected of them to carry out their duties as an Independent Non-Executive Director; and
- During their tenure of office, all the Independent Directors were not offered or granted any options by the Company. Other than Directors' fees and allowances paid which had been the norm and been duly disclosed in the annual reports, no other incentives or benefits of whatsoever nature had been paid to the Independent Directors that would cause biases in their objective and independent judgement in board deliberation.

The roles and responsibilities of the Chairman and Managing Director are combined and assumed by Mr Sin Kheng Lee and the present numbers of three (3) Independent Directors in the Board are below the majority number of independent directors suggested by the Code to be in the board when the board chairman is not an independent director. Nonetheless, with the presence of half of the Board members being Non-executive Directors, the Board feels that its current composition is still reasonably sufficient to ensure balance of power and authority and at the same time provides the Board with the advantage of ensuring the expectations of the Board and management are aligned with such combination of roles and responsibilities.

Further, in order to provide an avenue to the shareholders to convey their concerns, the Board has identified Mr You Tong Lioung @ Yew Tong Leong as the Senior Independent Non-Executive Director, serving as an alternative for shareholders to convey their questions and seek clarifications from the Board.

The profiles of the members of the Board are set out on pages 05 to 07 of this annual report.

PRINCIPLE 4 - FOSTER COMMITMENT OF DIRECTORS

Board Commitment

The underlying factors of directors' commitment to the Group are devotion of time and continuous improvement of knowledge and skill sets.

The Board meets at least every quarter and on other occasions, as and when necessary, to approve quarterly financial results, statutory financial statements, the annual report, business plans as well as to review the performance of the Company and its operating subsidiaries, governance matters and other business development matters.

Statement on Corporate Governance

(CONT'D)

PRINCIPLE 4 - FOSTER COMMITMENT OF DIRECTORS (CONT'D)

Board Commitment (cont'd)

During the financial year, four (4) Board meetings were held. Detail of each director's attendance is as follow:

Directors	Designation	Number of Board meetings held during Directors' tenure in office	No. of meetings attended by Directors
Sin Kheng Lee	Executive Chairman and Group Managing Director	4	3
Dato' Moehamad Izat bin Achmad Habechi Emir	Deputy Chairman, Non Independent Non-Executive Director	4	2
Sin Ching San	Executive Director	4	3
Chou Lee Sin	Executive Director	4	4
Sin Siew Huey	Executive Director	4	4
You Tong Lioung @ Yew Tong Leong	Senior Independent Non-Executive Director	4	4
Lai Lan Man @ Lai Shuk Mee	Independent Non-Executive Director	4	4
Mohd Arif Bin Mastol	Independent Non-Executive Director	4	4

Matters requiring Board decisions during the intervals between the Board meetings are circulated and approved through circular resolutions.

The Directors are fully aware of the importance of keeping abreast with the latest changes and developments in the industries in which the Company operates as well as the economic, financial and governance issues in order to enhance the effectiveness in discharging their responsibilities and duties as Directors.

All Directors have attended and completed the Mandatory Accreditation Programme. During the year, they have attended, either collectively or individually, various programs, briefings, trade shows, conferences, plant visits and speaking engagements covering areas including corporate governance, relevant industrial developments, financial, risk management, leadership and global business development to keep them updated on the latest regulatory changes as well as new developments in the industry. The Directors have also visited the Group's operations in order to better understand the environment in which the Group operates.

Seminars, development and training programmes attended by the Directors before the finalization of this Annual Report are as follows: -

- Corporate Risk Workshop
- Hands On GST
- Understanding Financial Statements & Legal Responsibility for Financial Statements Integrity
- Risk Management

The Board continues to encourage participation of Directors in various training programmes. In addition, the Directors are regularly updated by the Company Secretary on any changes to the statutory, corporate and regulatory requirements relating to Directors' duties and responsibilities or the discharge of their duties as Directors. The external auditors also have briefed the Board on changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

Statement on Corporate Governance

(CONT'D)

PRINCIPLE 5 - UPHOLD INTEGRITY IN FINANCIAL REPORTING BY THE COMPANY

Financial Reporting

The Audit Committee has the responsibility to ensure the Group's financial statements comply with applicable financial reporting standards. The integrity of financial reporting are influenced by the competency, quality and integrity of the management in charge of the preparation of financial reports and the competency, suitability and independence of external auditors.

As part of the Audit Committee review processes, the Audit Committee has obtained written assurance from the External auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. Annually, the Audit Committee also reviews the appointment, performance and remuneration of the External Auditors before recommending them to the shareholders for re-appointment in the AGM.

PRINCIPLE 6 - RECOGNIZE AND MANAGE RISKS

Risk Management

Board acknowledges that risk management is an integral part of good governance. Risk is inherent in all business activities. It is however, not the Group's objective to eliminate risk totally but to provide structural means to identify, prioritize and manage the risks involved in all the Group's activities and to balance between the cost and benefits of managing and treating risks, and the anticipated returns that will be derived from.

Further details of the Group's systems of risk management and internal control are reported in the Statement on Risk Management and Internal Control on pages 16 to 17.

Internal Audit

In accordance with the provision in the Code and the Listing Requirements of Bursa Securities, the Board outsources the internal audit function that reports directly to the Audit Committee. Further details of the internal audit function are disclosed in the Audit Committee Report as set out on page 18 of this Annual Report.

PRINCIPLE 7 - ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure

Communication with shareholders and investors of the Group are important for enhancing their appreciation and understanding of the Group's business and activities.

The results of the Group are published quarterly via the website of Bursa Malaysia Securities Berhad at <http://announcements.bursamalaysia.com>. The Company also maintains its website at <http://www.skb-shutters.com> containing essential corporate information of the Group for the interest of the general public.

The Group would continue to leverage on its corporate website to communicate, disseminate and add depth to the governance reporting. Pursuant to Para 9.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") those principal and static governance information such as charter, board committees' terms of reference, policies and codes could be separately published in the website to avoid dilution of issues in the annual report.

PRINCIPLE 8 - STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDER

Shareholders' Right

The Board recognises the need for transparency and accountability to the Company's shareholders and regular communication with its shareholders, stakeholders and investors on the performance and major developments in the Group. This is achieved through timely releases of quarterly financial results, circulars, annual reports, corporate announcement and press releases. In addition to the various announcements made during the period, information on the Company is available on the Company's website.

Statement on Corporate Governance

(CONT'D)

PRINCIPLE 8 - STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDER (CONT'D)

Shareholders' Right (cont'd)

General meetings are an important avenue through which shareholders can exercise their rights. The Board would ensure suitability of venue and timing of meeting and undertake other measures to encourage shareholders' participation in the meetings. Shareholders are reminded that they have the right to demand a poll vote at general meetings. Also, poll voting is mandated for related party transactions that require specific shareholders' approval.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that:

- i. The annual audited financial statements of the Group and of the Company are drawn up in accordance with applicable Financial Reporting Standards, the provisions of the Companies Act, 1965 and the MMLR of Bursa Securities so as to give a true and fair view of the state of affairs of the Group and the Company for the financial year, and
- ii. Proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In the preparation of the financial statements for the financial year ended 30 June 2014, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statement with reasonable and prudent judgments and estimates. The Directors are also satisfied that all relevant approved accounting standards have been followed in the preparation of the financial statements.

OTHER DISCLOSURE ITEMS

Material contracts

There were no material contracts outside the ordinary course of business entered into by the Company and its subsidiaries involving Directors and major shareholders of SKB Shutters Corporation Berhad.

Contract relating to loans

There were no contracts relating to loans by the Company in respect of this item.

Non-audit fees

During the year, a total of RM32,935.00 was paid to KPMG for non-audit services rendered.

Share buybacks

During the year, there were no share buybacks by the Company.

Options, warrants or convertible securities

No options, warrants or convertible securities were exercised by the Company during the year.

Imposition of sanctions/penalties

There were no sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or management by the relevant bodies.

Profit estimate, forecast or projection

There was no significant variance between the results for the financial year and the unaudited results previously announced. The Company did not make any release on the profit estimate, forecast or projections for the financial year.

Profit guarantee

During the year, there were no profit guarantees given by the Company.

This statement is issued in accordance with a resolution of the Directors dated 27 October 2014.

Corporate Social Responsibility Statement

In 2014, SKBC Group continued to focus on operating business diligently and accountable for decisions that impact our shareholders, investors, business partners, employees, governments, industry authorities and the communities around us.

We acknowledge the importance of both financial and non-financial strategies in our continuous efforts to maintain long-term and sustainable performance for the Group. While we focus on managing our business deliverables through improving financial profitability and shareholders' value, we are also mindful of our goals to provide a sustainable workplace for our human assets' career developments as they are critical components to our growth and to promote a sustainable socially and environmentally responsible organisation.

We consistently working towards integrating the four corporate responsibility approaches namely Community, Environment, Workplace and Trainings into our business operations with the objective to achieve a key balance towards reaching our mission, vision and business sustainability.

COMMUNITY

As a responsible and caring corporate citizen, the Group strives for the betterment of society by giving back to the community and environment it operates in, through social welfare and community development. During the year, the Group has made contributions to the following organizations: Persatuan Perayaan Por Tor Taman Sentosa Klang Selangor (Hungry Ghost Festival), Persatuan Alumni Chung Ling Wilayah Tengah, Persatuan Penganut Bodhi Dharma Vihara Malaysia, Tabung Prihatin Persatuan Bekas Polis Malaysia and Buletin Bekas Kastam Diraja Malaysia.

The spirit of giving at SKBC has been initiated in the past years and we pledge to continue giving as and when the need arises.

ENVIRONMENT

SKBC Group remains committed towards environmental conservation; continuing on recycle program as part of our efforts to reduce our environmental and carbon footprints and our commitment as an environmentally responsible organisation.

In line with SKBC Group's commitment to reduce carbon footprints, employees are encouraged to fully maximize the benefits of electronic environment (eg email, instant messaging and etc.) for communication and only print hard copy when necessary. Employees are also encouraged to print on both sides of paper to minimize paper usage. Energy efficient bulbs are used throughout and all computer peripherals, air-conditioning and lighting are switched off when not in use.

WORKPLACE

Our people are our valuable assets. The Group provides its employees a quality work environment which complies with the health and safety standard as we understand a good environment would raise the efficiency and productivity of employees besides improving the quality of life of our employees.

We practice open door policy where employees have easy accessibility to their superiors. Two-way communications are encouraged to ensure share of ideas and/or work grievances to improve work processes and working environment. Periodical downward communication sessions from key management team with subordinates are also carried out as a way to impart the Company's fundamentals and directions while addressing issues of concern.

TRAININGS

In-house and external training are provided to employees to enhance their skills and abilities which would offer excellent opportunities for career enhancement.

In addition, staff benefits such as Annual Dinner, health insurance and medical care are provided to employees.

Statement on Risk Management and Internal Control

The Board of SKB Shutters Corporation Berhad is pleased to present the following Statement on Risk Management and Internal Control (the “Statement”) for the financial year ended 30 June 2014. This Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and guided by the latest “Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers” (“the Guideline”) endorsed by the Bursa Securities.

