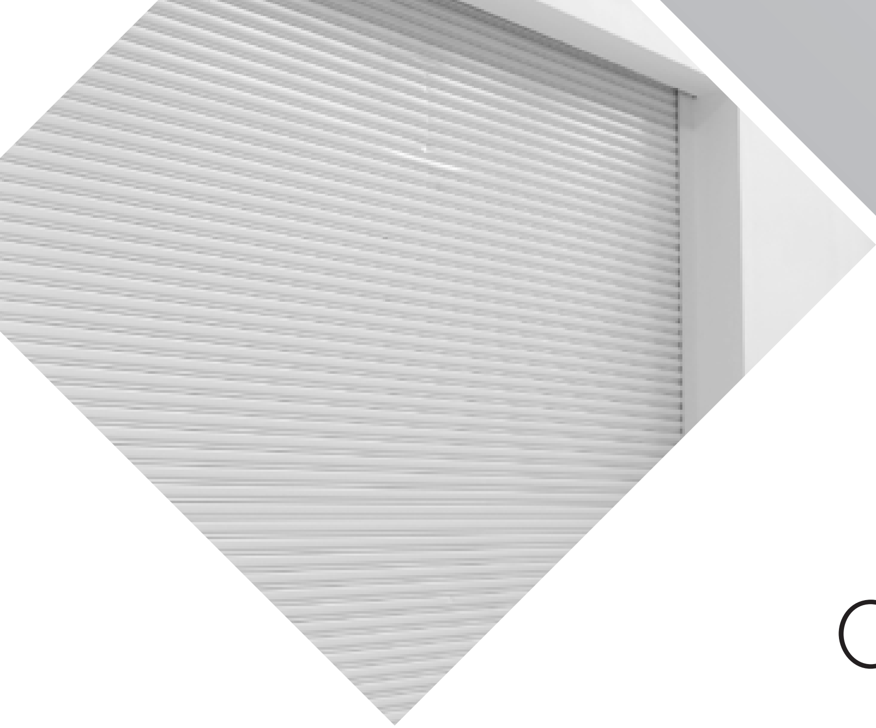
Reg. Trademark No. 85/B03843

SKB SHUTTERS CORPORATION BERHAD(430362-U)

CREATING GLOBAL FOOTPRINTS

ANNUAL REPORT 2018



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OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Established as a roller shutter manufacturing and service provider in 1957, SKB Shutters Corporation Berhad ("SKB") Group continues to innovate on elements of integrity in the past 60 years. SKB is listed on Bursa Malaysia on the 28th of March 2001 leading two of its main subsidiaries namely, SKB Shutters Manufacturing Sdn. Bhd. and SKB Storage Industries Sdn. Bhd.

Following the Group's listing on the stock exchange, the Group's main objective has led to the expansion in its regional coverage, product innovation, manufacturing capability and capacity. The Group strives to achieve the vision of being recognised as the largest roller shutter and storage system manufacturer in South East Asia.

For the FYE 30 June 2018, the Group recorded profit before tax ("PBT") of RM3.364 million, which maintained from the slightly lower PBT of RM3.285 million recorded in the previous FYE 30 June 2017.

In the financial year 2018, the Group wishes to reduce cost and reliance on labour in view of the rising production costs and salary. However citing the unstable supply of labour, the effective reduction in labour-related costs improved but was hardly significant. Nevertheless, these continue to be one of the main priorities in the Group to increase margins and profitability.

FINANCIAL RESULTS

The Overseas and Malaysian markets have generally experienced a slow-growth in construction and development sectors. Specifically in Malaysia, political climate in the months leading up to the last quarter has market holding on to a wait-and-see approach to projects development and awarding of contracts. As such, this also contributes to the lower revenue booked in FY2018 for local Roller Shutter ("RS") sales as compared to FY2017. Storage Racking Solutions ("SRS") has shown significant improvement in both local and export revenue. The Group cites the trend to the increasing expansion of logistic handling services in Malaysia and ASEAN markets.

Revenue for the Group is RM64.28 million, a 7.0% decrease when compared to the previous financial year. This was mainly driven by the lower Roller Shutter segment revenue in quarters toward the end of financial year. The industry experienced slow quarters especially in months of January till May 2018 given the general elections were scheduled to take place and various projects depending on the political climate were significantly affected as most contractors and developers took a wait-and-see approach on the progress of the political development.

With the introduction of recent announced government initiatives, The Group is expecting lower number of large-scale infrastructure projects in Malaysia. However infrastructure projects are not the only sectors the Group focuses on. Private development is expected to increase as China-US situation worsens. The Group hopes to benefit from the increasing interest of U.S. importers switching to Southeast Asia to set up shop and/or purchase of supplies. This will see positive effect on both SRS and Roller Shutter segments in view of industrial developments around ASEAN region.

REVIEW OF OPERATING ACTIVITIES

The Group's key clients are main contractors, manufacturing plants and warehouse operators. Consequently, any contributing factors affecting the construction and logistic & distribution activities in and outside of Malaysia would have an impact to the Group's performance.

For the FYE 30 June 2018, the Group continues to see increased activity in logistic-related sectors. This has enabled the Group to participate in higher volume and larger in scale tenders for SRS export evidently illustrated in the increase in SRS revenues in FYE 2018.

RS outlook is consistent in both local and overseas markets. RS key performing products includes fire resistant doors and roller shutters. These products are required to be regulator-approved to meet building and construction codes and requirements. As such, increased economic activity in government and private sector development will lift revenues in the segment. We are seeing positive outlook for private sector-led construction activity in the financial year ending 2019.

The Group is also continuously seeking ways to streamline production efficiency and effectiveness to enable reasonable and smaller-scale spending for increased productivity and manufacturing capability.

BUSINESS RISKS

Systemic across the industry, manufacturers of steel products are experiencing increasing trends of fluctuating raw material prices for steel and related products. The challenge lies in meeting client's requirements as well as committed projects that may span for a period of more than 6 months. This exposes the Group to either absorb the increase in raw material costs in-between award of contracts and delivery of goods and/or increasing buffers in quotations to clients. Other ways of controlling risks material to the business would be to continuously take steps and innovate ways to keep the Group overheads and expenses low to allow buffer for significant hikes in material prices but ultimately to increase profits generated by the Group.

FUTURE PROSPECTS

The Group anticipates the increasing trend of Southeast Asia being the hub for manufacturing and logistics networks. Multiple contributing factors including US-China trade wars and political instability in other regions have positioned ASEAN as an obvious choice. These economic impacts would also trigger the development of industrial and commercial in the region. The Group is closely observing for revenue-making opportunities in commercial and industrial developments including retail malls, logistics hubs and distribution warehouses, subsequent phases of infrastructure projects in Malaysia and neighbour countries. The Group continues to position itself as a solution provider over a manufacturer-cum-supplier role. With increasing integration of automation and complementary products that can come under the Group's umbrella and/or partnering closely with industry experts, clients are able to receive comprehensive industry solution rather than consolidating different products into one system or set up.

REVENUE
RM64.28
MILLION

PROFIT
BEFORE TAX
RM3.36
MILLION

CORPORATE STRUCTURE

Reg. Trademark No. 85/B03843

SKB Shutters Corporation Berhad
(430362-U)

Investment Holding

100% — **SKB Shutters Manufacturing Sdn. Bhd.** (31982W)
Manufacture and sale of roller shutters, racking systems, storage systems and related steel products

100% — **SKB Storage Industries Sdn. Bhd.** (557922U)
Manufacture and sale of roller shutters, racking systems, storage systems and related steel products

100% — **SKB Shutters Industries Sdn. Bhd.** (368833K)
Manufacture and provide repair services for motor components

100% — **SKB Shutters (S) Pte. Ltd.**
Trading of roller shutters, racking systems, and storage system

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

Sin Siew Huey
Executive Director

Sin Tze Yi
Executive Director

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

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

Mohd Arif bin Mastol
Independent Non-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 PLT (Firm No. LLP0010081-LCA & 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 / KEY SENIOR MANAGEMENT

SIN KHENG LEE

- Age 61 | Male
- Executive Chairman and Group Managing Director
- Key Senior Management

Mr Sin Kheng Lee was appointed to the Board of SKB 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 and SKB Storage Industries Sdn. Bhd. ("STO") on 4 September 2001 respectively. He is currently responsible of the overall developments of products and businesses in SKBM and STO, including overseeing 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 management activities of the Group. He also sits on the Board of all subsidiaries of SKB and several other private companies.

He was appointed as a committee member of the Malaysia Fire Protection Association from 2009 till 2011. Mr Sin is also awarded Most Oustanding Alumni and Successful CEOs by the National Taiwan University of Technology and BrandLaureate Brandpreneur Award in 2016.

DATO' MOEHAMAD IZAT BIN ACHMAD HABECHI EMIR

- Age 80 | Male
- Deputy Chairman
- Non-Independent & Non-Executive Director

Dato' Moehamad Izat was appointed to the Board of SKB on 10 February 2001. He was appointed as a Director of SKBM on 3 March 1997. He was subsequently appointed as Deputy Chairman of SKB 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 IMARTEK Sdn. Bhd. *(formerly known as IMPSA (Malaysia) Sdn. Bhd.)* and Emir Holdings Group of Companies.

He is a committee of the ASEAN Circle, committee establish by Institute of Strategic and International Studies (ISIS) Malaysia in collaboration with the Ministry of Foreign Affairs, the Ministry of International Trade and Industry and the Ministry of Tourism and Culture since May 2017. He also 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 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. In 2013, he has been appointed as an ICON / Mentor to over 1,000 students of MARA Polytechnic College (KPTM).

Dato' Moehamad Izat was appointed as MPUI-UITM Advisory Council Member by University-Industry Advisory Council & University of MARA Technology (UITM MPUI-UITM) from 2014 to 2016.

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. Dato' Moehamad Izat has been appointed to be the participation member of Roundtable Discussion (RTD) and Meeting on Trans-Pacific Partnership Agreement (TPPA) with MITI.

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 (MBPJ) from 1992 to 1995 and a member of the Subang Jaya Municipal Council (MBSJ) from 1996 to 1998. He has been appointed by Ministry of Agriculture Malaysia as MARDI Scientific Council Member effective since June 2003 and ended in December 2013.

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 Ahli Mangku Negara (AMN).

DIRECTORS' PROFILE / KEY SENIOR MANAGEMENT

SIN CHING SAN

- Age 50 | Male
- Executive Director
- Key Senior Management

Mr Sin Ching San was appointed to the Board of SKB on 10 February 2001. He began his career shortly after completing his secondary education and Diploma studies in Taiwan. He has over 25 years of experience and exposure in the roller shutters and steel-work industry. He was appointed to the Board of SKBM on 25 June 1992. He also sits on Board of a few subsidiaries of SKB and several other 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 steel-work products through innovation.

CHOU LEE SIN

- Age 59 | Female
- Executive Director

Ms Chou Lee Sin was appointed to the Board of SKB 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 subsequently appointed as a Director of SKBM on 26 June 1997. With her experience of over 30 years in the roller shutters and steel-work industry, Ms Chou oversees administration and financial matters within the Group. She also sits on the Board of a few subsidiaries of SKB and several other private companies.

SIN SIEW HUEY

- Age 36 | Female
- Executive Director
- Key Senior Management

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, and Corporate Finance much later. She is a member of the CPA Australia. She is responsible for the overall administration and financial matters of SKB Group. She also sits on the Board of all subsidiaries of SKB and several other private companies.

SIN TZE YI

- Age 31 | Female
- Executive Director

Ms Sin Tze Yi was appointed to the Board on 29 February 2016. She resigned on 28 November 2017 and was re-appointed on 4 December 2017. A Master of Applied Finance graduate of Monash University Melbourne, Ms Sin also holds a Bachelor of Commerce (Accounting & Finance) degree from University of Melbourne. A member of CPA Australia, she began her career at KPMG Consulting in Financial Risk Management specialising in operational risk in the banking and finance sector. She is responsible for the overall business development of SKB Group. She also sits on the Board of all subsidiaries of SKB and several other private companies.

DIRECTORS' PROFILE / KEY SENIOR MANAGEMENT

YOU TONG LIOUNG @ YEW TONG LEONG

- Age 82 | Male
- Senior Independent Non-Executive Director

Mr You Tong Lioung was appointed to the Board of SKB on 10 February 2001. He also chairs the Audit Committee. Mr You was appointed as member of the 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 Committee.

