

# Annual Report 2004

LAPORAN TAHUNAN



**SKB Shutters Corporation Berhad**  
(Company No.: 430362-U)

Suite 2-1, 2nd Floor,  
Menara Penang Garden,  
42-A, Jalan Sultan Ahmad Shah,  
10050 Penang

INDUSTRIAL • DOMESTIC • CUSTOMISED APPLICATION



- AWARD :- 1996 MITI Industrial Innovation Award for Pathwinder Sliding Design Fire Shutters by Malaysia Prime Minister
- AWARD :- 1998 MITI Industrial Product Excellent Award for Vision - 7 Transparent Shutters
- AWARD :- 1999 Selangor State Excellent Product Award for SKB Shutters Products
- AWARD :- 2000 Selangor State Excellent Product Innovative Award for Keyless Window Security Shutters



Surpassing the highest world standards

- AWARD :- 2000 Enterprise 50 Awards
- AWARD :- 2000 International Invention & Innovative Award for Keyless Window Security Shutters
- AWARD :- 2003 Anugerah Industri Selangor
- AWARD :- 2003 Product Excellent Design for Multipurpose Window Frames



RELIABLE • INNOVATIVE • SAFE • ECO-FRIENDLY

**SKB Shutters Corporation Berhad**

(Company No.: 430362-U)



# Annual Report 2004

LAPORAN TAHUNAN

## SKB Shutters Corporation Berhad

(Company No.: 430362-U)

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## Surpassing the highest world standards

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## Chairman's Statement

On behalf of the Board of Directors of SKB Shutters Corporation Berhad, I am pleased to present the Annual Report and the financial statements of the Group and the Company for the financial year ended 30 June 2004.



### Financial Results

For the financial year ended 30 June 2004, the Group registered a lower revenue of RM31.8 million, representing a decline of 3% from RM32.7 million in the previous financial year despite the improvement in export market as the production was affected by the shifting of operations to its new plant at Kota Damansara. The Group's financial performance was largely affected by the unfavourable price hike in raw materials, lower sales revenue, higher depreciation and interest expense incurred on the new plant. In tandem with the above factors, the Group reported a pre-tax loss of RM2.4 million as compared to a pre-tax profit of RM1.6 million in the preceding financial year.

### Prospects

The prevailing uncertain market conditions will be a challenging one for the Group. Nevertheless, the Group will continue to remain focused on its core business activities i.e. manufacturing and dealing of roller shutters and storage racking systems. Also, the Group continuously strive to improve the quality of products and developing new innovative products to increase its market share, sales revenue and profitability.

Barring unforeseen circumstances, the Group expects a better financial performance in 2005 through launching of new products, better production efficiency at the new plant, improvements in the overseas and regional markets in roller shutters and storage racking systems etc.

### Dividend

In view of the conservation of funds for the Group's new product development, and the decline in the profitability of the Group in the current financial year, the Board of Directors is not recommending any dividend payment for the financial year ended 30 June 2004.

### Acknowledgement

On behalf of the Board of Directors, I would like to express my gratitude and appreciation to the Management and employees of the Group for their continued loyalty, commitment, hard work and dedication. To our shareholders, customers, suppliers, business associates and bankers, I would also like to express my gratitude for their strong and continued support.