BOARD RESPONSIBILITIES

The Board acknowledges the importance of risk management and systems of internal control and affirms that it is their responsibility to maintain the effectiveness of these systems to safeguard the shareholders’ investment and Group’s assets.

Principally, the Guideline suggests the Board to:

- Embed risk management in all aspects of the Group’s activities, which also encompasses subsidiaries of the Company; and
- Review risk management framework, processes, responsibilities and assessing whether the present policies and systems provide reasonable assurance that risk is managed appropriately.

In its effort to ensure the adequacy and integrity of the risk management and system of internal control of the Group, the Board had implemented procedures and processes to obtain assurance of the adequacy and effective of the systems of internal control in the Group.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group’s risk management continues to be driven by all Executive Directors and assisted by management. The Executive Directors and management are responsible for identifying, evaluating and monitoring of risks and taking appropriate and timely actions to manage risk. These processes are embedded and carried out as part of the Group’s operating and business management processes. External and relevant professionals would be drawn on to assist and provide advices to the management team when necessary.

In order to ensure the objectivity of the review of the risk management and systems of internal control in the Group, the Audit Committee is instituted by the Board to undertake this role. In conducting its review, the Audit Committee is assisted by the Internal Auditors who report to the Audit Committee on the state of control of the selected key functions.

Management further supplements the Audit Committee review on control and risk assessment when presenting the quarterly financial performance and results to the Audit Committee and the Board including pertinent explanations on the performance of the Group. With management consultation, the Audit Committee reviews and analyses the interim financial results in corroboration with management representations on operations and the performance of its subsidiaries as well as deliberates the annual report and audited financial statements before recommending these documents to the Board for approval.

All Executive Directors are actively involved in day to day operations of the Group. The operations of the Group are evaluated and monitored by Executive Directors when they attend the various meetings conducted at the business unit levels. These management review meetings are held at respective business unit levels to identify and resolve business and operational issues. At the same time, performance achievements are shared with all management staff members and the monitoring and supervision controls are re-enforced at the line management.

Statement on Risk Management and Internal Control

(CONT'D)

RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

In September 2014, an in-house risk awareness and assessment workshop was conducted. This workshop was attended by all Executive Directors and heads of department. The focus of this discussion was on strengthening the risk awareness and introducing a structured approach to risk management. Several important risks and actions were identified, assessed and concluded in this workshop. The outcomes of these risks and actions were documented to enable management to implement a more formalised risk monitoring process in the Group.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance to the Bursa Securities' Guidelines, management is responsible to the Board for identifying risks relevant to the business of the Group's objectives and strategies; implementing and maintaining sound systems of risk management and internal control; and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could significantly affect the Group achievement of its objective and performance.

In producing this Statement, the Board has received assurance from Managing Director and Executive Director/Chief Financial Officer that, to the best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

BOARD ASSURANCE AND LIMITATION

The Board confirms that the process for identifying, evaluating and managing significant risks in the Group is on-going. For the financial year under review, there was no material loss resulted from significant control weaknesses. The Board is satisfied that the existing level of systems of internal control and risk management are effective to enable the Group to achieve its business objectives.

While, the Board wishes to reiterate that risk management and systems of internal control would be continuously improved in line with the evolving business development, it should be noted that all risk management systems and systems of internal control could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of internal control and risk management in the Group could only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

This Statement is issued in accordance with a resolution of the Directors dated 27 October 2014.

Audit Committee Report

MEMBERSHIP

The members of the Committee during the financial year ended 30 June 2014 are as follows: -

- You Tong Lioung @ Yew Tong Leong - Chairman, Senior Independent Non-Executive Director
- Lai Lan Man @ Lai Shuk Mee - Member, Independent Non-Executive Director
- Mohd. Arif Bin Mastol - Member, Independent Non-Executive Director

ATTENDANCE AT MEETINGS

During the financial year ended 30 June 2014, four (4) Audit Committee meetings were held and the attendance of each committee member is as follows:

<i>Members</i>	<i>Number of meetings held during members' tenure in office</i>	<i>No. of meetings attended by members</i>
You Tong Lioung @ Yew Tong Leong	4	4
Lai Lan Man @ Lai Shuk Mee	4	4
Mohd. Arif Bin Mastol	4	4

ACTIVITIES

During the year, the activities undertaken by the Committee include: -

- Review of the unaudited quarterly financial reports before recommending to the Board for their approval and release of the Group's results to Bursa Malaysia Securities Berhad;
- Reviewed the annual audited financial statements of the Company and the Group with the External Auditors prior to ensure compliance with the provisions of the Companies Act, 1965, Listing Requirements of Bursa Malaysia Securities Berhad, applicable Malaysia Financial Reporting Standards and other legal and regulatory requirements prior to the submission to the Board of Directors for their approval;
- Review of the Audit Planning Memorandum with the External Auditors;
- Review of the results and issues arising from the audit and their resolutions with the External Auditors;
- Reviewed Internal Audit Plan and the scope and focus of the internal audit programmes;
- Review the internal audit reports of the Company and its operating subsidiaries prepared by the internal auditors, the audit recommendations made and management's response to the recommendations; and
- Reviewed related party transactions and conflict of interest that may arise within the Company or the Group.

INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit function to an independent internal audit services provider for the financial year ended 30 June 2014. The Internal Audit function is to assist the Board and the Audit Committee to evaluate the system of internal control, risk management and corporate governance and to provide their recommendation to the Board and the Management for further improvement.

The Internal Auditors independently reviews the risk identification practices and control processes implemented by the management and reports to the Audit Committee. The results of the reviews performed by the Internal Auditors were communicated to both Management and the Committee together with the implementation status of audit recommendations. Further details on the internal audit function are reported in the Statement on Risk Management and Internal Control on pages 16 and 17 of this annual report.

The total costs incurred for the internal audit function of the Company for the financial year was RM 31,800.00.

Audit Committee Report

(CONT'D)

TERMS OF REFERENCE

COMPOSITION

The Committee shall be appointed by the Board from amongst its members which fulfils the following requirements:

- (a) the Audit Committee must be composed of not fewer than 3 members;
- (b) all the Audit Committee members must be non-executive directors, with a majority of them being independent directors; and
- (c) at least one member of the Audit Committee: -
 - (i) must be a member of the Malaysian Institute of Accountants (“MIA”); or
 - (ii) if he is not a member of the MIA, he must have at least 3 years’ working experience and -
 - he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - (iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

If a member of the Committee resigns, dies, or for any reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of event appoint such number of new members as may be required to fill the vacancy.

No alternate director can be appointed a member of the Committee.

Quorum shall be the majority of members, whom are independent directors.

CHAIRMAN OF AUDIT COMMITTEE

The Chairman of the Committee shall be an Independent Non-Executive Director.

In the absence of the Chairman, the members of the Committee shall elect a Chairman from among their number who shall be an Independent Non-Executive Director.

MEETINGS

The Audit Committee shall hold at least four (4) regular meetings each year and such additional meetings as circumstances dictate. The agenda, together with working papers, was circulated at least one week prior to each meeting to the members of the Committee.

The Management and external auditors may appear at any meeting at the invitation of the Committee and shall appear before the Committee when required to do so. The external auditors may request a meeting if they consider that one is necessary.

The Secretary shall circulate the minutes of Committee meetings to all members of the Board.

Audit Committee Report

(CONT'D)

DUTIES AND RESPONSIBILITIES

The Committee believes its policies and procedures should remain flexible in order to best react to changing conditions and provide reasonable assurance to the Board that the accounting and reporting practises of the Group are in accordance with the requirements.

The Committee will fulfil its duties and responsibilities as follows: -

- review the following and report to the Board of Directors: -
 - with the external auditors, the audit scope and plan, including any changes to the planned scope of the audit plan;
 - with the external auditors, their evaluation of the system of internal controls, major audit findings and the management's response during the year;
 - with the external auditors, their audit report to ensure that appropriate and prompt remedial action is taken by management, for major deficiencies in controls or procedures that have been identified;
 - the assistance and cooperation given by the employees of the Group to the external auditors, and any difficulties encountered in the course of audit function, including any restriction on the scope of activities or access to required information.
- to do the following in respect of the internal audit function :-
 - review the adequacy of the scope and functions of the internal auditors, and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate action is taken on the recommendations of the internal auditors;
 - review the performance of internal auditors; and
 - approve any appointment or termination of internal auditors.
- review the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on :-
 - changes in or implementation of major accounting policy changes;
 - significant and unusual events;
 - the going concern assumption; and
 - compliance with accounting standards and other legislative and reporting requirements.
- review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- review the appointment and performance of the external auditors, the audit fee and any questions of resignation or dismissal before making recommendations to the Board.
- to consider the major findings of internal investigations and management response.
- to carry out such other functions as may be agreed to by the Committee and Board of Directors.

AUTHORITY

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee.

The Committee is authorised by the Board to obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Review of the Committee

The Board of Directors must review the term of office and performance of the Committee and each of its members at least once every 3 years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

Directors' Report

For the year ended 30 June 2014

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Loss for the year attributable to owners of the Company	227,063	42,789

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review.

DIVIDENDS

No dividend was paid since the end of the previous financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Sin Kheng Lee - Chairman and Managing Director
 Dato' Moehamad Izat bin Achmad Habechi Emir
 Sin Ching San
 Chou Lee Sin
 Sin Siew Huey
 You Tong Lioung @ Yew Tong Leong
 Lai Lan Man @ Lai Shuk Mee
 Mohd. Arif Bin Mastol

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses and/or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

Directors' Report

For the year ended 30 June 2014
(CONT'D)

DIRECTORS' INTERESTS IN SHARES (CONT'D)

	Number of ordinary shares of RM1 each			Balance at 30.6.2014
	Balance at 1.7.2013	Bought	(Sold)	
Direct Interest				
<u>The Company</u>				
Sin Kheng Lee - own	2,010,000	-	-	2,010,000
Sin Ching San - own	10,000	-	-	10,000
- others *	10,000	-	-	10,000
Dato' Moehammad Izat bin Achmad Habechi Emir - own	3,328,597	11,000	-	3,339,597
Chou Lee Sin - own	10,000	-	-	10,000
Lai Lan Man @ Lai Shuk Mee - own	15,000	-	-	15,000
You Tong Lioung @ Yew Tong Leong - own	10,000	-	-	10,000
<u>Holding company</u>				
- SKB Glory Sdn. Bhd.				
Sin Kheng Lee - own	971,250	-	-	971,250
Sin Ching San - own	416,250	-	-	416,250
Deemed interest				
<u>The Company</u>				
Sin Kheng Lee - own	22,847,607	-	-	22,847,607
Sin Ching San - own	22,847,607	-	-	22,847,607
<u>Holding company</u>				
- SKB Glory Sdn. Bhd.				
Sin Kheng Lee - own	112,500	-	-	112,500

* Shares held in the name of the spouse are treated as the interests of the Director in accordance with Section 134(12) (c) of the Companies Act, 1965.