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

LAI LAN MAN @ LAI SHUK MEE

- Age 63 | Female
- Independent Non-Executive Director

Ms Lai Lan Man was appointed to the Board of SKB on 10 February 2001. She is a member of the Audit Committee and was appointed as member of the 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.

MOHD ARIF BIN MASTOL

- Age 64 | Male
- Independent Non-Executive Director

En Mohd Arif was appointed to the Board of SKB on 28 June 2002. He is a member of the Audit Committee and was appointed as Chairman of the 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.

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 SKB, or any personal interest in any business arrangement involving SKB 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 5 years other than traffic offences.

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

(i) Chou Lee Sin is the spouse of Sin Kheng Lee whilst Sin Ching San and Sin Kheng Lee are brothers
(ii) Sin Kheng Lee and Sin Ching San have interest in SKB Glory Sdn. Bhd., a substantial shareholder of SKB.
(iii) Sin Siew Huey and Sin Tze Yi are the daughters of Sin Kheng Lee.

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 directorships have been shown as above.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Corporate Governance Overview Statement is presented pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The objective of this statement is to provide an overview of the application of the corporate governance practices of the Group during the financial year ended 30 June 2018 with reference to the principles on Board Leadership and Effectiveness, Effective Audit and Risk Management and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders as set out in the latest Malaysian Code on Corporate Governance ("MCCG").

The Board has also provided specific disclosures on the application of each Practices in its Corporate Governance Report ("CG Report"). Shareholders may obtain the CG Report by accessing this link http://skb-shutters.com/ for further details and are advised to read this overview statement together with the CG Report.

Overall, the Board is of the view that the Company has, in all material aspect, complied with the Principles and Practices as set out in the MCCG. The explanation for the departures of practice are reported in the following sections of the announced CG Report:

- Practice 1.3 on the separation of roles between Chairman and CEO;
- Practice 3.2 on the implementation of Whistleblowing Policies and Procedures;
- Practice 4.1 on the composition of Independent Directors;
- Practice 6.2 on the formation of Remuneration Committee and implementation of remuneration policies and procedures;
- Practice 7.1 on the disclosure of Directors' remuneration on named basis;
- Practice 8.5 on the continuous professional development by the Audit Committee on accounting and auditing standards, practices and rules;
- Practice 11.2 on adoption of integrated reporting based on a globally recognised framework, and
- Practice 12.3 on leveraging of technology for voting in absentia.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(I) BOARD RESPONSIBILITIES

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

In discharging these responsibilities, the Board:

- Defines its Charter and Schedule of Key Matters setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed;

- Establishes its Board Committees, namely Audit and Nominating Committees to assist the Board in discharging its duties and responsibilities effectively. The terms of reference of each Board Committee are set out and approved by the Board. These Committees have the authority to examine particular issues and report to the Board with their recommendations. The Board also reviews the Board Committees reports and approved the recommendation, if any proposed by the Board Committees;

- Conducts periodic review of the financial results and deliberated the interim and annual financial reporting as well as monitored the conduct of the business and the overall performance management of the business affairs of the Group. In doing so, the Board ensures that the financial statements of the Company and Group are fairly stated and conform to the relevant regulations and the acceptable accounting policies;

- Observes the regulatory requirements when disseminating information and disclosures in consultation with the Company Secretary;

- Ensures the solvency of the Group and its ability to meet its contractual obligations; and

- Maintains an appropriate and adequate systems of internal control to manage key risks in the Group.

At the board level, the Executive Chairman and Executive Directors are responsible for the Group business operations while the Non-Executive and Independent Directors play a pivotal role by bringing objective judgment and views into the Board's deliberation and decision-making processes. A designated Senior Independent Non-Executive Director is named for providing another channel of communication for shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

(I) BOARD RESPONSIBILITIES (cont'd)

The Chairman is responsible for instilling good governance practices, leadership and effectiveness of the Board. Presently, the Board Chairman is also the Group Managing Director. The executive roles of the Chairman enable the Executive Chairman to align the interest of the board, management and shareholders for maximising shareholders' wealth. With the presence of four non-executive directors, the Board feels that its current composition is reasonably sufficient to ensure balance of power and authority. 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.

All Board members have unrestricted access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business. The appointment and removal of Company Secretary or Secretaries of the Board is the prerogative of the Board as a whole.

The Board is assisted by one (1) qualified and competent Company Secretary who is a member of The Malaysia Institute of Chartered Secretaries and Administrators (MAICSA). The Company Secretary is responsible for ensuring that Board procedures are followed; the applicable rules and regulations for the conduct of the affairs of the Board are complied with; and minutes are duly entered into the books for all resolutions and proceedings of the Board and Board Committees.

The supply, timeliness and quality of the information affect the effectiveness of the Board in overseeing the conduct of the business and to evaluate the management performance. The Board is given sufficient information and time to prepare for Board meetings. The meeting materials are circulated as soon as possible before the Board meeting. Procedurally, when external advices are necessary, Board Members may notify and seek the Board for approval. The Board has the authority to attain at the Company's expense, such as legal, accounting or other services, consultants, advisers or experts as it considers necessary.

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 review the performance of the Company and its operating subsidiaries and other business development matters.

During the financial year, four (4) Board meetings were held. Details of each Director's attendance are as follows:

Directors	No. of meetings attended by Directors
Sin Kheng Lee (Executive Chairman & Group Managing Director)	3/4
Dato' Moehamad Izat bin Achmad Habechi Emir (Deputy Chairman, Non-Independent & Non-Executive Director)	2/4
Sin Ching San (Executive Director)	4/4
Chou Lee Sin (Executive Director)	3/4
Sin Siew Huey (Executive Director)	3/4
Sin Tze Yi (Executive Director)	4/4
You Tong Lioung @ Yew Tong Leong (Senior Independent Non-Executive Director)	3/4
Lai Lan Man @ Lai Shuk Mee (Independent Non-Executive Director)	3/4
Mohd Arif Bin Mastol (Independent Non-Executive Director)	3/4

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.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

(I) BOARD RESPONSIBILITIES (cont'd)

Following are the trainings and briefings attended by some of the Board members during the financial year. Internal briefings were conducted subsequently by Directors who have attended these trainings to other Board members.

Director	Training Attended	Date
Sin Kheng Lee (Executive Chairman & Group Managing Director)	CEAT Thailand	03.04.2018
Sin Siew Huey (Executive Director)	Walking through contracts the MFRS15 way	06.03.2018 & 07.03.2018
	Risk Assessment Workshop	31.07.2018
Sin Tze Yi (Executive Director)	The Empower Women Series Part 2	12.12.2017
	MSSG Reporting & CG Guide	01.03.2018
	CEAT Thailand	03.04.2018
	Sustainability Reporting Workshops for Practitioners	08.08.2018 & 09.08.2018
	Risk Assessment Workshop	31.07.2018
You Tong Lioung @ Yew Tong Leong (Senior Independent Non-Executive Director)	MSSG Reporting & CG Guide	01.03.2018
	Managing P&L & Cashflow	28.03.2018
	Sales & Service Tax	06.09.2018

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.

(II) BOARD, COMMITTEE AND INDIVIDUAL DIRECTORS' AUTHORITY

The Board has defined its Board Charter and Schedule of Matters Reserved setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed as well as the key matters reserved for the Board's approval.

To assist the Board in discharging its oversight function, the Board has delegated certain responsibilities to Audit Committee and Nominating Committee. These Committees provide greater objectivity and independence in the deliberations of specific agenda. The Chairpersons of each Board Committees report to the Board on the matters discussed and deliberated in the respective committee meetings. Final decision on all matters deliberated in the Board Committee meetings are rested with the entire Board.

The Board is in the process of reviewing and updating the Board Charter and Schedule of Matters. Upon completion, these updated documents will be published in the Company's website.

(III) CORPORATE CULTURE: INTEGRITY, TRANSPARENCY AND FAIRNESS

The Board is supportive of the principles of its Corporate Code of Conduct and Ethics. A copy of the Code of Conduct and Ethics is available in the Company's website.

Management is currently reviewing the Group Code of Conduct and Ethics for further enhancement. Upon completion, these updated documents will be published in the Company's website.

While Whistleblowing Policy and Procedure has not been defined, a whistleblowing channel (skb@whistleblower.com.my) has been established since 2013. Any suspected wrongdoings could be emailed to this email address which is currently overseeing by the Internal Auditors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

(IV) BOARD COMPOSITION

The Code continues to emphasise the importance of right board composition in bringing value to the Board deliberation and transparency of policies and procedures in selection and evaluation of board members. The Nominating Committee has assisted the Board in reviewing the candidate and has recommended the candidate for the Board review and approval.

As at the date of this statement, the Board has nine (9) members comprising an Executive Chairman cum. Group Managing Director, four (4) other Executive Directors, one (1) Non-Independent & Non-Executive Director, and three (3) Independent Non-Executive Directors. The Board recognises the importance of board balance and independence. The process of identifying suitable independent directors and to increase the presence number of independent directors are still on-going.

In accordance to Board Charter, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years from the date of first appointment as Director. In the event the Board wishes to retain the independence status of an Independent Director who has served for more than nine (9) years, Board justification and shareholders' approval are required. In compliance to MCCG 2017, two tier voting process will be applied in the upcoming Annual General Meeting ("AGM") for retaining an Independent Director beyond twelve (12) years.

As at the date of this statement, All the Independent Directors have been serving in the Company for more than 12 years. Nonetheless, the Board holds the view that a Director's Independence cannot be determined arbitrarily with reference to period of service. The Board believes that the Group benefits from long serving Directors, who possess detailed knowledge of the Group's business and has proven commitment, experience and competence for informed and balance decision making. The shareholders' approval has been obtained in the last AGM.

The Board recognises the importance 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 four (4) female members out of nine (9) Board members which is more than 30% of female directors in the Board composition.

The Nominating Committee is chaired by an Independent Non-Executive Director. The Nominating Committee considers recommendations from existing board members, management, major shareholders and third-party sources to identify suitably qualified candidates, when necessary before recommending to the Board for further deliberation.

The appointment of Board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The ethnicity, age distribution and skillsets of the existing Board members are highlighted in Practice 4.4 of CG Report. Further details of each individual director can be found in their respective profiles in the Annual Report.

(V) BOARD'S PERFORMANCE ASSESSMENT

During the financial year, the Nominating Committee carried out a Board evaluation by way of questionnaire to assess the effectiveness of the Board as a whole. Broadly, the assessment criteria include:

i. Mix of Board composition;
ii. Constructive Input and Decision Making;
iii. Board's Participation and Attendance;
iv. Contribution and Performance; and
v. Independence of Independent Directors.

Based on the assessment, the overall performance and effectiveness of the Board are satisfactory.

The present composition of the Nominating Committee is as follows:

Chairman : En. Mohd. Arif Bin Mastol *(Independent Non-Executive Director)*

Member : You Tong Lioung @ Yew Tong Leong *(Senior Independent Non-Executive Director)*
Lai Lan Man @ Lai Shuk Mee *(Independent Non-Executive Director)*

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

(V) BOARD'S PERFORMANCE ASSESSMENT (cont'd)

The details of the terms of reference of the Nominating Committee are published in the corporate website www.skb-shutters.com. During the financial year, the Nominating Committee carried out the following activities:

i. Evaluated the:
    a. Current Board structure, size and composition;
    b. Contribution of each director and effectiveness of Board and Committees; and
    c. Character, experience, integrity and competence of directors and ensure they have time to discharge their roles;
ii. Reviewed the character, experience, integrity and competence of the Managing Director and the Chief Financial Officer;
iii. Reviewed the Directors' retirement and notified the Board of the Directors who are due for retirement;
iv. Reviewed the retention of Independent Non-Executive Directors; and
v. Reviewed the term of office and performance of the Audit Committee and each of its members.

(VI) REMUNERATION

The Board did not form Remuneration Committee. Accordingly, the remuneration of Directors comes under the purview of the Board. All Board Members would abstain from the Board's deliberation and discussing of his or her remuneration.