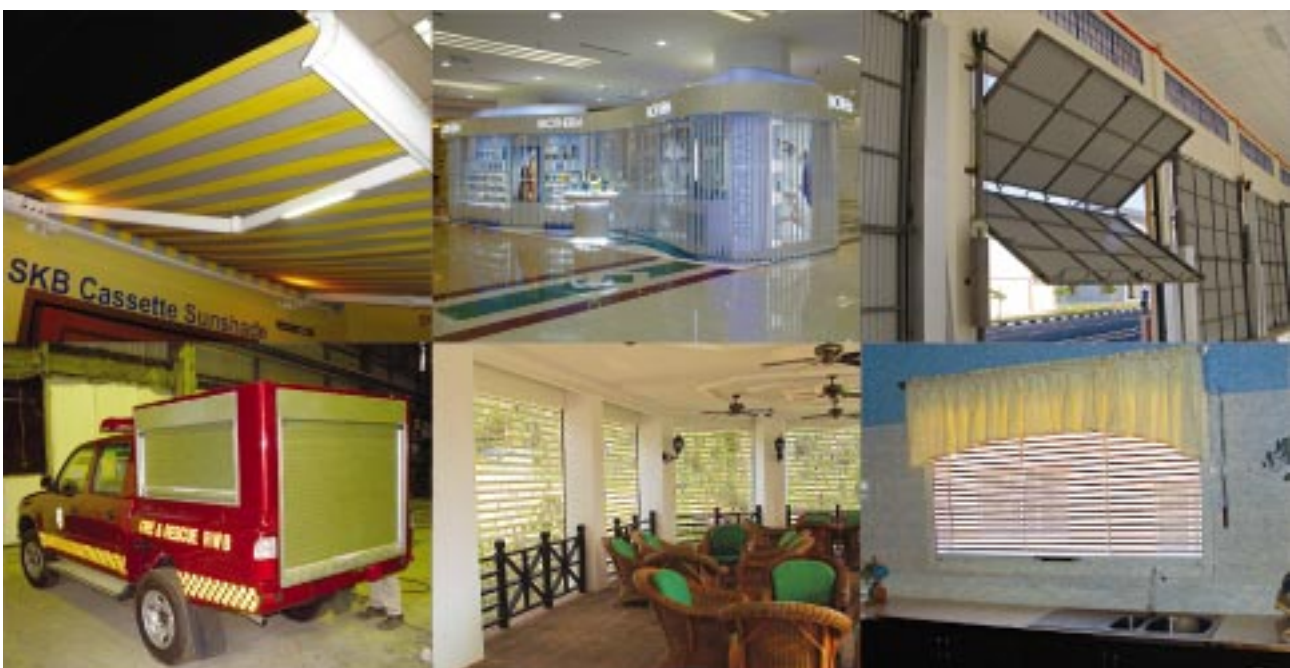
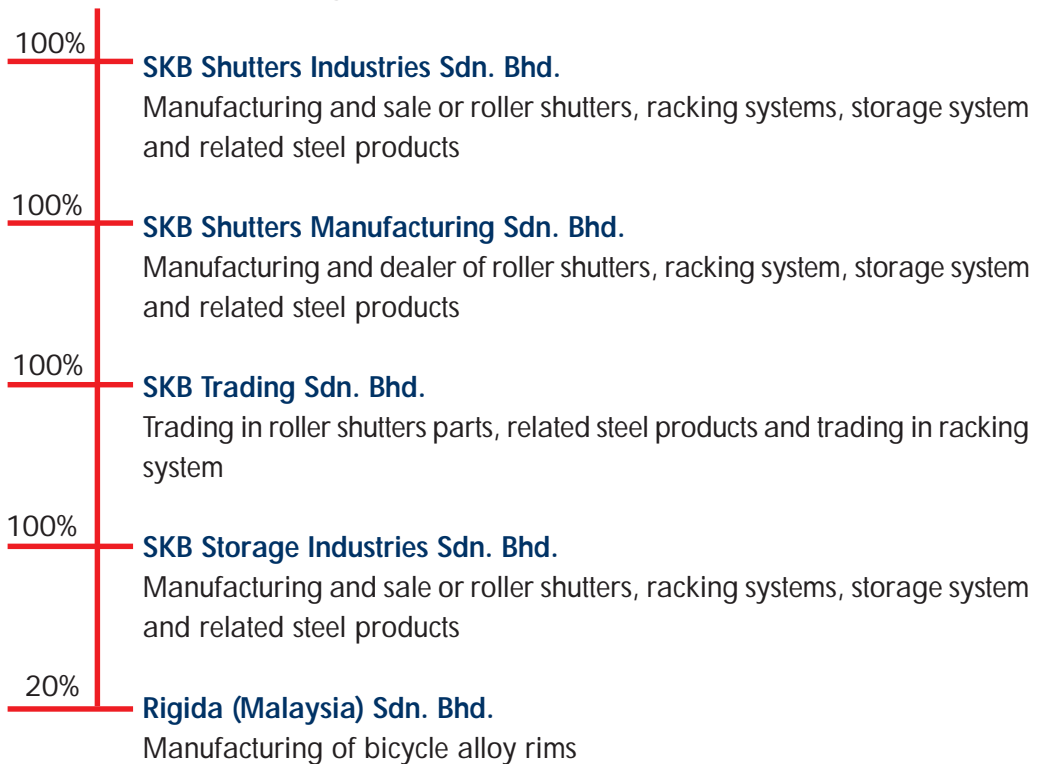
**SIN KHENG LEE**  
Chairman