By virtue of their interests in the shares of the Company, Messrs Sin Kheng Lee and Sin Ching San are also deemed interested in the ordinary shares of all the subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Directors holding office at 30 June 2014 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Company or of its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 23 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report

For the year ended 30 June 2014
(CONT'D)

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up capital of the Company and no debentures were in issue during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 June 2014 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SUBSEQUENT EVENT

The details of such event are disclosed in Note 29 to the financial statements.

Directors' Report

For the year ended 30 June 2014
(CONT'D)

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Sin Kheng Lee

.....
Sin Ching San

Penang,

Date: 27 October 2014

Consolidated Statement of Financial Position

As at 30 June 2014

	Note	2014 RM	2013 RM
Assets			
Property, plant and equipment	3	37,683,338	41,549,581
Investment properties	4	1,453,759	1,690,008
Prepaid lease payments	5	5,765,641	6,103,133
Investment in an associate	7	-	1,733,881
Total non-current assets		<u>44,902,738</u>	<u>51,076,603</u>
Inventories	8	27,564,642	31,221,061
Current tax assets		692,318	927,358
Trade and other receivables	9	21,718,196	21,294,480
Cash and cash equivalents	10	6,065,627	2,588,402
		<u>56,040,783</u>	<u>56,031,301</u>
Asset classified as held for sale	11	1,899,861	-
Total current assets		<u>57,940,644</u>	<u>56,031,301</u>
Total assets		<u>102,843,382</u>	<u>107,107,904</u>
Equity			
Share capital	12	40,000,000	40,000,000
Reserves	13	36,554,858	36,794,675
Total equity attributable to owners of the Company		<u>76,554,858</u>	<u>76,794,675</u>
Liabilities			
Loans and borrowings	14	1,973,560	2,592,915
Deferred tax liabilities	15	1,469,843	1,249,804
Total non-current liabilities		<u>3,443,403</u>	<u>3,842,719</u>
Loans and borrowings	14	11,279,046	13,956,698
Current tax payables		1,756	-
Trade and other payables	16	11,564,319	12,513,812
Total current liabilities		<u>22,845,121</u>	<u>26,470,510</u>
Total liabilities		<u>26,288,524</u>	<u>30,313,229</u>
Total equity and liabilities		<u>102,843,382</u>	<u>107,107,904</u>

The notes on pages 34 to 78 are an integral part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Note	2014 RM	2013 RM
Continuing operations			
Revenue	17	55,044,016	52,391,513
Cost of sales		(43,102,150)	(41,134,811)
Gross profit		<u>11,941,866</u>	<u>11,256,702</u>
Other operating income		1,533,863	1,718,461
Distribution expenses		(1,157,793)	(1,051,040)
Administrative expenses		(11,107,141)	(11,139,096)
Other operating expenses		(524,109)	(2,985,313)
Results from operating activities		<u>686,686</u>	<u>(2,200,286)</u>
Finance income		28,028	34,760
Finance costs	18	(656,316)	(847,460)
Net finance costs		(628,288)	(812,700)
Share of profit of an equity-accounted associate, net of tax		400,980	494,236
Profit/(Loss) before tax	19	<u>459,378</u>	<u>(2,518,750)</u>
Tax expense	21	(686,441)	285,661
Loss for the year		<u>(227,063)</u>	<u>(2,233,089)</u>
Other comprehensive expense for the year, net of tax			
Item that is or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operation		(12,754)	(9,047)
Total comprehensive expense for the year		<u>(239,817)</u>	<u>(2,242,136)</u>
Loss for the year attributable to owners of the Company		<u>(227,063)</u>	<u>(2,233,089)</u>
Total comprehensive expense for the year attributable to owners of the Company		<u>(239,817)</u>	<u>(2,242,136)</u>
Loss per ordinary share (sen)	22	<u>(0.57)</u>	<u>(5.58)</u>

The notes on pages 34 to 78 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	<i>Non-distributable</i>			<i>Distributable</i>		Total equity RM
	Share capital RM	Share premium RM	Translation reserve RM	Capital redemption reserve RM	Retained earnings RM	
At 1 July 2012	40,000,000	1,498,324	-	30,000	37,508,487	79,036,811
Foreign currency translation differences for foreign operation representing total other comprehensive expense for the year	-	-	(9,047)	-	-	(9,047)
Loss for the year	-	-	-	-	(2,233,089)	(2,233,089)
Total comprehensive expense for the year	-	-	(9,047)	-	(2,233,089)	(2,242,136)
At 30 June 2013	40,000,000	1,498,324	(9,047)	30,000	35,275,398	76,794,675
/At 1 July 2013	40,000,000	1,498,324	(9,047)	30,000	35,275,398	76,794,675
Foreign currency translation differences for foreign operation representing total other comprehensive expense for the year	-	-	(12,754)	-	-	(12,754)
Loss for the year	-	-	-	-	(227,063)	(227,063)
Total comprehensive expense for the year	-	-	(12,754)	-	(227,063)	(239,817)
At 30 June 2014	40,000,000	1,498,324	(21,801)	30,000	35,048,335	76,554,858
	Note 12		Note 13			

The notes on pages 34 to 78 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	Note	2014 RM	2013 RM
Cash flows from operating activities			
Profit/(Loss) before tax from continuing operations		459,378	(2,518,750)
Adjustments for:			
Amortisation of prepaid lease payments	5	337,492	337,492
Depreciation of property, plant and equipment	3	4,967,715	5,099,399
Depreciation of investment properties	4	11,174	8,244
Gain on disposal of property, plant and equipment	19	(372,787)	(662,320)
Loss on disposal of investment properties	19	90,075	-
Plant and equipment written off	19	16,390	-
Interest income	19	(28,028)	(34,760)
Interest expense	18	656,316	847,460
Share of profit after tax of an equity-accounted associate		(400,980)	(494,236)
Operating profit before changes in working capital		5,736,745	2,582,529
Changes in working capital:			
Inventories		3,656,419	1,581,209
Trade and other receivables		(415,113)	(201,051)
Trade and other payables		(977,078)	2,732,485
Cash generated from operations		8,000,973	6,695,172
Tax paid		(229,606)	(1,184,572)
Dividend received		235,000	220,000
Net cash from operating activities		8,006,367	5,730,600
Cash flows from investing activities			
Purchase of investment properties	4	-	(230,429)
Purchase of plant and equipment	A	(267,130)	(1,095,039)
Proceeds from disposal of investment properties		135,000	-
Proceeds from disposal of plant and equipment		597,500	699,498
Interest received		28,028	34,760
Net cash from/(used in) investing activities		493,398	(591,210)
Cash flows from financing activities			
Repayment of term loans		(1,412,233)	(4,659,943)
Repayment of finance lease liabilities		(1,756,178)	(2,274,505)
Repayment of borrowings, net		(1,162,638)	(83,101)
Interest paid		(656,316)	(847,460)
Net cash used in financing activities		(4,987,365)	(7,865,009)

Consolidated Statement of Cash Flows

For the year ended 30 June 2014
(CONT'D)

	Note	2014 RM	2013 RM
Net increase/(decrease) in cash and cash equivalents		3,512,400	(2,725,619)
Effect of exchange rate fluctuation on cash and cash equivalents		6,139	(365)
Cash and cash equivalents at 1 July		(215,337)	2,510,647
Cash and cash equivalents at 30 June	B	<u>3,303,202</u>	<u>(215,337)</u>

NOTES

A. *Purchase of plant and equipment*

During the financial year, the Group acquired plant and equipment as follows:

	Note	2014 RM	2013 RM
Purchase of plant and equipment	3	1,342,486	3,482,199
Less : Acquired through finance leases		(1,075,356)	(2,387,160)
		<u>267,130</u>	<u>1,095,039</u>

B. *Cash and cash equivalents*

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following consolidated statement of financial position amounts:

	Note	2014 RM	2013 RM
Short term deposits with licensed banks	10	3,266,362	1,138,587
Cash and bank balances	10	2,799,265	1,449,815
Bank overdrafts	14	(2,762,425)	(2,803,739)
		<u>3,303,202</u>	<u>(215,337)</u>

The notes on pages 34 to 78 are an integral part of these financial statements.

Statement of Financial Position

As at 30 June 2014

	Note	2014 RM	2013 RM
Assets			
Investment in subsidiaries	6	17,814,745	17,814,745
Investment in an associate	7	-	347,961
Total non-current assets		17,814,745	18,162,706
Current tax assets		5,111	70,443
Other receivables	9	21,071,095	23,232,925
Cash and cash equivalents	10	3,318,507	1,126,184
		24,394,713	24,429,552
Assets classified as held for sale	11	347,961	-
Total current assets		24,742,674	24,429,552
Total assets		42,557,419	42,592,258
Equity			
Share capital	12	40,000,000	40,000,000
Reserves	13	2,361,329	2,404,118
Total equity attributable to owners of the Company		42,361,329	42,404,118
Liability			
Other payables	16	196,090	188,140
Total current liability		196,090	188,140
Total equity and liability		42,557,419	42,592,258

The notes on pages 34 to 78 are an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Note	2014 RM	2013 RM
Continuing operations			
Revenue	17	235,000	220,000
Other operating income		30,000	25,500
Administrative expenses		(333,097)	(298,712)
Results from operating activities		<u>(68,097)</u>	<u>(53,212)</u>
Finance income		27,739	34,754
Loss before tax	19	<u>(40,358)</u>	<u>(18,458)</u>
Tax expense	21	(2,431)	(2,042)
Loss for the year representing total comprehensive expense for the year attributable to owners of the Company		<u>(42,789)</u>	<u>(20,500)</u>

The notes on pages 34 to 78 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2014

	<i>Non-distributable</i>	<i>Share</i>	<i>Distributable</i>	<i>Total</i>
	Share	Share	Retained	equity
	capital	premium	earnings	RM
	RM	RM	RM	RM
At 1 July 2012	40,000,000	1,498,324	926,294	42,424,618
Loss for the year representing total comprehensive expense for the year	-	-	(20,500)	(20,500)
At 30 June 2013/1 July 2013	40,000,000	1,498,324	905,794	42,404,118
Loss for the year representing total comprehensive expense for the year	-	-	(42,789)	(42,789)
At 30 June 2014	40,000,000	1,498,324	863,005	42,361,329
	Note 12	—————	Note 13	—————

The notes on pages 34 to 78 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2014

	Note	2014 RM	2013 RM
Cash flows from operating activities			
Loss before tax from continuing operations		(40,358)	(18,458)
Adjustments for:			
Dividend income	17	(235,000)	(220,000)
Interest income	19	(27,739)	(34,754)
Operating loss before changes in working capital		<u>(303,097)</u>	<u>(273,212)</u>
Changes in working capital :			
Other receivables		2,161,830	(1,138,311)
Other payables		7,950	-
Cash generated from/(used in) operations		<u>1,866,683</u>	<u>(1,411,523)</u>
Tax refunded/(paid)		62,901	(2,185)
Dividend received		235,000	220,000
Net cash from/(used in) operating activities		<u>2,164,584</u>	<u>(1,193,708)</u>
Cash flows from investing activity			
Interest received		27,739	34,754
Net cash from investing activity		27,739	34,754
Net increase/(decrease) in cash and cash equivalents		<u>2,192,323</u>	<u>(1,158,954)</u>
Cash and cash equivalents at 1 July		1,126,184	2,285,138
Cash and cash equivalents at 30 June	10	<u>3,318,507</u>	<u>1,126,184</u>

The notes on pages 34 to 78 are an integral part of these financial statements.