The Board has adopted a Remuneration Policy. This Policy is incorporated in the Board Charter. Executive Directors are remunerated based on Group's performance while Non-Executive Directors' remuneration is determined in accordance with the level of responsibilities assumed.

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

Received and Receivable From:	Remuneration Bands	Current Directors Executive (ED)	Current Directors Non-Executive (NED)
Company	RM50,000 and below	5	4
	RM250,001 – RM300,000	-	-
	RM350,001 – RM400,000	-	-
	RM450,001 – RM500,000	-	-
	RM700,001 – RM750,000	-	-
	Total	**5**	**4**
Subsidiaries	RM50,000 and below	-	-
	RM250,001 – RM300,000	1	-
	RM400,001 – RM450,000	1	-
	RM500,001 – RM550,000	2	-
	RM750,001 – RM800,000	1	-
	Total	**5**	**–**

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

Remuneration Components	Received and Receivable from the Company ED RM'000	Received and Receivable from the Company NED RM'000	Received and Receivable from Subsidiaries ED RM'000	Received and Receivable from Subsidiaries NED RM'000	Total ED RM'000	Total NED RM'000
Fees*	150	40	-	-	150	40
Salaries	-	-	1,620	-	1,620	-
Bonuses	-	-	625	-	625	-
EPF	-	-	269	-	269	-
Benefit-in-Kind	-	-	21	-	21	-
Total	**150**	**40**	**2,535**	**-**	**2,685**	**40**

* The directors' fees paid are related to financial year 2018.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

(VI) REMUNERATION (cont'd)

The annual fees paid to the Directors will be subject to the ordinary resolution of the shareholders. The amount of Directors' fee for the financial year ended 30 June 2018 proposed for the shareholders' approval at the forthcoming AGM is RM190,000.

Details of the remuneration of each Director in named basis is not disclosed due to security reason. The Board is also concerned with the impact of the disclosure which may be prejudicial to the Company's interest.

The Board will provide further clarification to shareholders during the AGM should this issue are being raised in order to enable shareholders to assess if the Directors' remuneration commensurate with their performances.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(VII) AUDIT COMMITTEE

The Board has established an effective and independent Audit Committee. The Audit Committee members comprising fully Independent Non-Executive Directors, which is in accordance to Bursa's Listing Requirement. The Audit Committee members are financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

The Chairman of the Audit Committee is not the Chairman of the Board. The Audit Committee Chairman is able to access to all the Executive Directors, Senior Management, External and Internal Auditors. The review of the terms of office and performance of the Audit Committee and each of its members are carried out annually.

Details of the Audit Committee's functions and activities are reported on pages 20 to 21.

When considering the appointment of former key audit partner from its current External Auditor's firm, the Audit Committee is mindful of the minimum two (2) years cooling off period best practice under the MCCG before appointing this partner as a member of the Audit Committee. Presently, none of the members of Audit Committee are former key audit partner of the Group.

Annually, the Audit Committee reviews the appointment, performance and remuneration of the External Auditors. Upon review, the Audit Committee will recommend to the Board for proposing a resolution to Shareholders for the re-appointment of external auditors in the AGM. As part of the Audit Committee review processes, the Audit Committee will also obtain 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.

The Audit Committee will convene meeting with the External Auditors and Internal Auditors without the presence of the Executive Directors and employees of the Group as and when necessary.

(VIII) RISK MANAGEMENT AND INTERNAL CONTROL

The Board as a whole responsible for the overall and oversight of risk management in the Group covering the system of risk management and internal control for financial, operational and compliance while the Executive Directors together with the senior management team are primary responsible for managing risks in the Group.

The Board is satisfied with the effectiveness and adequacy the existing level of systems of risk management and internal control. 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 18 to 19.

The Internal Audit Function is carried out by an internal audit consulting firm. The team members of the internal audit team are accounting graduates from local universities. The Internal Auditors have performed its work with reference to the principles of the International Professional Practice Framework of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders. The Audit Committee will review the internal audit engagement to ensure that the Internal Auditors' objectivity and independence are not impaired or affected.

Further details of the internal audit function are disclosed in the Audit Committee Report as set out on page 21 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

(IX) COMMUNICATION WITH STAKEHOLDERS

The Board recognises the need for transparency and accountability to the Company's shareholders and regular communication with stakeholders on the performance and major developments in the Group. Such communication is important for enhancing stakeholders appreciation and understanding of the Group's business and activities. Following are the various ways of the Board communicating with stakeholders:

- Results of the Group are published quarterly via the website of Bursa Securities at http://announcements.bursamalaysia.com;
- Corporate information is maintained in its corporate website at http://skb-shutters.com/ for the interest of the general public;
- Annual Report contains the financial and operational review of the Group's business, corporate information and financial statements; and
- Shareholders interaction during the general meetings.

Separately, the Company has also reported its Sustainability Statement on page 17 of this Annual Report for stakeholders' reference.

(X) CONDUCT OF GENERAL MEETINGS

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. Notice of the AGM and Annual Reports are sent to shareholders at least twenty-one (21) days prior to the meeting. Nonetheless, the Board will endeavour to embrace the twenty-eight (28) days practice of the latest MCCG when issuing AGM notice to shareholders.

At each AGM, the encourages participation of shareholders during questions and answers sessions. The Chairman and the Board will respond to all questions raised by the shareholders during the AGM.

In line with Paragraph 8.29A(1) of the MMLR, the Company had implemented poll voting in the last AGM for all the resolutions set out in the Notice of AGM. Explanation for each proposed resolution set out in the Notice of AGM will be provided, if needed during AGM to assist shareholders in making their decisions and exercising their voting rights. The outcome of the AGM will be announced to Bursa Securities on the same meeting while the summary of key matters discussed during the AGM will be posted on the Company website.

Shareholders who are unable to attend the AGM are advised that they can appoint proxies to attend and vote on their behalf.

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 Malaysian Financial Reporting Standards, the provisions of the Companies Act 2016 so as to give a true and fair view of the state of affairs of the Group and of 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 2018, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statements 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 INFORMATION

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.

Non-audit fees

During the year, a total of RM27,804 was paid to KPMG for non-audit services rendered.

Profit estimate, forecast or projection

There were no profit estimate, forecast or projections made by the Company for the financial year.

SUSTAINABILITY STATEMENT

In accordance to Chapter 9 MMLR on Continuing Disclosure, SKB being a listed company is required to report its Sustainability Statement effective from this financial year.

The Board welcomes this new sustainability reporting framework and is committed to undertake steps to implement its sustainability initiatives. The Board will continue to uphold SKB as a caring and responsible organisation and pursue sustainability to create value for its shareholders and stakeholders.

Based on the provision of the Practice Note 9, the Board has identified the following actions towards formalising its sustainability framework:

i. To define its oversight structure for overseeing the sustainability reporting;
ii. To review the context of economic, environment and social aspects which the Group is operating in;
iii. To identify the materiality and impact arising from the Group's business activities on these economic, environment and social factors;
iv. To ensure focus and attention are being given appropriately on the identified material factors;
v. To identify and engage with relevant stakeholders for soliciting feedbacks on fields of interest in order to set the direction and focus of SKB's sustainability goals; and
vi. To define measures and targets to assess and monitor management initiatives on sustainability.

SKB's Sustainability Initiatives and Corporate Social Responsibilities ("CSR")

Our philosophy to sustainability is to observe and apply the green environment principles in our workplace. When it is technological and commercially feasible, the Board and management will increase its recycling initiatives to ensure that wastes generated from our operations and building are minimised.

SKB's products are 100% steel-based and fully recyclable. Management has also switched to the use 100% organic powder coating for SKB's products. Our plant is designed and built with wide-surface roofing, rainwater is collected and reused for sanitary as well as for factory and common space cleaning purposes. Apart from that, the plant's skylights and LED lights were incorporated into the roofing systems to provide ample light to the factory floor and to minimise electricity consumption.

We provide monetary contribution and product sponsorship to NGOs, schools and community centers under SKB's CSR initiatives. In addition, we engaged with NGOs to understand their challenges and identify how SKB can contribute further to their cause such as rebuilding Orang Asli homes and aiding rural women. Within our capacity, we also offer our manpower and assistance to these entities to drive their fund-raising initiatives.

With respect to product sponsorship, we provide partial and full product sponsorships such as storage racks, steel doors, roller shutters and maintenance services to government schools and self-funded community centers. In recent case, we have sponsored a shutter for front office of SPICES which is a registered society under the Registrar of Societies Malaysia provide support for parents and caretakers for infants and children with disabilities or developmental delays through their consultation and educational programmes.

Separately, SKB also donated to Ti-Ratana Welfare Society during the financial year. In order to promote and enhance the unity, team building and welfare of our employees, annual dinner and festive celebrations such as SKB anniversary, Hari Raya Aidilfitri, Chinese New Year and birthday parties were organised for our employees who are the key stakeholders of our organisation.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysia Code on Corporate Governance specifies that the Board of Directors ("the Board") of public listed companies should establish a sound risk management framework and internal controls system to safeguard shareholders' investment and Group's assets. Towards this end, the Board of SKB Shutters Corporation Berhad is pleased to present the following Statement on Risk Management and Internal Control ("Statement") for the financial year ended 30 June 2018. 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 "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" ("Guidelines") endorsed by the Bursa Securities.

RISK MANAGEMENT

The Board acknowledges its overall responsibility for reviewing the adequacy and integrity of the Group's systems of risk management and internal control, identifying principal risks and establishing an appropriate control environment and framework to manage risks.

The Group's risk management and systems of internal controls continue to be driven by all Executive Directors and assisted by Heads of Departments. These risk management and systems of internal control are embedded and carried out as part of the Group's operating and business management processes. The Executive Directors and Heads of Departments are accountable to the Board for identifying, evaluating, monitoring and managing of significant risks; taking and implementing appropriate and timely corrective actions and controls; and providing assurance to the Board that these controls have been carried out to manage the risks.

External and relevant professionals would be drawn on to assist and provide advices to the management team when necessary. Annually, the Group will conduct its annual risk assessment with the facilitation of the Internal Auditors. The objective of this annual risk assessment is to review the risk status in the Group and to refresh the risk awareness of management team members. This risk assessment exercise is participated by Executive Directors and respective Heads of Departments.

The Group conducted its annual risk assessment in September 2017 with reference to the principles of ISO 31000 on Risk Management. In concluding the assessment, the Management had identified the following key challenges and action plans to address these challenges:

i. Streamlining and automating the production processes in order to address the supply of workers;

ii. Managing the Group's cash flows in order to improve its liquidity; and

iii. Implementing dynamic pricing structure and product strategy based on market requirements.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The present key internal control measures in the Group are as follows:

i. Management organisation structure defining the management responsibilities and hierarchical structure of reporting lines and accountability;

ii. Limit of approval facilitating delegation of authority;

iii. Periodic management meetings, departmental meetings and performance reporting for monitoring and ensuring that the business operations are progressed in accordance with the objectives and targets;

iv. Standard operating procedures guiding staff members in carrying out their function effectively;

v. Provision of trainings to employees for strengthening their skillsets and capabilities;

vi. Insuring for fire, consequential loss, money, product liability, burglary, fidelity guarantee and public liability risks; and

vii. Quality management systems ISO 9001:2008 are adopted in the key subsidiaries forming the principal guides for the operation procedures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

THE REVIEW MECHANISM

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 selected key functions.

Management further supplements the Audit Committee's 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. The Audit Committee reviews the interim financial results in corroboration with management representations on operations and the performance of its subsidiaries.

At operation level, the Group performance are evaluated and monitored by Executive Directors. Management review meetings are held at respective business unit levels to identify and resolve business and operational issues as well as sharing of performance achievements with management staff members and reinforcing their responsibilities in the monitoring and supervisory controls.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Bursa Securities' Guidelines, Management is responsible for identifying risks; 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 objectives and performance.

In producing this Statement, the Board has received assurance from the Executive Chairman/Chief Executive Officer and Chief Finance 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

As the Group operates in a dynamic business environment, a sound risk management and internal control system is important to help the Group to achieve its business objectives. Therefore, the Board remains committed towards maintaining a sound system of risk management and internal control.

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

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

This Statement is made in accordance with the approval by the Board dated 26 October 2018.

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") is an independent Board Committee which assists the Board in discharging its responsibilities for corporate governance, internal controls and financial reporting.