2 November 2004

## Corporate Structure



### Shutters Corporation Berhad Investment Holding





## Corporate Information

### BOARD OF DIRECTORS:

**Sin Kheng Lee**

*(Executive Chairman and Group Managing Director)*

**Dato' Moehamad Izat bin Achmad Habechi Emir**

*(Non-Independent Non-Executive Director)*

**Sin Kheng Hong**

*(Executive Director)*

**Sin Ching San**

*(Executive Director)*

**Chou Lee Sin**

*(Executive Director)*

**Lee Lam Keiong**

*(Non-Independent Non-Executive Director)*

**Lai Lan Man @ Lai Shuk Mee**

*(Independent Non-Executive Director)*

**You Tong Lioung @ Yew Tong Leong**

*(Independent Non-Executive Director)*

**Mohd Arif Bin Mastol**

*(Independent Non-Executive Director)*

### COMPANY SECRETARY:

Lam Voon Kean

(MIA 4793)

### REGISTERED OFFICE:

Suite 2-1, 2nd Floor

Menara Penang Garden

42A, Jalan Sultan Ahmad Shah, 10050 Penang

Tel: (604) 229 4390

Fax : (604) 226 5860

### PRINCIPAL BANKERS:

Alliance Bank Malaysia Berhad (88103-W)

Malayan Banking Berhad (3813-K)

Standard Chartered Bank Malaysia Berhad (115793-P)

### AUDIT COMMITTEE:

You Tong Lioung @ Yew Tong Leong-*Chairman*

Lai Lan Man @ Lai Shuk Mee

Sin Kheng Lee

Mohd Arif Bin Mastol

### REGISTRAR:

Agriteum Share Registration Services Sdn Bhd (578473T)

2nd Floor, Wisma Penang Garden

42, Jalan Sultan Ahmad Shah

10050 Penang.

Tel : (604) 228 2321

Fax : (604) 227 2391

### AUDITORS:

KPMG (Firm No. AF 0758)

Chartered Accountants

1st 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.

Website: [www.skb-shutters.com](http://www.skb-shutters.com)

### STOCK EXCHANGE LISTING:

Second Board of the Bursa Malaysia Securities Berhad

## Directors' Profile



**Board of Directors**

*Standing from left to right*

: Mr. Sin Kheng Hong, Mr. Lee Lam Keiong, Ms. Chou Lee Sin

*Seated from left to right*

: Mr. Vincent Sin Ching San, Mr. Danny Sin Kheng Lee,  
Dato' Moehamad Izat bin Achmad Habechi Emir

### **SIN KHENG LEE**

*Executive Chairman and Group Managing Director,  
aged 47*

He was appointed to the Board of SKB Shutters on 10 February 2001. He obtained a Diploma in Mechanical Engineering in 1979 from the Taipei Institute of Technology in Taiwan. Upon graduation, he worked for Sin Kean Boon Metal 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 up to May 1992. He subsequently pursued his career in the manufacture of roller shutters where he was appointed as the Managing Director of SKB Shutters Manufacturing Sdn. Bhd. ("SKBM") on 25 June 1992.

He is currently responsible for the development of products and the businesses of SKBM, which include managing and controlling of various manufacturing, administrative and operating functions of the company. With his vast experience of 24 years in the roller shutter business, he has successfully brought about the rapid expansion, modernization and diversification of the company's manufacturing activities and hence provided the necessary guidance and contribution towards the management activities of the Group. He also sits on the Board of several other private companies.