Notes to the Financial Statements

SKB Shutters Corporation Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows:

Registered office

2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang

Principal place of business

Lot 22, Jalan Teknologi
Taman Sains Selangor 1
Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred as "Group entities") and the Group's interest in an associate. The financial statements of the Company as at and for the financial year ended 30 June 2014 do not include other entities.

The Company is principally engaged in investment holding activities. The principal activities of its subsidiaries are set out in Note 6 to the financial statements.

The holding company is SKB Glory Sdn. Bhd., a company incorporated in Malaysia.

These financial statements were authorised for issue by the Board of Directors on 27 October 2014.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting**
- IC Interpretation 21, *Levies**

Notes to the Financial Statements

(CONT'D)

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)**
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits - Defined Benefit Plans: Employee Contributions**
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)**
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, *Regulatory Deferral Accounts#*
- Amendments to MFRS 116 and MFRS 138, *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 11, *Accounting for Acquisitions of Interests in Joint Operations#*
- Amendments to MFRS 116 and MFRS 141, *Agriculture: Bearer Plants#*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- MFRS 9, *Financial Instruments - Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 July 2014 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014 and 1 July 2014, except for those indicated with "*" which are not applicable to the Group and the Company.
- from the annual period beginning on 1 July 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for those indicated with "#" which are not applicable to the Group and the Company.
- from the annual period beginning on 1 July 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.

The initial application of the above mentioned accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior periods financial statements of the Group and the Company except as mentioned below :

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 9.

Notes to the Financial Statements

(CONT'D)

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces MFRS 118, *Revenue* and introduces a new revenue recognition model for contracts with customers and new disclosure requirements. The adoption of MFRS 15 will result in a change in accounting policy. The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 and Note 4 - Impairment of property, plant and equipment and investment properties
- Note 8 - Valuation of inventories
- Note 9 - Impairment of trade and other receivables

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Notes to the Financial Statements

(CONT'D)

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(i) Subsidiaries (cont'd)

The Group adopted MFRS 10, *Consolidated Financial Statements* in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Notes to the Financial Statements

(CONT'D)

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in an associate is accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associate, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investment in an associate is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associate are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the Financial Statements

(CONT'D)

2. Significant accounting policies (cont'd)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting dates except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR in equity.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

Notes to the Financial Statements

(CONT'D)

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows :

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(j)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Notes to the Financial Statements

(CONT'D)

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(iii) Financial guarantee contracts (cont'd)

Fair value arising from financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Notes to the Financial Statements

(CONT'D)

2. Significant accounting policies (cont'd)

(d) Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" or "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The depreciation rates for the current and comparative periods are as follows:

Buildings	2% - 4.74%
Plant and machinery	10% - 20%
Furniture, fittings, fixtures and equipment	20%
Motor vehicles	20%

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

Notes to the Financial Statements

(CONT'D)

2. Significant accounting policies (cont'd)

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Ordinary shares

Ordinary shares are classified as equity.

(ii) Issues expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(g) Investment properties

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

Notes to the Financial Statements

(CONT'D)

2. Significant accounting policies (cont'd)

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(j) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as investments in subsidiaries and an associate) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

(ii) Other assets

The carrying amounts of other assets except for inventories are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Notes to the Financial Statements

(CONT'D)

2. Significant accounting policies (cont'd)

(j) Impairment (cont'd)

(ii) Other assets (cont'd)

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(k) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(l) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Notes to the Financial Statements

(CONT'D)

2. Significant accounting policies (cont'd)

(n) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(o) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Services

Revenue from services rendered is recognised in profit or loss upon services performed.

(iii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Notes to the Financial Statements

(CONT'D)

2. Significant accounting policies (cont'd)

(p) Income tax (cont'd)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(q) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Chairman and Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(s) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as an expense as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

Notes to the Financial Statements

(CONT'D)

2. Significant accounting policies (cont'd)

(s) Research and development (cont'd)

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(t) Non-current assets held for sale

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is allocated to assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment properties, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates ceases once classified as held for sale.

(u) Fair value measurement

From 1 July 2013, the Group adopted MFRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In accordance with the transitional provision of MFRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of MFRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures.

Notes to the Financial Statements

(CONT'D)

3. Property, plant and equipment - Group

	Buildings RM	Plant and machinery RM	Furniture, fittings, fixtures and equipment RM	Motor vehicles RM	Total RM
Cost					
At 1 July 2012	33,002,000	36,483,829	10,977,223	7,375,748	87,838,800
Additions	-	1,365,395	595,639	1,521,165	3,482,199
Disposals	-	(199,220)	-	(1,967,249)	(2,166,469)
At 30 June 2013/1 July 2013	33,002,000	37,650,004	11,572,862	6,929,664	89,154,530
Additions	-	868,300	203,951	270,235	1,342,486
Disposals	(253,368)	-	-	(477,110)	(730,478)
Write off	-	-	(347,512)	-	(347,512)
Effect of movement in exchange rate	-	-	137	-	137
At 30 June 2014	32,748,632	38,518,304	11,429,438	6,722,789	89,419,163
Depreciation and impairment loss					
At 1 July 2012					
Accumulated depreciation	1,636,980	29,128,277	8,390,013	5,207,391	44,362,661
Accumulated impairment loss	-	272,180	-	-	272,180
	1,636,980	29,400,457	8,390,013	5,207,391	44,634,841
Depreciation for the year	1,636,980	1,708,289	854,455	899,675	5,099,399
Disposals	-	(186,955)	-	(1,942,336)	(2,129,291)
At 30 June 2013					
Accumulated depreciation	3,273,960	30,649,611	9,244,468	4,164,730	47,332,769
Accumulated impairment loss	-	272,180	-	-	272,180
	3,273,960	30,921,791	9,244,468	4,164,730	47,604,949

Notes to the Financial Statements

(CONT'D)

3. Property, plant and equipment - Group (cont'd)

	Buildings RM	Plant and machinery RM	Furniture, fittings, fixtures and equipment RM	Motor vehicles RM	Total RM
At 1 July 2013					
Accumulated depreciation	3,273,960	30,649,611	9,244,468	4,164,730	47,332,769
Accumulated impairment loss	-	272,180	-	-	272,180
	3,273,960	30,921,791	9,244,468	4,164,730	47,604,949
Depreciation for the year	1,634,066	1,579,479	837,891	916,279	4,967,715
Disposals	(53,028)	-	-	(452,737)	(505,765)
Write off	-	-	(331,122)	-	(331,122)
Effect of movement in exchange rate	-	-	48	-	48
At 30 June 2014					
Accumulated depreciation	4,854,998	32,229,090	9,751,285	4,628,272	51,463,645
Accumulated impairment loss	-	272,180	-	-	272,180
	4,854,998	32,501,270	9,751,285	4,628,272	51,735,825
Carrying amounts					
At 30 June 2013/1 July 2013	29,728,040	6,728,213	2,328,394	2,764,934	41,549,581
At 30 June 2014	27,893,634	6,017,034	1,678,153	2,094,517	37,683,338

3.1 Leased plant and equipment

The carrying amounts of plant and equipment acquired under finance lease arrangements are as follows:

	2014 RM	2013 RM
Plant and machinery	2,679,214	4,173,392
Motor vehicles	2,088,527	2,754,749

3.2 Security

The buildings of the Group with an aggregate carrying amount of RM Nil (2013 : RM29,526,415) are charged to bank as securities for term loan granted to a subsidiary (Note 14).

Notes to the Financial Statements

(CONT'D)

4. Investment properties - Group

	Note	RM
Cost		
At 1 July 2012		2,146,579
Additions		230,429
At 30 June 2013/1 July 2013		<u>2,377,008</u>
Disposals		(230,429)
At 30 June 2014		<u>2,146,579</u>
Depreciation and impairment losses		
At 1 July 2012		
Accumulated depreciation		138,514
Accumulated impairment loss		540,242
		678,756
Depreciation for the year	19	8,244
At 30 June 2013/1 July 2013		
Accumulated depreciation		146,758
Accumulated impairment loss		540,242
		687,000
Depreciation for the year	19	11,174
Disposals		(5,354)
At 30 June 2014		
Accumulated depreciation		152,578
Accumulated impairment loss		540,242
		<u>692,820</u>
Carrying amounts		
At 30 June 2013/1 July 2013		<u>1,690,008</u>
At 30 June 2014		<u>1,453,759</u>

Notes to the Financial Statements

(CONT'D)

4. Investment properties - Group (cont'd)

The carrying amounts of the investment properties consist of the following:

	2014	2013
	RM	RM
Freehold land	1,084,000	1,084,000
Factory building, apartments and shop office	369,759	606,008
	<u>1,453,759</u>	<u>1,690,008</u>

Investment properties comprise a number of commercial properties that are leased to third parties. No contingent rents are charged.

The fair value of the investment properties as at 30 June 2014 is classified as level 3 of fair value hierarchy and is estimated at approximately RM2.78 million (2013 : RM2.35 million) based on the Directors' estimation using the latest available market information and recent experience and knowledge in the location and category property being valued.

Estimation uncertainty and key assumptions

The Directors estimate the fair value of the Group's investment properties based on the following key assumptions:

- Comparison of the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities;
- Enquiries from relevant property valuers and real estate agents on market conditions and changing market trends.

The following are recognised in profit or loss in respect of the investment properties:

	Note	2014	2013
		RM	RM
Rental income	19	495,958	366,684
Direct operating expenses:			
- income generating investment properties		5,324	1,302
- non-income generating investment properties		<u>3,244</u>	<u>652</u>

Notes to the Financial Statements

(CONT'D)

5. Prepaid lease payments - Group

	Note	Unexpired period of less than 50 years RM
Cost		
At 1 July 2012/30 June 2013/30 June 2014		<u>9,221,353</u>
Amortisation		
At 1 July 2012		2,780,728
Amortisation for the year	19	337,492
At 30 June 2013/1 July 2013		<u>3,118,220</u>
Amortisation for the year	19	337,492
At 30 June 2014		<u>3,455,712</u>
Carrying amounts		
At 30 June 2013/1 July 2013		<u>6,103,133</u>
At 30 June 2014		<u>5,765,641</u>

The title deed of the short term leasehold land is still in the process of being transferred from the relevant authorities to a subsidiary and were charged as security for term loan granted to a subsidiary (Note 14).