Membership

The AC comprises solely independent non-executive directors. Members of the AC during the financial year ended 30 June 2018 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 2018, four (4) Audit Committee meetings were held and the attendance of each committee member is as follows: -

Members	Number of meetings held during members' tenure in office	No. of meetings attended by members
You Tong Lioung @ Yew Tong Leong	4	3
Lai Lan Man @ Lai Shuk Mee	4	3
Mohd. Arif Bin Mastol	4	3

Summary Of Activities During The Year

In line with the terms of reference, the AC held 4 meetings during the financial year and carried out the following activities: -

- Reviewed 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 of the Group to ensure compliance with the provisions of the Companies Act 2016, 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;
- The focus of review was on: -
  - i) key audit matters and other significant audit matters;
  - ii) changes in implementation of major accounting policies;
  - iii) significant and unusual events; and
  - iv) compliance with accounting standards and other legal requirements;
- Reviewed the Audit Plan with the External Auditors;
- Reviewed the results and issues arising from the audit and their resolutions with the External Auditors;
- Hold two meetings with the External Auditors without the presence of the Executive Directors or management;
- Evaluated the performance, effectiveness and independence of the External Auditors and made recommendations to the Board of Directors on their appointment and remuneration;
- Reviewed Internal Audit Plan and the scope and focus of the internal audit programmes;
- Reviewed 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;
- Evaluated the performance and effectiveness of the Internal Auditors and made recommendations to the Board of Directors on their appointment and remuneration;
- Monitored the corrective actions taken on the outstanding audit issues to ensure that all the key risks and control lapses have been addressed;
- Discussed on the overseas investment;
- Reviewed the Statement on Risk Management and Internal Control which provides and overview of the state of internal controls and risk management within the Group prior to the Board's approval for inclusion in the Annual Report; and
- Deliberated and adopted the Audit Committee evaluation form.

AUDIT COMMITTEE REPORT

Internal Audit Function

The Audit Committee is aware of the importance of an independent and adequately resourced internal audit function in discharging its duties and responsibilities. The Company has outsourced its internal audit function to an independent internal audit services provider for the financial year ended 30 June 2018. 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 whilst ensuring that there is an appropriate balance of controls and risks in achieving its business objectives. The Internal Audit reviews the effectiveness of the internal control structures over the Group's activities focusing on high risk areas.

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 Audit Committee together with the implementation status of audit recommendations for further improvement.

During the financial year, internal audit was conducted in the following areas and the results of each of these audits were as follows: -

- Follow up on Production Management - "recommendations had been fully implemented"
- Follow up on Inventory Management - "recommendations had been fully implemented"
- Credit Control and its follow up - "need minor improvement and recommendations had been fully implemented".

Further details on the internal audit function are reported in the Statement on Risk Management and Internal Control on pages 18 and 19 of this annual report.

The total costs incurred for the internal audit function of the Company for the financial year was RM37,656.

The details of the terms of reference of the Audit Committee are published in the corporate website.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2018.

Principal activities

The Company is principally engaged in investment holding activity, 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.

Ultimate holding company

The Company is a subsidiary of SKB Glory Sdn. Bhd., of which is incorporated in Malaysia and regarded by the Directors as the Company's ultimate holding company, during the financial year and until the date of this report.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

Results

	Group RM	Company RM
Profit/(Loss) for the year attributable to owners of the Company	1,974,819	(124,276)

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review other than as disclosed in the financial statements.

Dividend

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 during the financial year until the date of this 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
Sin Tze Yi
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 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 or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows :

	Number of ordinary shares			
	Balance at 1.7.2017	**Bought**	**(Sold)**	**Balance at 30.6.2018**
Direct interest				
The Company				
Sin Kheng Lee - own	2,010,000	-	-	2,010,000
Dato' Moehamad Izat bin Achmad Habechi Emir - own	3,339,597	-	-	3,339,597
Sin Ching San - own	10,000	-	-	10,000
- others *	10,000	-	-	10,000
Chou Lee Sin - own	10,000	-	-	10,000
You Tong Lioung @ Yew Tong Leong - own	10,000	-	-	10,000
Lai Lan Man @ Lai Shuk Mee - own	15,000	-	-	15,000
Holding company - SKB Glory Sdn. Bhd.				
Sin Kheng Lee - own	971,250	-	-	971,250
Sin Ching San - own	416,250	-	-	416,250
Deemed interest				
The Company				
Sin Kheng Lee - own	22,847,607	-	-	22,847,607
Sin Ching San - own	22,847,607	-	-	22,847,607
Holding company - 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 the Companies Act.

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 shares of 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 2018 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2018

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 those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or of a related corporation) 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.

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.

Issue of shares and debentures

There were no changes in the 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.

Indemnity and insurance costs

During the financial year, the total amount of indemnity given to/insurance effected for Directors and officers of the Group is RM381.

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.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2018

OTHER STATUTORY INFORMATION (cont'd)

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 2018 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.

Auditors

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

The auditors' remuneration is disclosed in Note 16 to the financial statements.

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

Sin Kheng Lee
Director

Sin Siew Huey
Director

Penang,

Date : 26 October 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Assets					
Property, plant and equipment	3	95,990,120	98,359,667	-	-
Investment properties	4	1,424,287	1,433,203	-	-
Prepaid lease payments	5	-	-	-	-
Investments in subsidiaries	6	-	-	17,522,942	17,522,942
Total non-current assets		97,414,407	99,792,870	17,522,942	17,522,942
Inventories	7	30,822,255	38,866,918	-	-
Current tax assets		664,087	921,724	4,240	2,216
Trade and other receivables	8	20,691,093	23,582,856	22,927,929	22,142,931
Cash and cash equivalents	9	7,865,254	11,425,125	3,052,594	3,961,304
Total current assets		60,042,689	74,796,623	25,984,763	26,106,451
Total assets		157,457,096	174,589,493	43,507,705	43,629,393
Equity					
Share capital	10	41,498,324	41,498,324	41,498,324	41,498,324
Reserves	11	38,045,341	36,033,181	1,784,483	1,908,759
Total equity attributable to owners of the Company		79,543,665	77,531,505	43,282,807	43,407,083
Liabilities					
Loans and borrowings	12	42,855,325	44,449,066	-	-
Deferred tax liabilities	13	1,306,920	1,039,958	-	-
Total non-current liabilities		44,162,245	45,489,024	-	-
Loans and borrowings	12	14,056,597	19,903,539	-	-
Trade and other payables	14	19,694,589	31,665,425	224,898	222,310
Total current liabilities		33,751,186	51,568,964	224,898	222,310
Total liabilities		77,913,431	97,057,988	224,898	222,310
Total equity and liabilities		157,457,096	174,589,493	43,507,705	43,629,393

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Continuing operations					
Revenue	15	64,277,624	69,099,991	-	-
Cost of sales		(47,798,621)	(51,337,315)	-	-
Gross profit		16,479,003	17,762,676	-	-
Other operating income		4,194,709	4,492,782	167,624	668,622
Distribution expenses		(1,805,738)	(1,588,323)	-	-
Administrative expenses		(12,020,717)	(13,361,383)	(368,836)	(425,824)
Other operating expenses		(618,157)	(1,181,407)	-	-
Results from operating activities		6,229,100	6,124,345	(201,212)	242,798
Finance income		82,723	105,993	76,936	102,692
Finance costs		(2,947,632)	(2,945,102)	-	-
Net finance (costs)/income		(2,864,909)	(2,839,109)	76,936	102,692
Profit/(Loss) before tax	16	3,364,191	3,285,236	(124,276)	345,490
Tax expense	18	(1,389,372)	(1,165,102)	-	-
Profit/(Loss) for the year		1,974,819	2,120,134	(124,276)	345,490

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Other comprehensive income/(expense), net of tax					
Item that is or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operation		37,341	(62,001)	-	-
Total other comprehensive income/(expense) for the year, net of tax		37,341	(62,001)	-	-
Total comprehensive income/(expense) for the year		2,012,160	2,058,133	(124,276)	345,490
Profit/(Loss) for the year attributable to :					
Owners of the Company		1,974,819	2,120,134	(124,276)	345,490
Total comprehensive income/(expense) for the year attributable to :					
Owners of the Company		2,012,160	2,058,133	(124,276)	345,490
Earnings per ordinary share (sen)	19	4.94	5.30	-	-

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 2018

	Attributable to owners of the Company						
	Non-distributable					Distributable	
	Share capital RM	Share premium RM	Translation reserve RM	Capital reserve RM	Capital redemption reserve RM	Retained earnings RM	Total equity RM
At 1 July 2016	40,000,000	1,498,324	(164,582)	-	30,000	34,109,630	75,473,372
Total other comprehensive expense for the year							
- Foreign currency translation differences for foreign operation	-	-	(62,001)	-	-	-	(62,001)
Profit for the year	-	-	-	-	-	2,120,134	2,120,134
Total comprehensive (expense)/income for the year	-	-	(62,001)	-	-	2,120,134	2,058,133
Transfer in accordance with Section 618(2) of the Companies Act 2016	1,498,324	(1,498,324)	-	-	-	-	-
Transfer to capital reserve	-	-	-	30,000	(30,000)	-	-
At 30 June 2017	41,498,324	-	(226,583)	30,000	-	36,229,764	77,531,505
	Note 10		Note 11				

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Attributable to owners of the Company				
	Non-distributable			*Distributable*	
	Share capital	**Translation reserve**	**Capital reserve**	**Retained earnings**	**Total equity**
	RM	**RM**	**RM**	**RM**	**RM**
At 1 July 2017	41,498,324	(226,583)	30,000	36,229,764	77,531,505
Total other comprehensive income for the year					
- Foreign currency translation differences for foreign operation	-	37,341	-	-	37,341
Profit for the year	-	-	-	1,974,819	1,974,819
Total comprehensive income for the year	-	37,341	-	1,974,819	2,012,160
At 30 June 2018	41,498,324	(189,242)	30,000	38,204,583	79,543,665
	Note 10	Note 11			

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 2018

	Attributable to owners of the Company			
	Non-distributable		*Distributable*	
	Share capital	**Share premium**	**Retained earnings**	**Total equity**
	RM	**RM**	**RM**	**RM**
At 1 July 2016	40,000,000	1,498,324	1,563,269	43,061,593
Profit for the year representing total comprehensive income for the year	-	-	345,490	345,490
Transfer in accordance with Section 618(2) of the Companies Act 2016	1,498,324	(1,498,324)	-	-
At 30 June 2017/1 July 2017	41,498,324	-	1,908,759	43,407,083
Loss for the year representing total comprehensive expense for the year	-	-	(124,276)	(124,276)
At 30 June 2018	41,498,324	-	1,784,483	43,282,807
	Note 10		Note 11	

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Cash flows from operating activities					
Profit/(Loss) before tax from continuing operations		3,364,191	3,285,236	(124,276)	345,490
Adjustments for :					
Amortisation of prepaid lease payments	5	-	28,124	-	-
Depreciation of :					
- property, plant and equipment	3	4,214,445	3,651,415	-	-
- investment properties	4	8,916	6,852	-	-
Gain on disposal of plant and equipment	16	(56,129)	(126,230)	-	-
Loss/(Gain) on liquidation of a subsidiary	16	-	16,776	-	(511,850)
Plant and equipment written off	16	1	-	-	-
Impairment loss on investment in a subsidiary	16	-	-	-	26,005
Interest income	16	(82,723)	(105,993)	(76,936)	(102,692)
Interest expense		2,947,632	2,945,102	-	-
Operating profit/(loss) before changes in working capital		10,396,333	9,701,282	(201,212)	(243,047)
Changes in working capital :					
Inventories		8,044,663	(7,078,509)	-	-
Trade and other receivables		2,879,323	(4,983,269)	(784,998)	210,891
Trade and other payables		(10,387,146)	15,136,530	2,588	(789,296)
Cash generated from/ (used in) operations		10,933,173	12,776,034	(983,622)	(821,452)
Tax (paid)/refunded		(864,773)	(1,313,243)	(2,024)	1,112
Net cash from/(used in) operating activities		10,068,400	11,462,791	(985,646)	(820,340)
Cash flows from investing activities					
Purchase of property, plant and equipment	A	(1,836,781)	(47,418,072)	-	-
Proceeds from disposal of plant and equipment		56,131	283,868	-	-
Capital distribution from the liquidation of a subsidiary		-	-	-	803,651
Interest received		82,723	105,993	76,936	102,692
Net cash (used in)/from investing activities		(1,697,927)	(47,028,211)	76,936	906,343