### **DATO' MOEHAMAD IZAT BIN ACHMAD HABECHI EMIR**

*Non-Independent, Non-Executive Director, aged 66*

He was appointed to the Board of SKB Shutters on 10 February 2001. He was appointed as a Director of SKBM on 3 March 1997. Currently he also sits on the Board of Directors of Inno-Pacific Holdings Ltd, Torsco Berhad, Tenaga Kimia Berhad, KLIAS Peninsular Development Corporation Sdn Bhd, Miles & Miles Leisure Sdn Bhd and others. He also acts as Chairman to various organizations, among others, IMPSA (M) Sdn Bhd, Forever Fresh Coldstore Technology Sdn Bhd, Emir Enterprises Sdn Bhd, New Sutrak Sdn Bhd, Equity Acceptance Sdn Bhd and many others.

He is a prominent Malaysian businessman with extensive international business and corporate experiences. From 1984 to 1997 he was the Chairman of the Malay Chamber of Commerce, Kuala Lumpur, Malaysia. He is the founder cum President of Malay Businessmen and Industrialists Association of Malaysia (PERDASAMA) since it was established in December 1998.



## Directors' Profile

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

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. Currently, he is the Chairman of UMNO Setia Budi Branch. He also held the office of Chairman of the National Consumer Affairs Council of Malaysia for three terms beginning from 1995. He was a member of Petaling Jaya Municipal Council from 1992 to 1995 and a member of the Subang Jaya Municipal Council from 1996 to 1998. He has been appointed by Ministry of Agriculture Malaysia as MARDI Scientific Council Member since June 2003. In February 2004, he was appointed as Committee Member for Malaysia International Trade and Industry (MITI) New Industry Plan by Ministry of International Trade and Industry Malaysia.

Due 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).

### **SIN KHENG HONG**

*Executive Director, aged 44*

He was appointed to the Board of SKB Shutters on 10 February 2001. He has accumulated more than 27 years of experience in the manufacturing business and has over the years been involved in the roller shutters and metal based industry. After completing his secondary education, he started his career in the Sin Kean Boon Metal Industries Sdn Bhd in 1976 before being promoted to the position of Director in-charge of production control and purchasing. During his tenure in Sin Kean Boon Metal Industries Sdn Bhd, he was based in Penang from 1976 until May 1992

prior to joining SKBM. He was appointed on the Board of SKBM on 25 June 1992. His responsibilities in the Group include managing the production control and purchasing activities. He also sits on the Board of several other private companies.

### **SIN CHING SAN**

*Executive Director, aged 36*

He was appointed to the Board of SKB Shutters on 10 February 2001. He started work after completing his secondary education. He has over 15 years of experience and exposure in the roller shutters and metal-based industry. He was appointed to the Board of SKBM on 25 June 1992. He is also the Director of several other companies, namely, SKB Trading Sdn. Bhd. ("SKBT") and SKB Glory Sdn. Bhd. He heads the Research and Development Department of the Group, whereby his responsibilities include the improvement of productivity and quality of roller shutters through innovation.

### **CHOU LEE SIN**

*Executive Director, aged 45*

She was appointed to the Board of SKB Shutters 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. She has accumulated over 21 years of experience in the roller shutters and metal based industry. On May 1992, she joined SKBM as the General Manager and was responsible for the overall administration and financial matters. She was subsequently appointed as a Director of SKBM on 26 June 1997. She is currently holding the position of General Manager in SKBT and is responsible for its finance and administration.

### **LEE LAM KEIONG**

*Non-Independent, Non-Executive Director, aged 51*

He was appointed to the Board of SKB Shutters on 10 February 2001. He completed the Foundation in Chartered Accounting in Ealing Technical College in London. In 1974, he joined Lithgow Nelson & Co., a professional accountancy firm in London as a trainee accountant and left in 1981 as an Audit Manager. He started his own business and formed a company, Nuline Products Sdn Bhd in 1982 and is the

## Directors' Profile

Managing Director of the company. The company markets and distributes baby products from Milupa, Germany. He has successfully built up a brand of fast moving consumer goods from a zero base to a household brand in Malaysia.

### LAI LAN MAN @ LAI SHUK MEE

*Independent Non-Executive Director, aged 49*

She was appointed to the Board of SKB Shutters on 10 February 2001. 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.

She worked briefly with Messrs Chooi & Company after completing her chambering and in 1990 set-up legal practice which is now known as Messrs Lai, Yoong & Rita.