There is an option to renew the lease of the short term leasehold land for a period of another 30 years upon its expiry in July 2031 and is subject to terms and conditions to be agreed upon between the subsidiary and Perbadanan Kemajuan Negeri Selangor.

6. Investment in subsidiaries - Company

	2014 RM	2013 RM
Unquoted shares, at cost	<u>17,814,745</u>	<u>17,814,745</u>

Notes to the Financial Statements

(CONT'D)

6. Investment in subsidiaries - Company (cont'd)

Details of the subsidiaries are as follows:

Name of entity	Effective ownership interest and voting interest		Principal activities
	2014	2013	
	%	%	
SKB Shutters Manufacturing Sdn. Bhd.	100	100	Manufacture and sale of roller shutters, racking systems, storage system and related steel products
SKB Trading Sdn. Bhd.	100	100	Trading in roller shutters parts, related steel products and racking systems
SKB Shutters Industries Sdn. Bhd.	100	100	Manufacturing and providing of repair services for motor components
SKB Storage Industries Sdn. Bhd.	100	100	Manufacture and sale of roller shutters, racking systems, storage system and related steel products
SKB Shutters (S) Pte. Ltd. #	100	100	Trading of roller shutters, racking systems and storage systems

All the above subsidiaries are incorporated in Malaysia, except for SKB Shutters (S) Pte. Ltd. which is incorporated in Singapore.

Not audited by KPMG.

7. Investment in an associate

	Note	2014 RM	2013 RM
Group			
Unquoted shares, at cost		347,961	347,961
Share of post-acquisition reserves		1,551,900	1,385,920
Transfer to assets classified as held for sale	11	(1,899,861)	-
		-	1,733,881
Company			
Unquoted shares, at cost		347,961	347,961
Transfer to assets classified as held for sale	11	(347,961)	-
		-	347,961

Notes to the Financial Statements

(CONT'D)

7. Investment in an associate (cont'd)

Details of the associate are as follows:

Name of entity	Principal place of business	Principal activities	Effective ownership interest and voting interest	
			2014 %	2013 %
Ryde (Malaysia) Sdn. Bhd. ("Ryde")	Malaysia	Manufacturing of bicycle alloy rims	20	20

The following table summarises the information of the Group's associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	2014 RM	2013 RM
Group		
Summarised financial information		
As at 30 June		
Non-current assets	926,258	1,120,554
Current assets	10,637,736	9,884,548
Current liabilities	(2,064,681)	(2,335,690)
Net assets	<u>9,499,313</u>	<u>8,669,412</u>
Year ended 30 June		
Profit from continuing operations representing total comprehensive income	<u>2,004,899</u>	<u>2,471,183</u>
Included in the total comprehensive income is:		
Revenue	<u>10,973,884</u>	<u>13,232,040</u>
Reconciliation of net assets to carrying amount		
As at 30 June		
Group's share of net assets	<u>1,899,861</u>	<u>1,733,881</u>
Group's share of results		
Year ended 31 December		
Group's share of profit from continuing operations representing Group's share of total comprehensive income	<u>400,980</u>	<u>494,236</u>
Other information		
Dividend received	<u>235,000</u>	<u>220,000</u>

Notes to the Financial Statements

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8. Inventories - Group

	2014	2013
	RM	RM
Raw materials	15,810,773	17,107,719
Work-in-progress	2,000,692	1,859,352
Manufactured inventories	9,753,177	12,253,990
	<u>27,564,642</u>	<u>31,221,061</u>

The write down of inventories during the year amounted to RM64,000 (2013: RM2,336,353) and is included in the cost of sales.

9. Trade and other receivables

	Note	Group		Company	
		2014	2013	2014	2013
		RM	RM	RM	RM
Trade					
Trade receivables		20,326,716	20,407,944	-	-
Non-trade					
Other receivables		244,978	175,597	-	-
Amount due from subsidiaries	9.1	-	-	21,070,095	23,231,925
Deposits		364,675	244,125	1,000	1,000
Prepayments		781,827	466,814	-	-
		<u>1,391,480</u>	<u>886,536</u>	<u>21,071,095</u>	<u>23,232,925</u>
		<u>21,718,196</u>	<u>21,294,480</u>	<u>21,071,095</u>	<u>23,232,925</u>

9.1 Amount due from subsidiaries

The non-trade amount due from subsidiaries is unsecured, interest-free and repayable on demand.

10. Cash and cash equivalents

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Short term deposits with licensed banks	3,266,362	1,138,587	3,227,514	1,101,042
Cash and bank balances	2,799,265	1,449,815	90,993	25,142
	<u>6,065,627</u>	<u>2,588,402</u>	<u>3,318,507</u>	<u>1,126,184</u>

Notes to the Financial Statements

(CONT'D)

11. Asset classified as held for sale - Group/Company

On 30 June 2014, the Directors resolved to dispose of entire its investment in an associate of the Group and of the Company with a carrying amount of RM1,899,861 and RM347,961 respectively. Efforts to dispose of the investment in the associate have commenced, and the sale is expected to be completed in the financial year ending 30 June 2015.

12. Share capital - Group/Company

	2014		2013	
	Amount RM	Number of shares	Amount RM	Number of shares
Ordinary shares of RM1 each:				
Authorised	50,000,000	50,000,000	50,000,000	50,000,000
Issued and fully paid	40,000,000	40,000,000	40,000,000	40,000,000

13. Reserves

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Non-distributable					
Share premium	13.1	1,498,324	1,498,324	1,498,324	1,498,324
Capital redemption reserve	13.2	30,000	30,000	-	-
Translation reserve	13.3	(21,801)	(9,047)	-	-
		1,506,523	1,519,277	1,498,324	1,498,324
Distributable					
Retained earnings	13.4	35,048,335	35,275,398	863,005	905,794
		36,554,858	36,794,675	2,361,329	2,404,118

13.1 Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

13.2 Capital redemption reserve

Capital redemption reserve represents the amount appropriated from retained earnings in relation to a previous redemption of 500% cumulative redeemable preference shares of RM1 each in a subsidiary.

13.3 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operation.

13.4 Retained earnings

The entire retained earnings of the Company is eligible to be paid out as dividends under the single tier company income tax systems in accordance with the Finance Act, 2007.

Notes to the Financial Statements

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14. Loans and borrowings - Group

	Note	2014 RM	2013 RM
Non-current			
<i>Secured</i>			
Finance lease liabilities	14.1	1,973,560	2,592,915
Current			
<i>Secured</i>			
Term loan		-	1,412,233
Finance lease liabilities	14.1	1,577,178	1,638,645
		1,577,178	3,050,878
<i>Unsecured</i>			
Bank overdrafts		2,762,425	2,803,739
Bankers' acceptances		2,887,000	4,941,000
Revolving credits		2,000,000	2,000,000
Foreign currency loans		2,052,443	698,567
Off shore credit loan		-	462,514
		9,701,868	10,905,820
		11,279,046	13,956,698

14.1 Finance lease liabilities

Finance lease liabilities are payable as follows:

	2014			2013		
	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM
Less than one year	1,733,563	156,385	1,577,178	1,828,986	190,341	1,638,645
Between one and five years	2,103,981	130,421	1,973,560	2,780,765	187,850	2,592,915
	3,837,544	286,806	3,550,738	4,609,751	378,191	4,231,560

14.2 Securities

The secured borrowings were secured by certain property, plant and equipment and prepaid leasehold land of the Group (see Note 3 and Note 5 respectively).

The finance lease liabilities are effectively secured as the rights to the assets under finance lease will revert to the finance lease creditors in the event of default.

Notes to the Financial Statements

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15. Deferred tax liabilities - Group

	2014 RM	2013 RM
Property, plant and equipment		
- capital allowances	1,278,040	1,652,000
- revaluation	2,422,843	2,468,804
- reinvestment allowance	(1,567,206)	(2,239,000)
Provisions	(663,834)	(632,000)
	1,469,843	1,249,804

Movement in temporary differences during the year

	At 1.7.2012 RM	Recognised in profit or loss (Note 21) RM	At 30.6.2013 RM	Recognised in profit or loss (Note 21) RM	At 30.6.2014 RM
Property, plant and equipment					
- capital allowance	2,469,160	(817,160)	1,652,000	(373,960)	1,278,040
- revaluation	2,514,765	(45,961)	2,468,804	(45,961)	2,422,843
- reinvestment allowance	(2,419,000)	180,000	(2,239,000)	671,794	(1,567,206)
Provisions	(455,160)	(176,840)	(632,000)	(31,834)	(663,834)
	2,109,765	(859,961)	1,249,804	220,039	1,469,843

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	2014 RM	2013 RM
Unabsorbed capital allowances	-	548,000
Unutilised reinvestment allowance	400,000	264,000
Unutilised tax losses	1,748,000	1,748,000
Others	324,000	320,000
	2,472,000	2,880,000

The unabsorbed capital allowances, unutilised reinvestment allowance, unutilised tax losses and other temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group entities can utilise the benefits therefrom.

Notes to the Financial Statements

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16. Trade and other payables

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Trade					
Trade payables		7,739,954	8,187,637	-	-
Non-trade					
Amount due to a Director	16.1	203,552	500,000	-	-
Other payables	16.2	1,761,150	1,907,558	5,300	2,650
Accruals		1,859,663	1,918,617	190,790	185,490
		3,824,365	4,326,175	196,090	188,140
		<u>11,564,319</u>	<u>12,513,812</u>	<u>196,090</u>	<u>188,140</u>

16.1 Amount due to a Director

The non-trade amount due to a Director is unsecured, interest free and payable on demand.

16.2 Other payables

Included in other payables of the Group is an amount of RM820,892 (2013 : RM848,264) representing advance payments from customers.

17. Revenue

		Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Sales		55,044,016	52,391,513	-	-
Gross dividend from an associate		-	-	235,000	220,000
		<u>55,044,016</u>	<u>52,391,513</u>	<u>235,000</u>	<u>220,000</u>

18. Finance costs - Group

	2014 RM	2013 RM
Interest expense on:		
Foreign currency loans	31,281	21,662
Bank overdrafts	101,254	99,020
Bankers' acceptances	209,734	238,230
Revolving credits	94,090	94,170
Finance lease liabilities	211,686	225,701
Term loan	8,271	168,677
	<u>656,316</u>	<u>847,460</u>

Notes to the Financial Statements

(CONT'D)

19. Profit/(Loss) before tax

Profit/(Loss) before tax is arrived at after charging:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Auditors' remuneration				
Audit fees				
- KPMG Malaysia	89,000	89,000	24,000	24,000
- Other auditors	10,280	9,950	-	-
Non-audit fees				
- KPMG Malaysia	6,000	6,000	-	-
- Affiliates of KPMG Malaysia	26,935	25,890	2,890	2,000
Depreciation of:				
- property, plant and equipment (Note 3)	4,967,715	5,099,399	-	-
- investment properties (Note 4)	11,174	8,244	-	-
Amortisation of prepaid lease payments (Note 5)	337,492	337,492	-	-
Rental of equipment	76,350	34,817	-	-
Research and development expenses	654,941	599,738	-	-
Impairment loss on trade receivables	7,804	152,897	-	-
Rental of premises	75,135	84,560	-	-
Inventories written off	-	253,753	-	-
Bad debts written off	29,365	40,503	-	-
Inventories written down	64,000	2,336,353	-	-
Loss on foreign exchange:				
- realised	301,975	47,055	-	-
- unrealised	164,977	45,542	-	-
Loss on disposal of investment properties	90,075	-	-	-
Plant and equipment written off	16,390	-	-	-
and after crediting:				
Interest income	28,028	34,760	27,739	34,754
Gain on disposal of property, plant and equipment	372,787	662,320	-	-
Reversal of impairment loss on trade receivables	3,354	346,498	-	-
Rental income from investment properties (Note 4)	495,958	366,684	-	-

- i) The estimated monetary value of benefits receivable by certain Directors otherwise than in cash amounted to RM26,700 (2013 : RM26,700).
- ii) Included in research and development expenses is an amount of RM425,600 (2013 : RM453,500) representing Director's emoluments.