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Cash flows from financing activities					
Repayment of finance lease liabilities		(1,700,517)	(1,832,371)	-	-
Repayment of term loan		(1,501,452)	(1,119,486)	-	-
Drawdown of term loan		-	45,000,000	-	-
Repayment of other borrowings, net		(3,524,377)	(987,332)	-	-
Interest paid		(2,947,632)	(2,945,102)	-	-
Net cash (used in)/from financing activities		(9,673,978)	38,115,709	-	-
Net (decrease)/increase in cash and cash equivalents		(1,303,505)	2,550,289	(908,710)	86,003
Effect of exchange rate fluctuation on cash and cash equivalents		(16,739)	(9,403)	-	-
Cash and cash equivalents at 1 July		5,887,128	3,346,242	3,961,304	3,875,301
Cash and cash equivalents at 30 June	B	4,566,884	5,887,128	3,052,594	3,961,304

NOTES

A. *Purchase of property, plant and equipment*

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

	Note	Group 2018 RM	Group 2017 RM
Purchase of property, plant and equipment	3	3,362,071	60,928,584
Less : Acquired through finance lease arrangements		(1,525,290)	(2,529,472)
Less: Deposit		-	(10,981,040)
		1,836,781	47,418,072

B. *Cash and cash equivalents*

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

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Short-term funds	9	3,034,599	3,957,663	3,034,599	3,957,663
Short-term deposits with licensed banks	9	46,017	48,107	-	-
Cash and bank balances	9	4,784,638	7,419,355	17,995	3,641
		7,865,254	11,425,125	3,052,594	3,961,304
Bank overdrafts	12	(3,298,370)	(5,537,997)	-	-
		4,566,884	5,887,128	3,052,594	3,961,304

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 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

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

The ultimate holding company during the financial year was SKB Glory Sdn. Bhd., a company incorporated in Malaysia.

These financial statements were authorised for issue by the Board of Directors on 26 October 2018.

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 2016 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 by the Company :

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment - Classification and Measurement of Share-based Payment Transactions**
- Amendments to MFRS 4, *Insurance Contracts - Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts**
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)**
- Amendments to MFRS 140, *Investment Property - Transfers of Investment Property*

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 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)#*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits - Plan Amendment, Curtailment or Settlements#*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures#*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

- from the annual period beginning on 1 July 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018, except for those indicated with "*" which are not applicable to the Group and the Company.

- from the annual period beginning on 1 July 2019 for those accounting standard, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019, except for those indicated with "#" which are not applicable to the Group and the Company.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

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

(i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue - Barter Transactions Involving Advertising Services. MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations. The standard specifies that the revenue is to be recognised when control over the goods or services is transferred to the customer, moving from the transfer of risks and rewards.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

(i) MFRS 15, *Revenue from Contracts with Customers* (cont'd)

In the implementation of MFRS 15, the Group has designated a team to manage the implementation of MFRS 15 which includes undertaking impact assessment, guidelines and training program to ensure readiness and smooth implementation of MFRS 15. The Group will apply MFRS 15 based on cumulative effect transition approach.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

(ii) 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.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. In respect of impairment of financial assets, MFRS 9 replaces the "incurred loss" model in MFRS 139 with an expected credit loss ("ECL") model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

The Group is currently assessing the financial and disclosure impacts arising from the adoption of MFRS 9.

(iii) MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases - Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to 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.

1. Basis of preparation (cont'd)

(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 as disclosed in Note 4 - valuation of investment properties.

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.

The Group controls an entity when it 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also 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.

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 investment includes transaction costs.

(ii) Business combinations

Subsidiaries are consolidated using the acquisition method other than SKB Shutters Manufacturing Sdn. Bhd. and SKB Trading Sdn. Bhd. which are consolidated using the pooling-of-interests method of accounting.

Under the pooling-of-interests method of accounting, the results of entities or businesses under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired were recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The difference between the cost of acquisition and the nominal value of the shares acquired together with the share premium are taken to merger reserve (or adjusted against any suitable reserve in the case of debit differences). The other components of equity of the acquired entities are added to the same components within the Group's equity.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Business combinations (cont'd)

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.

(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) 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.

(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 period, 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.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur 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 foreign currency translation reserve ("FCTR") in equity.

2. Significant accounting policies (cont'd)

(b) Foreign currency (cont'd)

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

The assets and liabilities of operations denominated in functional currencies other than RM 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 FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

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.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements 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 as 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.

(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(i)(i)).

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

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 otherwise 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.

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 control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. 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, 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.

2. Significant accounting policies (cont'd)

(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.

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

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" and "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 from the date that they are available for use. 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. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows :

Long-term leasehold land	90 to 99 years
Building and building improvements	50 years
Plant and machinery	5 - 10 years
Furniture, fittings, fixtures and equipment	5 years
Motor vehicles	5 years

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

NOTES TO THE FINANCIAL STATEMENTS

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 leases

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 statements 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.

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) Investment properties

(i) Investment properties carried at cost

Investment properties are properties which are owned or held under a leasehold interest 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. Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is charged on a straight-line basis over the estimated useful life of 50 years.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Transfers between investment properties and property, plant and equipment do not change the carrying amount of the property transferred.

2. Significant accounting policies (cont'd)

(f) Investment properties (cont'd)

(i) Investment properties carried at cost (cont'd)

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Determination of fair value

The Directors estimate the fair values of the Group's investment properties without the involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

(g) Inventories

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

The cost of inventories is calculated using the first-in, first-out method, 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.

(h) 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 statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(i) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) 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.

2. Significant accounting policies (cont'd)

(i) Impairment (cont'd)

(i) Financial assets (cont'd)

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(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 first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

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.

(j) 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) Issue expenses

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

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(k) Employee benefits (cont'd)

(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.

(l) 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.

(m) 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 discounts 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, 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 in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to surveys of work 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. Rental income from sub-leased property is recognised as other income.

(iv) 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(n) 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.

(o) 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.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements 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.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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 assets and liabilities 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.

2. Significant accounting policies (cont'd)

(p) 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.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(q) 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. Operating segment 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.

(r) 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.

(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 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.

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) Fair value measurements

Fair value of an asset or a liability, except for 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (cont'd)

(t) Fair value measurements (cont'd)

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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment - Group

	Land	Building and building improvements	Plant and machinery	Furniture, fittings, fixtures and equipment	Motor vehicles	Capital work-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM
Cost							
At 1 July 2016	-	32,748,632	39,286,297	13,838,846	7,638,165	1,641,156	95,153,096
Additions	54,905,200	-	2,092,763	826,189	805,935	2,298,497	60,928,584
Transfer from prepaid lease payments (Note 5)	9,221,353	-	-	-	-	-	9,221,353
Disposals	-	-	-	-	(1,171,118)	-	(1,171,118)
Reclassification	1,641,156	-	-	-	-	(1,641,156)	-
Effect of movements in exchange rates	-	-	-	261	-	-	261
At 30 June 2017/1 July 2017	65,767,709	32,748,632	41,379,060	14,665,296	7,272,982	2,298,497	164,132,176
Additions	-	-	1,582,790	1,049,423	729,858	-	3,362,071
Disposals	-	-	-	-	(287,166)	-	(287,166)
Write-off	-	-	(2,300)	-	-	-	(2,300)
Reversal of management charges (Note 3.3)	-	-	-	-	-	(1,517,279)	(1,517,279)
Reclassification	781,218	-	-	-	-	(781,218)	-
Effect of movements in exchange rates	-	-	-	(313)	-	-	(313)
At 30 June 2018	66,548,927	32,748,632	42,959,550	15,714,406	7,715,674	-	165,687,189

NOTES TO THE FINANCIAL STATEMENTS

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

	Land	Building and building improvements	Plant and machinery	Furniture, fittings, fixtures and equipment	Motor vehicles	Capital work-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM
Depreciation and impairment loss							
At 1 July 2016							
Accumulated depreciation	-	8,120,630	33,449,561	11,007,494	6,125,457	-	58,703,142
Accumulated impairment losses	-	-	272,180	-	-	-	272,180
	-	8,120,630	33,721,741	11,007,494	6,125,457	-	58,975,322
Depreciation for the year	625,747	534,822	1,160,835	743,501	586,510	-	3,651,415
Disposals	-	-	-	-	(1,013,480)	-	(1,013,480)
Transfer from prepaid lease payments (Note 5)	4,158,820	-	-	-	-	-	4,158,820
Effect of movements in exchange rates	-	-	-	432	-	-	432
At 30 June 2017							
Accumulated depreciation	4,784,567	8,655,452	34,610,396	11,751,427	5,698,487	-	65,500,329
Accumulated impairment losses	-	-	272,180	-	-	-	272,180
	4,784,567	8,655,452	34,882,576	11,751,427	5,698,487	-	65,772,509

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

	Land RM	Building and building improvements RM	Plant and machinery RM	Furniture, fittings, fixtures and equipment RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Depreciation and impairment loss							
At 1 July 2017							
Accumulated depreciation	4,784,567	8,655,452	34,610,396	11,751,427	5,698,487	-	65,500,329
Accumulated impairment losses	-	-	272,180	-	-	-	272,180
	4,784,567	8,655,452	34,882,576	11,751,427	5,698,487	-	65,772,509
Depreciation for the year	699,215	836,586	1,248,894	791,759	637,991	-	4,214,445
Disposals	-	-	-	-	(287,164)	-	(287,164)
Write-off	-	-	(2,299)	-	-	-	(2,299)
Effect of movements in exchange rates	-	-	-	(422)	-	-	(422)
At 30 June 2018							
Accumulated depreciation	5,483,782	9,492,038	35,856,991	12,542,764	6,049,314	-	69,424,889
Accumulated impairment losses	-	-	272,180	-	-	-	272,180
	5,483,782	9,492,038	36,129,171	12,542,764	6,049,314	-	69,697,069
Carrying amounts							
At 1 July 2016	-	24,628,002	5,564,556	2,831,352	1,512,708	1,641,156	36,177,774
At 30 June 2017/1 July 2017	60,983,142	24,093,180	6,496,484	2,913,869	1,574,495	2,298,497	98,359,667
At 30 June 2018	61,065,145	23,256,594	6,830,379	3,171,642	1,666,360	-	95,990,120

NOTES TO THE FINANCIAL STATEMENTS

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

3.1 Assets under finance lease

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

	2018 RM	2017 RM
Plant and machinery	3,021,263	3,594,146
Motor vehicles	1,643,782	1,569,621
	4,665,045	5,163,767

3.2 Security

The land of the Group with a carrying amount of RM61,065,145 (2017 : RM60,983,142) is charged to a licensed bank as security for the term loan facility granted to a subsidiary.

3.3 Reversal of management charges

During the financial year ended 30 June 2018, management charges payable to Perbadanan Kemajuan Negeri Selangor ("PKNS") relating to a purchase of a piece of land from PKNS was agreed at RM781,218. Accordingly, the Group had derecognised the excess management charges accrued of RM1,517,279 as there was no further monies due and payable to PKNS and PKNS had no further claims against the Group.

4. Investment properties - Group

	RM
Cost	
At 1 July 2016/30 June 2017/1 July 2017/30 June 2018	2,146,579
Depreciation and impairment loss	
At 1 July 2016	
Accumulated depreciation	166,282
Accumulated impairment losses	540,242
	706,524
Depreciation for the year	6,852
At 30 June 2017/1 July 2017	
Accumulated depreciation	173,134
Accumulated impairment losses	540,242
	713,376
Depreciation for the year	8,916

NOTES TO THE FINANCIAL STATEMENTS

4. Investment properties - Group (cont'd)

	RM
Depreciation and impairment loss	
At 30 June 2018	
Accumulated depreciation	182,050
Accumulated impairment losses	540,242
	722,292
Carrying amounts	
At 1 July 2016	1,440,055
At 30 June 2017/1 July 2017	1,433,203
At 30 June 2018	1,424,287

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

	2018 RM	2017 RM
Land	1,084,000	1,084,000
Apartments and shop office	340,287	349,203
	1,424,287	1,433,203

4.2 Fair value information

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

The fair value of the investment properties of the Group is based on the Directors' estimation using the latest available market information and recent experience and knowledge in the location and category of property being valued. The fair value of the investment properties as at 30 June 2018 is classified as level 3 fair value, estimated at approximately RM2.50 million (2017 : RM2.43 million).

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 circumstance that caused the transfer.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties.

NOTES TO THE FINANCIAL STATEMENTS

4. Investment properties - Group (cont'd)

4.2 Fair value information (cont'd)

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 published for sale within the same locality or other comparable localities; and
- Enquiries from relevant property valuers and real estate agents on market conditions and changing market trends.

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

	2018 RM	2017 RM
Rental income	25,200	25,200
Direct operating expenses :		
- income generating investment properties	5,422	5,420
- non-income generating investment properties	6,632	5,801

5. Prepaid lease payments - Group

	Unexpired period of less than 50 years RM
Cost	
At 1 July 2016	9,221,353
Transfer to property, plant and equipment (Note 3)	(9,221,353)
At 30 June 2017/1 July 2017/30 June 2018	-
Amortisation	
At 1 July 2016	4,130,696
Amortisation for the year	28,124
Transfer to property, plant and equipment (Note 3)	(4,158,820)
At 30 June 2017/1 July 2017/30 June 2018	-
Carrying amounts	
At 1 July 2016	5,090,657
At 30 June 2017/1 July 2017/30 June 2018	-

6. Investments in subsidiaries - Company

	2018 RM	2017 RM
Unquoted shares, at cost	17,548,947	17,548,947
Less: Impairment loss	(26,005)	(26,005)
	17,522,942	17,522,942

Details of the subsidiaries are as follows :

Name of entity	Effective ownership interest and voting interest 2018	Effective ownership interest and voting interest 2017	Principal activities
SKB Shutters Manufacturing Sdn. Bhd.	100%	100%	Manufacture and sale of roller shutters, racking systems, storage system and related steel products.
SKB Storage Industries Sdn. Bhd.	100%	100%	Manufacture and sale of roller shutters, racking systems, storage system and related steel products.
SKB Shutters Industries Sdn. Bhd.	100%	100%	Manufacturing and providing of repair services for motor components.
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 PLT.

7. Inventories - Group

	2018 RM	2017 RM
Raw materials	17,537,903	20,062,860
Work-in-progress	1,609,412	1,158,138
Manufactured inventories	11,674,940	17,645,920
	30,822,255	38,866,918

Recognised in profit or loss (included under cost of sales) :

	2018 RM	2017 RM
Inventories recognised as cost of sales	46,467,164	47,705,916
Inventories written down	147,132	411,692
Reversal of inventories written down	(481,241)	-

NOTES TO THE FINANCIAL STATEMENTS

8. Trade and other receivables

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Trade					
Trade receivables		15,120,266	18,343,405	-	-
Non-trade					
Other receivables		480,094	869,126	-	-
Amount due from subsidiaries	8.1	-	-	22,926,929	22,141,931
Deposits		405,031	487,445	1,000	1,000
Prepayments	8.2	4,685,702	3,882,880	-	-
		5,570,827	5,239,451	22,927,929	22,142,931
		20,691,093	23,582,856	22,927,929	22,142,931

8.1 Amount due from subsidiaries

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

8.2 Prepayments

Included in prepayments of the Group is an amount of RM3,939,710 (2017 : RM2,638,429) representing advance payments to a supplier for the purchase of raw materials.

9. Cash and cash equivalents

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Short-term funds	9.1	3,034,599	3,957,663	3,034,599	3,957,663
Short-term deposits with licensed banks		46,017	48,107	-	-
Cash and bank balances		4,784,638	7,419,355	17,995	3,641
		7,865,254	11,425,125	3,052,594	3,961,304

9.1 Short-term funds

Short-term funds represent investments in fixed income funds which can be redeemable within a period of less than 31 days.

10. Share capital - Group and Company

	2018		2017	
	Amount RM	Number of shares	Amount RM	Number of shares
Issued and fully paid ordinary shares classified as equity instruments :				
At 1 July	41,498,324	40,000,000	40,000,000	40,000,000
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016 (Note 10.2)	-	-	1,498,324	-
At 30 June	41,498,324	40,000,000	41,498,324	40,000,000
	Note 10.1		Note 10.1	

10.1 Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Included in share capital is share premium amounting to RM1,498,324 (2017 : RM1,498,324) that is available to be utilised in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74).

10.2 Share premium

In accordance with Section 618(2) of the Companies Act 2016, any amount standing to the credit of the share premium has become part of the Group's and the Company's share capital. The Company has twenty-four months upon the commencement of Companies Act 2016 on 31 January 2017 to utilise the credit.

11. Reserves

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Non-distributable					
Capital reserve		30,000	30,000	-	-
Translation reserve	11.1	(189,242)	(226,583)	-	-
		(159,242)	(196,583)	-	-
Distributable					
Retained earnings		38,204,583	36,229,764	1,784,483	1,908,759
		38,045,341	36,033,181	1,784,483	1,908,759

11.1 Translation reserve

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

NOTES TO THE FINANCIAL STATEMENTS

12. Loans and borrowings - Group

	Note	2018 RM	2017 RM
Non-current			
Secured			
Term loan		40,870,440	42,334,229
Finance lease liabilities	12.1	1,984,885	2,114,837
		42,855,325	44,449,066
Current			
Secured			
Term loan		1,508,622	1,546,285
Finance lease liabilities	12.1	1,537,469	1,582,744
		3,046,091	3,129,029
Unsecured			
Bank overdrafts		3,298,370	5,537,997
Bankers' acceptances		4,539,000	8,464,000
Revolving credits		2,000,000	2,000,000
Foreign currency loans		1,173,136	772,513
		11,010,506	16,774,510
		14,056,597	19,903,539
Total loans and borrowings		56,911,922	64,352,605

12.1 Finance lease liabilities

Finance lease liabilities are payable as follows :

	2018			2017		
	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	1,686,311	148,842	1,537,469	1,747,852	165,108	1,582,744
Between one and five years	2,094,260	109,375	1,984,885	2,245,535	130,698	2,114,837
	3,780,571	258,217	3,522,354	3,993,387	295,806	3,697,581

12.2 Securities

The term loan is secured by the Group's long-term leasehold land (see Note 3).

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

12. Loans and borrowings - Group (cont'd)

12.3 Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1.7.2017 RM	Net changes from financing activities RM	Addition of new leases RM	At 30.6.2018 RM
Term loan	43,880,514	(1,501,452)	-	42,379,062
Finance lease liabilities	3,697,581	(1,700,517)	1,525,290	3,522,354
Other bank borrowings (excluded bank overdrafts)	11,236,513	(3,524,377)	-	7,712,136
	58,814,608	(6,726,346)	1,525,290	53,613,552

13. Deferred tax liabilities - Group

	2018 RM	2017 RM
Property, plant and equipment		
- capital allowances	1,077,447	1,136,273
- revaluation	2,330,920	2,284,958
- reinvestment allowances	(1,088,045)	(1,356,896)
Other temporary differences	(1,013,402)	(1,024,377)
	1,306,920	1,039,958

Movements in temporary differences during the year are as follows :

	At 1.7.2016 RM	Recognised in profit or loss (Note 18) RM	At 30.6.2017/ 1.7.2017 RM	Recognised in profit or loss (Note 18) RM	At 30.6.2018 RM
Property, plant and equipment					
- capital allowances	911,333	224,940	1,136,273	(58,826)	1,077,447
- revaluation	2,330,920	(45,962)	2,284,958	45,962	2,330,920
- reinvestment allowances	(1,459,272)	102,376	(1,356,896)	268,851	(1,088,045)
Other temporary differences	(800,062)	(224,315)	(1,024,377)	10,975	(1,013,402)
	982,919	57,039	1,039,958	266,962	1,306,920

Unrecognised deferred tax assets

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

	Group 2018 RM	2017 RM
Property, plant and equipment		
- capital allowances	1,584,000	975,000
- reinvestment allowances	1,109,000	863,000
Tax loss carry-forwards	3,242,000	3,129,000
Other temporary differences	1,789,000	1,715,000
	7,724,000	6,682,000

NOTES TO THE FINANCIAL STATEMENTS

13. Deferred tax liabilities - Group (cont'd)

Unrecognised deferred tax assets (cont'd)

The unabsorbed capital allowances, unutilised reinvestment allowances, tax loss carry-forwards 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 can utilise the benefits therefrom.

The comparative figures have been restated to reflect the revised unabsorbed capital allowances, unutilised reinvestment allowances, tax loss carry-forwards and other temporary differences available to the Group.

14. Trade and other payables

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Trade					
Trade payables		8,599,332	14,599,951	-	-
Non-trade					
Other payables	14.1	7,279,541	11,333,138	3,100	3,180
Accrued expenses	14.2	3,129,354	5,165,468	221,798	219,130
Deposits received		686,362	566,868	-	-
		11,095,257	17,065,474	224,898	222,310
		19,694,589	31,665,425	224,898	222,310

14.1 Other payables

Included in other payables of the Group is an amount of RM5,655,361 (2017 : RM8,819,055) representing advance payments from customers.

14.2 Accrued expenses

Included in accrued expenses of the Group is an amount of RM Nil (2017: RM2,298,497) representing accrual for management charges payable to Perbadanan Kemajuan Negeri Selangor ("PKNS") for the acquisition of land. During the financial year, the Group had finalised the management charges payable to PKNS amounting to RM781,218. Accordingly, the Group reversed the remaining balance of RM1,517,279 (refer Note 3.3).

15. Revenue - Group

Revenue represents the invoiced value of goods sold less returns and discounts.

16. Profit/(Loss) before tax

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

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Auditors' remuneration :				
Audit fees				
- KPMG PLT in Malaysia				
- current year	98,000	88,000	26,000	25,000
- prior year	7,000	-	1,000	-
- Other auditors	13,331	14,035	-	-
Non-audit fees				
- KPMG PLT in Malaysia	3,000	6,000	3,000	6,000
- Affiliates of KPMG PLT in Malaysia	24,804	24,382	2,986	2,438

16. Profit/(Loss) before tax (cont'd)

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Rental expense	170,959	199,627	-	-
Research and development expenses	582,483	791,270	-	-
Impairment loss on :				
- trade receivables	128,628	360,834	-	-
- investment in a subsidiary	-	-	-	26,005
Inventories written down (Note 7)	147,132	411,692	-	-
Bad debts written off	-	13,117	-	-
Realised loss on foreign exchange	232,524	296,223	-	-
Plant and equipment written off	1	-	-	-
Loss on liquidation of a subsidiary	-	16,776	-	-
and after crediting :				
Interest income	82,723	105,993	76,936	102,692
Gain on disposal of plant and equipment	56,129	126,230	-	-
Gain on liquidation of a subsidiary	-	-	-	511,850
Reversal of impairment loss on :				
- trade receivables	160,389	-	-	-
- amount due from a subsidiary	-	-	149,791	144,617
Rental income	3,241,313	3,232,257	-	-
Unrealised gain on foreign exchange	75,743	27,548	-	-
Reversal of inventories written down (Note 7)	481,241	-	-	-

i) The estimated monetary value of Directors' benefit-in-kind is RM20,500 (2017 : RM20,500).

ii) Research and development expenses include Director's emoluments of RM537,600 (2017: RM537,600).

17. Employee information

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Staff costs (including Executive Directors)	11,845,991	12,076,335	190,000	190,000

NOTES TO THE FINANCIAL STATEMENTS

17. Employee information (cont'd)

Staff costs of the Group include contributions to the Employees' Provident Fund of RM670,048 (2017 : RM650,967).