Notes to the Financial Statements

(CONT'D)

20. Employee information

	Group	
	2014	2013
	RM	RM
Staff costs (including Executive Directors' remuneration)	9,924,645	9,495,149

Staff costs of the Group include contributions to the Employees' Provident Fund of RM489,748 (2013 : RM482,961).

Included in staff costs and research and development expenses is compensation paid to key management personnel as follows:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Directors' fee	160,000	160,000	160,000	160,000
Directors' remuneration	1,650,000	1,730,070	-	-
Contributions to Employees' Provident Fund	195,500	207,609	-	-
Estimated monetary value of benefits-in-kind	26,700	26,700	-	-
	<u>2,032,200</u>	<u>2,124,379</u>	<u>160,000</u>	<u>160,000</u>

21. Tax expense

Recognised in profit or loss

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Income tax expense on continuing operations	686,441	(285,661)	2,431	2,042
Share of tax of an equity accounted associate	99,843	145,499	-	-
Total income tax expense	<u>786,284</u>	<u>(140,162)</u>	<u>2,431</u>	<u>2,042</u>

Notes to the Financial Statements

(CONT'D)

21. Tax expense (cont'd)

Major components of income tax expense include:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current tax expense				
Current year	433,697	528,257	2,431	2,042
Prior years	32,705	46,043	-	-
Total current tax recognised in profit or loss	466,402	574,300	2,431	2,042
Deferred tax expense				
Current year	(144,744)	(614,961)	-	-
Prior years	364,783	(245,000)	-	-
Total deferred tax recognised in profit or loss	220,039	(859,961)	-	-
	686,441	(285,661)	2,431	2,042
Share of tax of an equity accounted associate	99,843	145,499	-	-
Total income tax expense	786,284	(140,162)	2,431	2,042
Reconciliation of tax expense				
	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Loss for the year	(227,063)	(2,233,089)	(42,789)	(20,500)
Total income tax expense	786,284	(140,162)	2,431	2,042
Profit/(Loss) excluding tax	559,221	(2,373,251)	(40,358)	(18,458)
Income tax calculated using Malaysian tax rate of 25%	139,805	(593,313)	(10,089)	(4,615)
Effect of lower tax rate in foreign jurisdiction *	29,387	22,460	-	-
Tax exempt income	(65,685)	(63,688)	(65,685)	(63,689)
Non-deductible expenses	477,920	200,588	78,205	70,346
Non-taxable income	(19,336)	(207,284)	-	-
Tax incentive	(37,384)	(65,622)	-	-
Deferred tax assets not recognised	(102,000)	740,000	-	-
Others	(33,911)	25,654	-	-
	388,796	58,795	2,431	2,042
Under/(Over) provision	397,488	(198,957)	-	-
Total income tax expense	786,284	(140,162)	2,431	2,042

* A subsidiary operates in a tax jurisdiction with a lower tax rate.

Notes to the Financial Statements

(CONT'D)

22. Loss per ordinary share - Group

Basic loss per ordinary share

The calculation of basic loss per ordinary share for the financial year ended 30 June 2014 was based on the loss attributable to owners of the Company of RM227,063 (2013 : RM2,233,089) and on the weighted average number of ordinary shares outstanding during the year of 40,000,000 (2013 : 40,000,000).

Diluted earnings per ordinary share

No diluted earnings per ordinary share is disclosed in the financial statements as there are no dilutive potential ordinary shares.

23. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The Group has related party relationship with its holding company, significant investors, subsidiaries, an associate, key management personnel and companies in which certain Directors have substantial financial interests.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 9 and 16.

i) Transactions with an associate

	Group/Company	
	2014	2013
	RM	RM
Management fee income	30,000	25,500
Dividend income	235,000	220,000
	<hr/>	<hr/>

ii) Transaction with a related party

	Group	
	2014	2013
	RM	RM
Rental of premise	36,000	36,000
	<hr/>	<hr/>

Notes to the Financial Statements

(CONT'D)

23. Related parties (cont'd)

Significant related party transactions (cont'd)

iii) Transactions with Directors and key management personnel

There were no transactions with the Directors and key management personnel of the Group other than the remuneration package paid to them (including contribution paid to state plans) and non-cash benefits in accordance with the terms and conditions of their appointment as disclosed in Note 20 to the financial statements.

24. Operating segments - Group

The Group is principally confined to the manufacture and sale of roller shutters, racking systems and related steel products which are principally carried out in Malaysia. Segment information has not been separately presented because internal reporting uses Group's financial statements.

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investment in an associate).

	Revenue RM	Non-current assets RM
2014		
Malaysia	37,088,627	44,899,123
Asia (excluding Malaysia)	13,904,275	3,615
Australia	927,706	-
Middle East	2,437,124	-
Others	686,284	-
	55,044,016	44,902,738
2013		
Malaysia	36,598,736	49,338,212
Asia (excluding Malaysia)	8,779,210	4,510
Australia	3,687,429	-
Middle East	2,928,540	-
Europe	102,903	-
Others	294,695	-
	52,391,513	49,342,722

Major customer

During the year, there were no revenue from one single customer that contributed to more than 10% of the Group's revenue.

Notes to the Financial Statements

(CONT'D)

25. Capital commitment - Group

	2014 RM	2013 RM
Plant and equipment		
- Contracted but not provided for	<u>347,000</u>	<u>-</u>

26. Contingent liabilities, unsecured - Company

The Company has given corporate guarantees to certain financial institutions for banking facilities granted to its subsidiaries for a limit of up to RM19.15 million (2013: RM40.19 million) of which RM12.16 million (2013: RM13.82 million) were utilised at reporting date.

27. Financial instruments

27.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables ("L&R"); and
- (b) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM	L&R RM
Financial assets		
Group		
2014		
Trade and other receivables	20,936,369	20,936,369
Cash and cash equivalents	6,065,627	6,065,627
	<u>27,001,996</u>	<u>27,001,996</u>
2013		
Trade and other receivables	20,827,666	20,827,666
Cash and cash equivalents	2,588,402	2,588,402
	<u>23,416,068</u>	<u>23,416,068</u>
Company		
2014		
Other receivables	21,071,095	21,071,095
Cash and cash equivalents	3,318,507	3,318,507
	<u>24,389,602</u>	<u>24,389,602</u>
2013		
Other receivables	23,232,925	23,232,925
Cash and cash equivalents	1,126,184	1,126,184
	<u>24,359,109</u>	<u>24,359,109</u>

Notes to the Financial Statements

(CONT'D)

27. Financial instruments (cont'd)

27.1 Categories of financial instruments (cont'd)

	Carrying amount RM	FL RM
Financial liabilities		
Group		
2014		
Loans and borrowings	13,252,606	13,252,606
Trade and other payables	11,564,319	11,564,319
	<u>24,816,925</u>	<u>24,816,925</u>
2013		
Loans and borrowings	16,549,613	16,549,613
Trade and other payables	12,513,812	12,513,812
	<u>29,063,425</u>	<u>29,063,425</u>
Company		
2014		
Other payables	<u>196,090</u>	<u>196,090</u>
2013		
Other payables	<u>188,140</u>	<u>188,140</u>

27.2 Net gains and losses arising from financial instruments

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Net (losses)/gains arising on:				
Loans and receivables	(5,787)	187,858	27,739	34,754
Financial liabilities measured at amortised cost	(1,123,268)	(940,057)	-	-
	<u>(1,129,055)</u>	<u>(752,199)</u>	<u>27,739</u>	<u>34,754</u>

Notes to the Financial Statements

(CONT'D)

27. Financial instruments (cont'd)

27.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments :

- Credit risk
- Liquidity risk
- Market risk

27.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally, credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 270 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	2014	2013
	RM	RM
Group		
Domestic	19,202,607	17,676,084
Asia (excluding Malaysia)	1,121,854	2,185,579
Australia	-	326,652
Middle East	2,255	182,896
Others	-	36,733
	<u>20,326,716</u>	<u>20,407,944</u>

Notes to the Financial Statements

(CONT'D)

27. Financial instruments (cont'd)

27.4 Credit risk (cont'd)

Receivables (cont'd)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross RM	Individual impairment RM	Collective impairment RM	Net RM
Group				
2014				
Not past due	10,375,732	-	-	10,375,732
Past due 1 - 90 days	4,577,524	-	-	4,577,524
Past due 91 - 180 days	2,390,416	-	-	2,390,416
Past due 181 - 270 days	1,509,806	-	-	1,509,806
Past due more than 270 days	2,792,454	(1,319,216)	-	1,473,238
	<u>21,645,932</u>	<u>(1,319,216)</u>	<u>-</u>	<u>20,326,716</u>
2013				
Not past due	9,749,042	-	-	9,749,042
Past due 1 - 90 days	5,718,577	-	-	5,718,577
Past due 91 - 180 days	2,222,434	-	-	2,222,434
Past due 181 - 270 days	830,259	-	-	830,259
Past due more than 270 days	3,236,690	(1,349,058)	-	1,887,632
	<u>21,757,002</u>	<u>(1,349,058)</u>	<u>-</u>	<u>20,407,944</u>

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
	2014	2013
	RM	RM
At 1 July	1,349,058	1,746,655
Impairment loss recognised	7,804	152,897
Impairment loss reversed	(3,354)	(346,498)
Impairment loss written off	(34,292)	(203,996)
At 30 June	<u>1,319,216</u>	<u>1,349,058</u>

Notes to the Financial Statements

(CONT'D)

27. Financial instruments (cont'd)

27.4 Credit risk (cont'd)

Receivables (cont'd)

Impairment losses (cont'd)

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM12,162,556 (2013: RM13,821,377) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to its subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Advances are only provided to subsidiaries which are wholly-owned by the Company.

Impairment losses

As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries.

27.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the Financial Statements

(CONT'D)

27. Financial instruments (cont'd)

27.5 Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual interest rates %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
<i>Non-derivative financial liabilities</i>							
2014							
Group							
Finance lease liabilities	3,550,738	2.30 - 4.00	3,837,544	1,733,563	2,103,981	-	-
Revolving credits	2,000,000	4.89 - 4.91	2,000,000	2,000,000	-	-	-
Bank overdrafts	2,762,425	7.85	2,762,425	2,762,425	-	-	-
Bankers' acceptances	2,887,000	4.70 - 5.93	2,887,000	2,887,000	-	-	-
Foreign currency loans	2,052,443	2.56 - 2.63	2,052,443	2,052,443	-	-	-
Trade and other payables	11,564,319	-	11,564,319	11,564,319	-	-	-
	<u>24,816,925</u>		<u>25,103,731</u>	<u>22,999,750</u>	<u>2,103,981</u>	-	-
Company							
Other payables	196,090	-	196,090	196,090	-	-	-

Notes to the Financial Statements

(CONT'D)

27. Financial instruments (cont'd)

27.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

Non-derivative financial liabilities

2013

Group

	Carrying amount RM	Contractual interest rates %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Term loan	1,412,233	4.60	1,424,887	1,424,887	-	-	-
Finance lease liabilities	4,231,560	2.23 - 4.18	4,609,751	1,828,986	1,383,893	1,396,872	-
Off shore credit loan	462,514	1.90	462,514	462,514	-	-	-
Revolving credits	2,000,000	4.72	2,000,000	2,000,000	-	-	-
Bank overdrafts	2,803,739	7.85	2,803,739	2,803,739	-	-	-
Bankers' acceptances	4,941,000	4.25 - 5.62	4,941,000	4,941,000	-	-	-
Foreign currency loans	698,567	1.90 - 2.37	698,567	698,567	-	-	-
Trade and other payables	12,513,812	-	12,513,812	12,513,812	-	-	-
	29,063,425		29,454,270	26,673,505	1,383,893	1,396,872	-
Company							
Other payables	188,140	-	188,140	188,140	-	-	-

Notes to the Financial Statements

(CONT'D)

27. Financial instruments (cont'd)

27.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

27.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Japanese Yen ("YEN") and Australian Dollar ("AUD").

Risk management objectives, policies and processes for managing the risk

It is generally the Group's practice not to enter into foreign exchange contracts in managing its foreign exchange risk resulting from cash flows from transactions denominated in foreign currency.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was :

	USD	Denominated in	
	RM	YEN	AUD
		RM	RM
Group			
2014			
Foreign currency loans	(2,052,443)	-	-
Trade and other receivables	547,061	-	-
Cash and cash equivalents	2,085,783	-	-
Trade and other payables	(2,871,241)	(2,571)	(214,583)
Net exposure	(2,290,840)	(2,571)	(214,583)
2013			
Foreign currency loans	(698,567)	-	-
Off shore credit loan	(462,514)	-	-
Trade and other receivables	1,295,565	-	-
Cash and cash equivalents	256,134	-	-
Trade and other payables	(4,537,801)	(195,284)	-
Net exposure	(4,147,183)	(195,284)	-

Currency risk sensitivity analysis

A 10% (2013: 10%) strengthening of the Ringgit Malaysia (RM) against the following currencies at the end of the reporting period would have increased post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

Notes to the Financial Statements

(CONT'D)

27. Financial instruments (cont'd)

27.6 Market risk (cont'd)

27.6.1 Currency risk (cont'd)

	Profit or loss	
	2014	2013
	RM	RM
Group		
USD	171,813	311,039
YEN	193	14,646
AUD	16,094	-

A 10% (2013: 10%) weakening of the Ringgit Malaysia (RM) against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

27.6.2 Interest rate risk

The Group's investments in fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group is presently enjoying competitive interest rates which are reviewed and negotiated on a yearly basis. The Group manage their interest rate risk by having a combination of borrowing with floating and fixed rates.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Group				
Fixed rate instruments				
Financial assets	3,266,362	1,138,587	3,227,514	1,101,042
Financial liabilities	(10,490,181)	(12,333,641)	-	-
	<u>(7,223,819)</u>	<u>(11,195,054)</u>	<u>3,227,514</u>	<u>1,101,042</u>
Floating rate instruments				
Financial liabilities	<u>(2,762,425)</u>	<u>(4,215,972)</u>	-	-

Notes to the Financial Statements

(CONT'D)

27. Financial instruments (cont'd)

27.6 Market risk (cont'd)

27.6.2 Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for floating rate instruments

A change of 50 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss	
	50 bp increase RM	50 bp decrease RM
Group		
2014		
Floating rate instruments	<u>(10,359)</u>	<u>10,359</u>
2013		
Floating rate instruments	<u>(15,810)</u>	<u>15,810</u>

27.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate their fair values due to the relatively short term nature of these financial instruments.

Notes to the Financial Statements

(CONT'D)

27. Financial instruments (cont'd)

27.7 Fair value information (cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Total carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM		
2014								
Financial liabilities								
Finance lease liabilities	-	-	-	-	-	(3,550,000)	(3,550,000)	(3,550,738)

Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value *			Total fair value	Total carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM		
2013								
Financial liabilities								
Finance lease liabilities	-	-	-	-	-	(4,232,000)	(4,232,000)	(4,231,560)

* Comparative figures have not been analysed by levels, by virtue of transitional provision given in Appendix C2 of MFRS 13.

Notes to the Financial Statements

(CONT'D)

27. Financial instruments (cont'd)

27.7 Fair value information (cont'd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year. (2013: no transfer in either directions)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

28. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determined to maintain an optimal debt-to-equity ratio that complied with debt covenants and regulatory requirements.

There were no changes in the Group's approach to capital management during the financial year.

29. Subsequent event

On 8 August 2014, the Company disposed of its entire investment in an associate, Ryde (Malaysia) Sdn. Bhd. ("Ryde") to International Cycling Parts Group B.V. for a total consideration of RM2.93 million.

Notes to the Financial Statements

(CONT'D)

30. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 30 June, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Total retained earnings of the Company and its subsidiaries:				
- realised	40,123,308	40,176,877	863,005	905,794
- unrealised	8,652,182	8,991,656	-	-
	<u>48,775,490</u>	<u>49,168,533</u>	<u>863,005</u>	<u>905,794</u>
Total share of retained earnings of an associate:				
- realised	1,523,809	1,357,829	-	-
- unrealised	28,091	28,091	-	-
	<u>50,327,390</u>	<u>50,554,453</u>	<u>863,005</u>	<u>905,794</u>
Less: Consolidation adjustments	(15,279,055)	(15,279,055)	-	-
Total retained earnings	<u>35,048,335</u>	<u>35,275,398</u>	<u>863,005</u>	<u>905,794</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 25 to 77 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 30 on page 78 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

.....
Sin Kheng Lee

.....
Sin Ching San

Penang,

Date: 27 October 2014

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, **Sin Kheng Lee**, the Director primarily responsible for the financial management of SKB Shutters Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 25 to 78 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang on 27 October 2014.

.....
Sin Kheng Lee

Before me:

Chan Kam Chee (No. P120)
Pesuruhjaya Sumpah
(Commissioner for Oaths)
Penang

Independent Auditors' Report

To the members of SKB Shutters Corporation Berhad

Report on the Financial Statements

We have audited the financial statements of SKB Shutters Corporation Berhad, which comprise the statements of financial position as at 30 June 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 25 to 77.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Independent Auditors' Report

To the members of SKB Shutters Corporation Berhad
(cont'd)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' report of a subsidiary of which we have not acted as auditors, which is indicated in Note 6 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 30 on page 78 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
AF 0758
Chartered Accountants

Ooi Kok Seng
2432/05/15 (J)
Chartered Accountant

Date: 27 October 2014

Penang

List of Properties held by the Group

As at 30 June 2014

Nos.	Description/Address	Date Revaluation	Tenure	Area	Existing Use	N.B.V. 30.06.14 RM
LAND						
1	Lot No. 47158 Indahpura Industrial Park Kulai, Johor Bahru	28/06/2011	Freehold	6,102 sq.m.	Vacant	1,084,000
2	Lot 22, Jalan Teknologi Taman Sains Selangor 1 Kota Damansara 47810 Petaling Jaya	28/06/2011	Leasehold - 30 years expiring 2031	523,524 sq.ft.	Factory	5,765,641
BUILDING						
1	Lot 22, Jalan Teknologi Taman Sains Selangor 1 Kota Damansara 47810 Petaling Jaya	28/06/2011	Leasehold - 30 years expiring 2031	336,263 sq.ft.	Factory	27,893,634
2	Corporate Tower Subang Square CT-01-17, Jln SS 15/4G 47500 Subang Jaya, Selangor	28/06/2011	Freehold	810 sq.ft.	Rent	241,616
3	Kota Point Shopping Complex, Lot LG-20 Grant No.: 15702, Lot 346 Jalan Lombong Kota Tinggi Johor	Not Applicable	Freehold	28 sq.m.	Vacant	1
4	PD Perdana Condo Resort Parcel No.411, Block M Jln PD Perdana, Off Jln Pantai 71050 Sirusa, Port Dickson Negeri Sembilan	28/06/2011	Freehold	746 sq.ft.	Vacant	55,304
5	Kiambang Apartment C-1-12, Jln Putra Perdana 5F Taman Putra Perdana 47100 Puchong, Selangor	28/06/2011	Leasehold - 99 years expiring 2093	790 sq.ft.	Vacant	72,838
Total						<u>35,113,034</u>

Analysis of Shareholdings

As at 31 October 2014

AUTHORISED SHARE CAPITAL	:	RM50,000,000
ISSUED AND FULLY PAID-UP CAPITAL	:	RM40,000,000
CLASS OF SHARE	:	Ordinary shares of RM1 each fully paid
VOTING RIGHTS	:	On a show of hands - one vote for every shareholder On a poll - one vote for every ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	No. of shareholders	% of shareholders	No. of shares	% of shares
Less than 100	4	0.53	200	0.00
100 - 1,000	393	51.92	368,600	0.92
1,001 - 10,000	280	36.99	1,207,200	3.02
10,001 - 100,000	62	8.19	1,588,900	3.97
100,001 - 1,999,999	15	1.98	8,637,896	21.60
2,000,000 - 40,000,000	3	0.40	28,197,204	70.49
Total	757	100.00	40,000,000	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 31 OCTOBER 2014

Name	Direct Interest	% of Issued Capital	Indirect Interest	% of Issued Capital
1 SKB Glory Sdn. Bhd.	22,847,607	57.12	-	-
2 Sin Kheng Lee	2,010,000	5.03	22,857,607 *	57.14
3 Dato' Moehamad Izat Bin Achmad Habechi Emir	3,339,597	8.35	-	-
4 Chou Lee Sin	10,000	0.03	24,857,607 #	62.14
5 Sin Ching San	10,000	0.03	22,847,607 ^	57.12

* Deemed interest via SKB Glory Sdn Bhd and spouse

Deemed interest via spouse

^ Deemed interest via SKB Glory Sdn Bhd

DIRECTORS' SHAREHOLDINGS AS AT 31 OCTOBER 2014

	Direct Interest	%	Indirect Interest	%
<u>The Company</u>				
1 Sin Kheng Lee	2,010,000	5.03	22,857,607 *	57.14
2 Dato' Moehamad Izat Bin Achmad Habechi Emir	3,339,597	8.35	-	-
3 Chou Lee Sin	10,000	0.03	24,857,607 #	62.14
4 Sin Ching San	10,000	0.03	22,857,607 *	57.14
5 Sin Siew Huey	-	-	-	-
6 Lai Lan Man @ Lai Shuk Mee	15,000	0.04	-	-
7 You Tong Lioung @ Yew Tong Leong	10,000	0.03	-	-
8 Mohd Arif Bin Mastol	-	-	-	-
<u>Holding Company - SKB Glory Sdn Bhd</u>				
1 Sin Kheng Lee	971,250	64.75	112,500	7.50
2 Sin Ching San	416,250	27.75	-	-
3 Chou Lee Sin	-	-	1,083,750 #	72.25

* Deemed interest via SKB Glory Sdn Bhd and spouse

Deemed interest via spouse

Note: By virtue of their interest of more than 15% in the Ordinary Shares of the Company, Messrs Sin Kheng Lee and Sin Ching San are also deemed to have interest in the Ordinary Shares of all the subsidiaries to the extent that the Company has an interest.