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Directors' fees	190,000	190,000	190,000	190,000
Directors' remuneration	2,245,000	2,205,000	-	-
Contributions to Employees' Provident Fund	269,400	264,600	-	-
Estimated monetary value of benefits-in-kind	20,500	20,500	-	-
	2,724,900	2,680,100	190,000	190,000

18. Tax expense

Recognised in profit or loss

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Income tax expense on continuing operations	1,389,372	1,165,102	-	-

Major components of income tax expense include :

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current tax expense				
- Current year	1,081,000	1,096,373	-	-
- Prior year	41,410	11,690	-	-
Total current tax recognised in profit or loss	1,122,410	1,108,063	-	-
Deferred tax expense				
Origination and reversal of temporary differences	254,000	36,038	-	-
Under provision in prior year	12,962	21,001	-	-
Total deferred tax recognised in profit or loss	266,962	57,039	-	-
Total income tax expense	1,389,372	1,165,102	-	-

18. Tax expense (cont'd)

Reconciliation of tax expense

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Profit/(Loss) for the year	1,974,819	2,120,134	(124,276)	345,490
Total tax expense	1,389,372	1,165,102	-	-
Profit/(Loss) excluding tax	3,364,191	3,285,236	(124,276)	345,490
Income tax calculated using Malaysian tax rate of 24%	807,406	788,457	(29,826)	82,918
Effect of different tax rate in foreign jurisdiction	4,456	4,613	-	-
Non-deductible expenses	485,341	600,017	88,521	102,198
Tax exempt income	(18,465)	(24,647)	(18,465)	(24,647)
Non-taxable income	(79,558)	(177,239)	(40,230)	(160,469)
Tax incentive	(101,616)	(108,722)	-	-
Deferred tax assets not recognised	250,000	36,480	-	-
Others	(12,564)	13,452	-	-
	1,335,000	1,132,411	-	-
Under provision in prior year	54,372	32,691	-	-
	1,389,372	1,165,102	-	-

19. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 30 June 2018 was based on the profit attributable to ordinary shareholders of RM1,974,819 (2017 : RM2,120,134) and on the weighted average number of ordinary shares outstanding of 40,000,000 (2017: 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.

20. 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. 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 and subsidiaries of the Company as disclosed in the financial statements and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated 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 8 and 14 to the financial statements.

a) Transactions with Directors and key management personnel

There were no transactions with the Directors and key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed in Note 17 to the financial statements.

21. Operating segments - Group

The Group is principally confined to the manufacture and sale of roller shutters, racking systems, storage system and related steel products which are principally carried out in Malaysia. Accordingly, information by operating segments on the Group's operations as required by MFRS 8 is not presented.

Geographical segments

The Group's manufacturing activities are performed in Malaysia while sales and distribution activities are mainly performed in four principal geographical areas namely Malaysia, Asia (excluding Malaysia), Middle East and Australia.

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.

21. Operating segments - Group (cont'd)

	Revenue RM	Non-current assets RM
2018		
Malaysia	44,239,983	97,414,404
Asia (excluding Malaysia)	15,697,165	3
Australia	3,796,571	-
Middle East	216,366	-
Others	327,539	-
	64,277,624	97,414,407
2017		
Malaysia	47,085,813	99,792,190
Asia (excluding Malaysia)	17,986,350	680
Australia	1,619,124	-
Middle East	2,152,801	-
Others	255,903	-
	69,099,991	99,792,870

22. Capital commitment - Group

	2018 RM'000	2017 RM'000
Plant and equipment		
- Contracted but not provided for	613	-

23. Contingent liabilities, unsecured - Company

The Company has given corporate guarantees to certain financial institutions for banking facilities granted to certain subsidiaries for a limit of up to RM66.18 million (2017 : RM72.09 million) of which RM55.91 million (2017 : RM64.03 million) were utilised at reporting date.

The Company has also issued financial guarantees to suppliers of certain subsidiaries for a limit of up to RM2.30 million (2017: RM2.30 million) of which RM0.05 million (2017: RM0.44 million) were utilised at reporting date.

NOTES TO THE FINANCIAL STATEMENTS

24. Financial instruments

24.1 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		
2018		
Trade and other receivables (excluding prepayments)	16,005,391	16,005,391
Cash and cash equivalents	7,865,254	7,865,254
	23,870,645	23,870,645
2017		
Trade and other receivables (excluding prepayments)	19,699,976	19,699,976
Cash and cash equivalents	11,425,125	11,425,125
	31,125,101	31,125,101
Company		
2018		
Trade and other receivables (excluding prepayments)	22,927,929	22,927,929
Cash and cash equivalents	3,052,594	3,052,594
	25,980,523	25,980,523
2017		
Trade and other receivables (excluding prepayments)	22,142,931	22,142,931
Cash and cash equivalents	3,961,304	3,961,304
	26,104,235	26,104,235

NOTES TO THE FINANCIAL STATEMENTS

24. Financial instruments (cont'd)

24.1 Categories of financial instruments (cont'd)

	Carrying amount RM	FL RM
Financial liabilities		
Group		
2018		
Loans and borrowings	56,911,922	56,911,922
Trade and other payables	19,694,589	19,694,589
	76,606,511	76,606,511
2017		
Loans and borrowings	64,352,605	64,352,605
Trade and other payables	31,665,425	31,665,425
	96,018,030	96,018,030
Company		
2018		
Trade and other payables	224,898	224,898
2017		
Trade and other payables	222,310	222,310

24.2 Net gains and losses arising from financial instruments

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Net gains/(losses) on :				
Loans and receivables	114,484	(501,690)	226,727	247,309
Financial liabilities measured at amortised cost	(3,104,413)	(2,980,045)	-	-
	(2,989,929)	(3,481,735)	226,727	247,309

NOTES TO THE FINANCIAL STATEMENTS

24. Financial instruments (cont'd)

24.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

24.4 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 to banks and suppliers for credit facilities granted to certain subsidiaries.

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 :

	Group	
	2018	**2017**
	RM	**RM**
Domestic	13,562,682	17,543,209
Asia (excluding Malaysia)	1,434,065	446,909
Australia	113,945	161,405
Middle East	9,574	191,882
	15,120,266	18,343,405

24. Financial instruments (cont'd)

24.4 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	Individual impairment	Collective impairment	Net
	RM	RM	RM	RM
Group				
2018				
Not past due	11,380,515	-	-	11,380,515
Past due 1 - 90 days	1,781,821	-	-	1,781,821
Past due 91 - 180 days	1,177,442	-	-	1,177,442
Past due 181 - 270 days	164,092	-	-	164,092
Past due more than 270 days	2,188,805	(1,572,409)	-	616,396
	16,692,675	(1,572,409)	-	15,120,266
2017				
Not past due	12,654,772	-	-	12,654,772
Past due 1 - 90 days	2,929,641	-	-	2,929,641
Past due 91 - 180 days	1,315,808	-	-	1,315,808
Past due 181 - 270 days	1,090,962	-	-	1,090,962
Past due more than 270 days	1,956,392	(1,604,170)	-	352,222
	19,947,575	(1,604,170)	-	18,343,405

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

	Group	
	2018	2017
	RM	RM
At 1 July	1,604,170	1,330,233
Impairment loss recognised	128,628	360,834
Impairment loss reversed	(160,389)	-
Impairment loss written off	-	(86,897)
At 30 June	1,572,409	1,604,170

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.

NOTES TO THE FINANCIAL STATEMENTS

24. Financial instruments (cont'd)

24.4 Credit risk (cont'd)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks and suppliers in respect of 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 of the Company amounts to RM55,907,303 (2017 : RM64,033,294) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

Financial guarantees to the suppliers of certain subsidiaries for trade purposes amounted to RM51,109 (2017: RM435,202) representing the outstanding amount payable to trade suppliers by certain 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 advances

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

The movements in the allowance for impairment losses of inter-company advances during the financial year were :

	Company	
	2018	**2017**
	RM	**RM**
At 1 July	1,296,938	1,441,555
Impairment loss reversed	(149,791)	(144,617)
At 30 June	1,147,147	1,296,938

24. Financial instruments (cont'd)

24.5 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 banking 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.

24. Financial instruments (cont'd)

24.5 Liquidity risk (cont'd)

Maturity analysis

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

	Carrying amount RM	Contractual interest rate per annum %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Non-derivative financial liabilities							
2018							
Group							
Term loan	42,379,062	4.70	63,087,810	3,460,860	3,460,860	10,382,580	45,783,510
Finance lease liabilities	3,522,354	1.88 - 3.41	3,780,571	1,686,311	1,449,250	645,010	-
Bank overdrafts	3,298,370	8.15 - 8.20	3,298,370	3,298,370	-	-	-
Bankers' acceptances	4,539,000	5.13 - 5.67	4,539,000	4,539,000	-	-	-
Revolving credits	2,000,000	5.36	2,000,000	2,000,000	-	-	-
Foreign currency loans	1,173,136	3.79 - 4.20	1,173,136	1,173,136	-	-	-
Trade and other payables	19,694,589	-	19,694,589	19,694,589	-	-	-
	76,606,511		97,573,476	35,852,266	4,910,110	11,027,590	45,783,510
Company							
Trade and other payables	224,898	-	224,898	224,898	-	-	-
Financial guarantees	-	-	55,958,412	55,958,412	-	-	-
	224,898		56,183,310	56,183,310	-	-	-

24. Financial instruments (cont'd)

24.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Carrying amount RM	Contractual interest rate per annum %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Non-derivative financial liabilities							
2017							
Group							
Term loan	43,880,514	4.45	64,304,283	3,460,860	3,460,860	10,382,580	46,999,983
Finance lease liabilities	3,697,581	2.37 - 4.00	3,993,387	1,747,852	1,227,889	1,017,646	-
Bank overdrafts	5,537,997	7.90 - 8.10	5,537,997	5,537,997	-	-	-
Bankers' acceptances	8,464,000	4.77 - 5.30	8,464,000	8,464,000	-	-	-
Revolving credits	2,000,000	5.10	2,000,000	2,000,000	-	-	-
Foreign currency loans	772,513	2.60 - 2.68	772,513	772,513	-	-	-
Trade and other payables	31,665,425	-	31,665,425	31,665,425	-	-	-
	96,018,030		116,737,605	53,648,647	4,688,749	11,400,226	46,999,983
Company							
Trade and other payables	222,310	-	222,310	222,310	-	-	-
Financial guarantees	-	-	64,468,496	64,468,496	-	-	-
	222,310		64,690,806	64,690,806	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

24. Financial instruments (cont'd)

24.6 Market risk

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

24.6.1 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"), Euro ("EURO") and Japanese Yen ("JPY").

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 :

		Denominated in		
	USD	**EURO**	**JPY**	**Total**
	RM	**RM**	**RM**	**RM**
Group				
2018				
Trade and other receivables	1,315,646	-	-	1,315,646
Cash and cash equivalents	3,672,014	-	-	3,672,014
Loans and borrowings	(1,173,136)	-	-	(1,173,136)
Trade and other payables	(2,887,406)	-	(26,832)	(2,914,238)
Net exposure	927,118	-	(26,832)	900,286
2017				
Trade and other receivables	395,544	40,933	-	436,477
Cash and cash equivalents	5,806,909	-	-	5,806,909
Loans and borrowings	(772,513)	-	-	(772,513)
Trade and other payables	(8,209,002)	-	-	(8,209,002)
Net exposure	(2,779,062)	40,933	-	(2,738,129)

24. Financial instruments (cont'd)

24.6 Market risk (cont'd)

24.6.1 Currency risk (cont'd)

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities which have a Ringgit Malaysia ("RM") functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

A 10% (2017 : 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) 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.

	Profit or loss	
	2018	**2017**
	RM	**RM**
Group		
USD	(70,461)	211,209
EURO	-	(3,111)
JPY	2,039	-

A 10% (2017 : 10%) weakening of the 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.

24.6.2 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 manages their interest rate risk by having a combination of borrowings with floating and fixed rates.