Analysis of Shareholdings

As at 31 October 2014
(cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 31 OCTOBER 2014

No.	Name	No. Of Shares	% Of Shares
1	SKB GLORY SDN BHD	22,847,607	57.12
2	MOEHAMAD IZAT BIN ACHMAD HABECHI EMIR	3,339,597	8.35
3	SIN KHENG LEE	2,000,000	5.00
4	ABBAS BIN MEHAD	1,642,065	4.11
5	ABDUL RAHIM BIN ABDUL RAHMAN	1,313,653	3.28
6	LOOI ENG KEONG	1,056,000	2.64
7	DAUD BIN DAROS	985,239	2.46
8	MOHD HAFIZ BIN HASHIM	985,239	2.46
9	OOI SAY TUAN	700,000	1.75
10	INTEGRO HOLDING SDN BHD	407,400	1.02
11	NIELS JOHN MADSEN	291,200	0.73
12	ANG HUAT KEAT	240,000	0.60
13	NG FONG WAH	224,900	0.56
14	TAN CHIN YEN	202,000	0.51
15	YONG KIAN SENG @ YOONG TEIN SENG	193,200	0.48
16	LIM POH BOON	154,000	0.39
17	GOH AH THIAM	115,000	0.29
18	LEE LAM KEIONG	110,000	0.28
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD KHOO KIN PENG	100,000	0.25
20	TA NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOU, CHUN-SHENG	77,400	0.19
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOO SENG KEAT (473844)	70,000	0.18
22	LIM MOOI TEAN	70,000	0.18
23	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR RONNIE LAI TSIN LEE (M08)	59,700	0.15
24	HO, JEN-CHIH	54,200	0.14
25	LOO PANG HOW	52,000	0.13
26	YONG THAIN CHAI	50,000	0.13
27	LEE SIEW YEAN @ LEE SEW YEAN	49,900	0.12
28	DZH MANAGEMENT CONSULTANTS SDN BHD	46,000	0.12
29	LIM SEE FOOK	45,000	0.11
30	LAW WEI HONG	38,200	0.10
	TOTAL:	37,519,500	93.80

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting (“AGM”) of the Company will be held at Bayan Room, Lower Level, Hotel Equatorial Penang, 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang, on Friday, 19 December 2014 at 2.00 p.m. to transact the following business: -

As Ordinary Business:

1. To receive and adopt the Financial Statements for the year ended 30 June 2014 and the Reports of Directors and Auditors thereon.
2. To re-elect the following directors who retire pursuant to Article 125 of the Company’s Articles of Association:-

i) Mr Sin Kheng Lee	Ordinary Resolution 1
ii) Mr Sin Ching San	Ordinary Resolution 2
iii) Ms Chou Lee Sin	Ordinary Resolution 3
iv) Ms Sin Siew Huey	Ordinary Resolution 4
v) Ms Lai Lan Man @ Lai Shuk Mee	Ordinary Resolution 5
vi) Encik Mohd Arif Bin Mastol	Ordinary Resolution 6
3. To re-elect the following directors who retire pursuant to Section 129 of the Companies Act, 1965:-

i) Dato’ Moehamad Izat bin Achmad Habechi Emir	Ordinary Resolution 7
ii) Mr You Tong Lioung @ Yew Tong Leong	Ordinary Resolution 8
4. To approve the payment of a sum of RM160,000/- as directors’ fees in respect of the year ended 30 June 2014. Ordinary Resolution 9
5. To re-appoint Messrs KPMG as auditors of the Company and to authorise the directors to fix their remuneration. Ordinary Resolution 10

As Special Business

6. To consider and if thought fit, to pass the following Resolutions: -

a) Section 132D of the Companies Act, 1965	Ordinary Resolution 11
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“That pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, the directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being and that the directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.”

Notice of Annual General Meeting

(CONT'D)

b) Retention of Independent Directors

"That the following Directors be retained as Independent Directors of the Company, in accordance with the Malaysian Code on Corporate Governance 2012 until the conclusion of the next Annual General Meeting: -

- i) Mr You Tong Lioung @ Yew Tong Leong
- ii) Ms Lai Lan Man @ Lai Shuk Mee
- iii) Encik Mohd Arif Bin Mastol"

Ordinary Resolution 12
Ordinary Resolution 13
Ordinary Resolution 14

7. To transact any other business of which due notice shall have been given.

By Order of the Board

Chin Lee Phing (MAICSA 7057836)
Company Secretary

Penang, 27 November 2014

Notes:

Appointment of Proxy: -

1. A Member may appoint up to two (2) proxies to attend on the same occasion. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not, apply to the Company. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a Member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owner in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account its holds.

An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
5. To be valid, the proxy form must be deposited at the Company's Registered Office at 2nd Floor, Wisma Penang Garden, 42 Jalan Sultan Ahmad Shah, 10050 Penang, at least forty eight (48) hours before the time appointed for holding the meeting or any adjournments thereof.
6. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 75(3)(2) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 12 December 2014 and only a Depositor whose name appears on such ROD shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his/her behalf.

Notice of Annual General Meeting

(CONT'D)

Explanatory Notes on Ordinary Business: -

1. Agenda 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders of the Company and hence, Agenda 1 is not put forward for voting.
2. The proposed Ordinary Resolutions 7 and 8 under Agenda 3 is in accordance with Section 129(6) of the Companies Act, 1965 which requires that a separate resolution be passed to re-appoint Dato' Moehamad Izat bin Achmad Habechi Emir and Mr You Tong Lioung @ Yew Tong Leong who are over 70 years of age as Directors of the Company and to hold office until the conclusion of the next AGM of the Company. These resolutions shall take effect if it is passed by a majority of not less than three-fourth of such shareholders of the Company as being entitled to vote in person or where proxies are allowed, by proxy at the AGM of the Company.

Explanatory Notes on Special Business: -

1. The proposed Ordinary Resolution 11 is for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors of the Company, pursuant to Section 132D of the Companies Act, 1965 to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued and paid-up share capital of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 20 December 2013 and which will lapse at the conclusion of the Seventeenth Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

2. The proposed Ordinary Resolutions 12, 13 and 14, if passed, will retain Mr You Tong Lioung @ Yew Tong Leong, Ms Lai Lan Man @ Lai Shuk Mee and Encik Mohd Arif Bin Mastol as Independent Directors of the Company to fulfill the requirements of paragraph 3.04 of Bursa Malaysia Securities Berhad ("Bursa Securities")'s Main Market Listing Requirements ("MMLR") and in line with the recommendation no. 3.2 of the Malaysian Code of Corporate Governance 2012.

Mr You Tong Lioung @ Yew Tong Leong and Ms Lai Lan Man @ Lai Shuk Mee were appointed as Independent Directors on 10 February 2001. They have served the Company for more than 13 years as at the date of the notice of the 17th AGM. However, they have met the independence guidelines as set out in Chapter 1 of the MMLR of Bursa Securities. The Board, therefore, considers them to be independent and recommends them to remain as an Independent Directors.

Encik Mohd Arif Bin Mastol was appointed as an Independent Director on 28 June 2002. He has served the Company for more than 12 years as at the date of the notice of the 17th AGM. However, he has met the independence guidelines as set out in Chapter 1 of the MMLR of Bursa Securities. The Board, therefore, considers him to be independent and recommends him to remain as an Independent Director.

The details of the Board's justification and recommendation for the retention of the Independent Directors are set out in the Statement on Corporate Governance in the 2014 annual report.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

1. No individual is seeking election as a Director at the forthcoming Seventeenth Annual General Meeting of the Company.

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Proxy Form

No. of shares held	CDS account no.

I/We _____
 (Full name as per NRIC and NRIC No./Company No. in BLOCK LETTERS)

of _____
 (Full address in BLOCK LETTERS and telephone no.)

being a member/members of **SKB Shutters Corporation Berhad**, hereby appoint _____

Proxy 1 _____
 (Full name as per NRIC and NRIC No. in BLOCK LETTERS)

Proxy 2 (Optional) _____
 (Full name as per NRIC and NRIC No. in BLOCK LETTERS)

or failing him/her the Chairman of the meeting as my/our proxy, to vote for me/us and on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at Bayan Room, Lower Level, Hotel Equatorial Penang, 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang, on Friday, 19 December 2014 at 2.00 p.m. and at any adjournments thereof.

	ORDINARY RESOLUTIONS													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
FOR														
AGAINST														

(Please indicate with "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion).

Signed this _____ day of _____ 2014.

For appointment of two (2) proxies, no. of shares and percentage of shareholdings to be represented by the proxies: -		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

 Signature(s)/ Common Seal of Shareholder(s)

Notes:

1. A Member may appoint up to two (2) proxies to attend on the same occasion. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not, apply to the Company. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a Member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owner in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account its holds.
 An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
5. To be valid, the proxy form must be deposited at the Company's Registered Office at 2nd Floor, Wisma Penang Garden, 42 Jalan Sultan Ahmad Shah, 10050 Penang, at least forty eight (48) hours before the time appointed for holding the meeting or any adjournments thereof.
6. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 75(3)(2) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 12 December 2014 and only a Depositor whose name appears on such ROD shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his/her behalf.

Stamp

To,

The Company Secretary

SKB SHUTTERS CORPORATION BERHAD (430362U)
2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah, 10050 Penang

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SKB SHUTTERS CORPORATION BERHAD (430362-U)

Registered Office:

Address : 2nd Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah, 10050 Penang

Tel. no. : 04-2266 862

Fax no. : 04-2272 391