24. Financial instruments (cont'd)

24.6 Market risk (cont'd)

24.6.2 Interest rate risk (cont'd)

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	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Fixed rate instruments				
Financial assets	3,080,616	4,005,770	3,034,599	3,957,663
Financial liabilities	(11,234,490)	(14,934,094)	-	-
	(8,153,874)	(10,928,324)	3,034,599	3,957,663
Floating rate instruments				
Financial liabilities	(45,677,432)	(49,418,511)	-	-

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 variable rate instruments*

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have (decreased)/increased 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	**50 bp decrease**
Group	**RM**	**RM**
2018		
Floating rate instruments	(173,574)	173,574
2017		
Floating rate instruments	(187,790)	187,790

24. Financial instruments (cont'd)

24.7 Fair value information

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

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 statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group										
Financial liabilities										
2018										
Term loan	-	-	-	-	-	-	(42,379,000)	(42,379,000)	(42,379,000)	(42,379,062)
Finance lease liabilities	-	-	-	-	-	-	(3,522,000)	(3,522,000)	(3,522,000)	(3,522,354)
	-	-	-	-	-	-	(45,901,000)	(45,901,000)	(45,901,000)	(45,901,416)
2017										
Term loan	-	-	-	-	-	-	(43,881,000)	(43,881,000)	(43,881,000)	(43,880,514)
Finance lease liabilities	-	-	-	-	-	-	(3,698,000)	(3,698,000)	(3,698,000)	(3,697,581)
	-	-	-	-	-	-	(47,579,000)	(47,579,000)	(47,579,000)	(47,578,095)

NOTES TO THE FINANCIAL STATEMENTS

24. Financial instruments (cont'd)

24.7 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.

There has been no transfer between the fair value levels during the financial year (2017 : no transfer in either directions).

Level 3 fair value

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. The fair value of the loans and borrowings is calculated using discounted cash flows where the market rate of interest is determined by reference to similar borrowing arrangements.

25. 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.

STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 26 to 78 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2018 and of their financial performance and cash flows for the financial year then ended.

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

Sin Kheng Lee
Director

Sin Siew Huey
Director
Penang,

Date : 26 October 2018

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

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 26 to 78 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed **Sin Kheng Lee**, NRIC: 570805-07-5769, at George Town in the State of Penang on 26 October 2018.

Sin Kheng Lee

Before me :

Goh Suan Bee (No. P125)
Pesuruhjaya Sumpah
(Commissioner for Oaths)
Penang

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SKB SHUTTERS CORPORATION BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SKB Shutters Corporation Berhad, which comprise the statements of financial position as at 30 June 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 26 to 78.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018, and of their financial performance and their 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 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of trade receivables Refer to Note 8 and Note 24.4 - Financial instruments	
The key audit matter	**How the matter was addressed in our audit**
The Group has trade receivables amounting to RM15.1 million, representing 25.2% of the Group's total current assets as at 30 June 2018. Due to the Group's business nature and the slowdown in local construction industry, the Group has significant trade receivables mainly from project based customers. Some of these customers have long outstanding debts. Accordingly, this increases the risk that the individual trade receivables may not be recoverable.	Our audit procedures included, amongst others : • Tested the accuracy of trade receivables' ageing report by testing outstanding invoices to their respective age bracket on sampling basis; • Assessed the recoverability of the past due trade receivables by testing the receipts of cash after year end on sampling basis; and • Assessed the adequacy of the Group's allowance for impairment loss against the doubtful trade receivables by challenging the key assumptions applied by Directors in determining the allowance for impairment loss on any residual balances of significant past due debts net of subsequent receipts, taking into consideration past payment trends, and bad debts record for debts deemed doubtful.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SKB SHUTTERS CORPORATION BERHAD

Key Audit Matters (cont'd)

Valuation of inventories Refer to Note 7	
The key audit matter	**How the matter was addressed in our audit**
The Group has inventories amounting to RM30.8 million, representing 51.3% of the Group's total current assets as at 30 June 2018. Due to the nature of business where the aluminum and steel are the primary raw materials for the Group, the Group is exposed to the inherent volatility of the prices of aluminum and steel and very much vulnerable to the economic condition of the construction sectors. Accordingly, with the significance of the balance and the level of judgement required to assess the amount of allowance needed for the slow moving and obsolete inventories and to record the value of inventories at the lower of cost and net realisable value, valuation of inventories has been identified as one of the key audit matters.	Our audit procedures included, amongst others : • Tested the accuracy of inventories ageing report by testing the goods receiving notes, production records and other relevant underlying documentation to their respective age brackets; • Assessed the Directors' procedures and challenged the key assumptions made in identifying and writing down the slow moving and obsolete inventories and evaluated the adequacy of write down based on the past trends; • Assessed whether any significant items are identified as damaged, slow moving or obsolete are during the inventory count observation have been written down; and • Assessed whether the inventories were carried at the lower of cost and net realisable value by comparing their carrying amount against the selling price after year end less selling expenses.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SKB SHUTTERS CORPORATION BERHAD

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also :

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SKB SHUTTERS CORPORATION BERHAD

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

Lim Su Ling
Approval Number : 03098/12/2019 J
Chartered Accountant

Penang

Date : 26 October 2018

LIST OF PROPERTIES HELD BY THE GROUP

AS AT 30 JUNE 2018

Nos.	Description/Address	Date Revaluation	Tenure	Area	Existing Use	N.B.V. 30.06.18 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 99 years expiring 2106	523,524 sq.ft.	Factory	61,065,145
	BUILDING					
1	Lot 22, Jalan Teknologi Taman Sains Selangor 1 Kota Damansara 47810 Petaling Jaya	28/06/2011	Leasehold 99 years expiring 2106	336,263 sq.ft.	Factory	23,256,594
2	Corporate Tower Subang Square CT-01-17, Jln SS 15/4G 47500 Subang Jaya, Selangor	28/06/2011	Freehold	810 sq.ft.	Rent	220,592
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	50,504
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	69,190
	Total					**85,746,026**

ANALYSIS OF SHAREHOLDINGS

AS AT 1 OCTOBER 2018

ISSUED AND FULLY PAID-UP CAPITAL	:	RM41,498,324
CLASS OF SHARE	:	Ordinary shares
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	7	1.07	233	0.00
100 - 1,000	326	49.70	294,200	0.74
1,001 - 10,000	247	37.65	1,049,167	2.62
10,001 - 100,000	57	8.69	1,625,400	4.06
100,001 to less than 5% of issued shares	16	2.44	8,833,796	22.08
5% and above of issued shares	3	0.46	28,197,204	70.49
Total	**656**	**100.00**	**40,000,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS AT 1 OCTOBER 2018

	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 1 OCTOBER 2018

		Direct Interest	%	Indirect Interest	%
	The Company				
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	Sin Tze Yi	-	-	-	-
7	Lai Lan Man @ Lai Shuk Mee	15,000	0.04	-	-
8	You Tong Lioung @ Yew Tong Leong	10,000	0.03	-	-
9	Mohd Arif Bin Mastol	-	-	-	-
	Holding Company - SKB Glory Sdn. Bhd.				
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 20% 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 1 OCTOBER 2018

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 1 OCTOBER 2018

NO.	NAME	NO. OF SHARES	% OF SHARES
1	SKB GLORY SDN. BHD.	22,847,607	57.1190
2	MOEHAMAD IZAT BIN ACHMAD HABECHI EMIR	3,339,597	8.3490
3	SIN KHENG LEE	2,000,000	5.0000
4	ABBAS BIN MEHAD	1,642,065	4.1052
5	ABDUL RAHIM BIN ABDUL RAHMAN	1,313,653	3.2841
6	LOOI ENG KEONG	1,056,000	2.6400
7	DAUD BIN DAROS	985,239	2.4631
8	MOHD HAFIZ BIN HASHIM	985,239	2.4631
9	OOI SAY TUAN	700,000	1.7500
10	INTEGRO PLANTATIONS SDN. BHD.	406,600	1.0165
11	ANG HUAT KEAT	361,000	0.9025
12	NIELS JOHN MADSEN	291,200	0.7280
13	NG FONG WAH	211,300	0.5283
14	YONG KIAN SENG @ YOONG TEIN SENG	193,200	0.4830
18	PM NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOH JUAI HIAN (A)	177,800	0.4445
16	LIM POH BOON	154,000	0.3850
17	GOH AH THIAM	115,000	0.2875
18	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH JUAI HIAN (100378)	113,500	0.2838
19	LEE LAM KEIONG	110,000	0.2750
20	TA NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHOU, CHUN-SHENG	77,400	0.1935
21	SYARIKAT RIMBA TIMUR (RT) SDN. BHD.	75,000	0.1875
22	LIM MOOI TEAN	70,000	0.1750
23	MALACCA EQUITY NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN. BHD.	56,100	0.1403
24	SIOW THIAN TECK	55,000	0.1375
25	HO, JEN-CHIH	54,200	0.1355
26	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOH JUAI HIAN (KPG/PMS)	52,000	0.1300
27	HLIB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR BOON KIM YU (CCTS)	50,700	0.1268
28	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (8092812)	50,000	0.1250
29	YONG THAIN CHAI	50,000	0.1250
30	LEE SIEW YEAN @ LEE SEW YEAN	49,900	0.1248
	Total:	**37,635,200**	**94.0880**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty First Annual General Meeting ("AGM") of the Company will be held at Kuang Room, G Level, Hotel Equatorial Penang, 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang, on Friday, 30 November 2018 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 2018 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 (Company's Constitution): -

a)	Mr Sin Kheng Lee	Ordinary Resolution 1
b)	Mr Sin Ching San	Ordinary Resolution 2
c)	Ms Chou Lee Sin	Ordinary Resolution 3
d)	Ms Sin Siew Huey	Ordinary Resolution 4
e)	Dato' Moehamad Izat bin Achmad Habechi Emir	Ordinary Resolution 5
f)	Mr You Tong Lioung @ Yew Tong Leong	Ordinary Resolution 6
g)	Ms Lai Lan Man @ Lai Shuk Mee	Ordinary Resolution 7
h)	Encik Mohd Arif Bin Mastol	Ordinary Resolution 8

3. To re-elect Ms Sin Tze Yi who is retiring pursuant to Article 130 of the Company's Articles of Association (Company's Constitution) and being eligible, offers herself for re-election. Ordinary Resolution 9

4. To approve Directors' Fees of RM190,000 for the year ended 30 June 2018. Ordinary Resolution 10

5. To re-appoint Messrs KPMG PLT as auditors of the Company to hold office until the conclusion of the next AGM and to authorise the directors to fix their remuneration. Ordinary Resolution 11

As Special Business
To consider and if thought fit, to pass the following Resolutions with or without modification: -

6. Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 ("Act") Ordinary Resolution 12

   "That pursuant to Sections 75 and 76 of the Act 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 ("Bursa Securities") and that such authority shall continue to be in force until the conclusion of the next AGM or the expiration of the period within which the next AGM 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

7. 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 2017 until the conclusion of the next AGM: -

i)	Mr You Tong Lioung @ Yew Tong Leong	Ordinary Resolution 13
ii)	Ms Lai Lan Man @ Lai Shuk Mee	Ordinary Resolution 14
iii)	Encik Mohd Arif Bin Mastol"	Ordinary Resolution 15

8. 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, 31 October 2018

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 of 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 Company's Articles of Association ("Company's Constituition") and Paragraph 7.16(2) of the Main Market Listing Requirements ("MMLR") of Bursa Securities, a Record of Depositors ("ROD") as at **23 November 2018** 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.

Explanatory Notes on Ordinary Business: -

1. Agenda 1 is meant for discussion only as the provision of Section 248(2) of the Companies Act, 2016 does not require a formal approval of shareholders of the Company and hence, Agenda 1 is not put forward for voting.

Explanatory Notes on Special Business: -

1. The proposed Ordinary Resolution 12 is for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors of the Company, pursuant to Sections 75 and 76 of the Companies Act, 2016 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 AGM 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 AGM held on 4 December 2017 and which will lapse at the conclusion of the Twenty First AGM.

   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 13, 14 and 15, 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 Securities' MMLR and in line with the recommendation no. 3.3 of the Malaysian Code of Corporate Governance 2017.

   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 2018 annual report.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

No individual is standing for election as a Director at the forthcoming Twenty First AGM of the Company.

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SKB
Reg. Trademark No. 85/B03843
SKB Shutters Corporation Berhad
(430362-U)

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, ______________________ of ______________________
as my/our proxy, to vote for me/us and on my/our behalf at the Twenty First Annual General Meeting of the Company to be held at Kuang Room, G Level, Hotel Equatorial Penang, 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang, on Friday, 30 November 2018 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	15
FOR															
AGAINST															
ABSTAIN															

(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 ______________ 2018.

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 of 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.
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   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.
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Stamp

To,

The Company Secretary

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

SKB SHUTTERS CORPORATION BERHAD (430362-U)

Registered Office:
2nd Floor, Wisma Penang Garden,
42, Jalan Sultan Ahmad Shah,
10050 Penang, Malaysia.