### YOU TONG LIOUNG @ YEW TONG LEONG

*Independent Non-Executive Director, aged 68*

He was appointed to the Board of SKB Shutters on 10 February 2001. He graduated in 1960 from Nanyang University in Singapore with a Bachelor of Commerce degree in Banking. Upon his graduation, he joined United Malayan Banking Corporation Bhd (presently known as RHB Bnak Berhad), Kuala Lumpur as an officer in the Bills Department. He was responsible for handling import and export transactions. He was subsequently transferred to Kuala Kangsar branch and later to Sungai Siput branch as an assistant manager. He was promoted to Bank Manager in 1963 and has since worked in many parts of the country until 1985 when he resigned to join Malaysian French Bank (now known as Alliance Bank Malaysia Berhad.) He worked as a Branch Manager for Alliance Bank Malaysia Berhad for 11 years until his retirement in 1996.

He later joined Cayman Development (Kedah) Sdn Bhd as the Operations Manager in January 1987. He is currently holding the position of Senior Manager in the Investment Department in Kurnia Insurance (M) Berhad. He is also an independent non-executive director of Toyo Ink Group Berhad.

### MOHD ARIF BIN MASTOL

*Independent Non-Executive Director, aged 50*

He was appointed to the Board of SKB Shutters on 28 June 2002. 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 1988. He has accumulated more than 27 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 Holdings Berhad.

#### Notes :

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

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

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

- (i) Chou Lee Sin who is the spouse of Sin Kheng Lee while Sin Kheng Hong and Sin Ching San are brothers to Sin Kheng Lee*
- (ii) Lee Lam Keiong who is the brother-in-law of the Sin brothers*
- (iii) Sin Kheng Lee, Sin Kheng Hong, Sin Ching San and Chou Lee Sin have interests in SKB Glory Sdn Bhd, a substantial shareholder of SKB Shutters.*

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





# Statement Of Internal Control

## INTRODUCTION

Paragraph 15.27(b) of Listing Requirements of Bursa Malaysia Securities Berhad requires the Board of Directors of public listed companies to include in its annual report a "statement about the state of internal control of the listed issuer as a group". The Board is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following statement which outlines the nature and scope of internal control of the Group during the year. The Board has not considered the associated company for the purpose of this statement as the Directors are of the view that the associated company is insignificant to the Group.

## BOARD RESPONSIBILITY

The Board acknowledges its responsibility for the Group's system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity.

The Board recognises the need to have a formal on going process for identifying, evaluating and managing the significant risks faced by the Group. The Board also recognizes that a good control system will assist the achievement of corporate objectives. However, in view of the limitations inherent in any system of internal control, the system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

Although the Board has not fully adopted the Internal Control Guidance in its efforts to ensure the adequacy and integrity of the system of internal control of the Group, it has nevertheless implemented pertinent procedures and processes to obtain a certain degree of assurance as to the operation and validity of the system of internal control in the Group.

## Control Procedures

The Board has considered the need for an internal audit function and a formal risk management framework. However, in view of the size of the Group and the nature of its operation which is centrally controlled, the Board is of the opinion that the current control procedures in place are sufficient to meet its intended objectives. The Board will review this decision from time to time.

To ensure that the Group has a sound system of internal control, the Board has put in place the following processes throughout the financial year ended 30 June 2004.

## i) Monthly Reporting

Monthly management meeting attended by all Executive Board Members and Head of Departments are conducted to analyse, discuss and resolve pertinent issues affecting the operation of the Group. During the meeting, financial statistics and operation issues are presented and discussed openly by all present. The meeting serves as an excellent platform whereby the Group's goals and objectives are communicated and potential risk areas are identified, evaluated and duly managed.

Issues discussed during the meeting, among others, include :-

- sales statistics and comments by various business units;
- status on debtors' collection with emphasis on potential bad debts;
- production output and status on outstanding sales orders;
- inventory level and aging report on slow moving stock;
- material quality issues;
- quality complaints from customers;
- status on new project implementation;
- marketing plan;
- research and development activities; and
- system and internal control matters.

## ii) Organizational Structure

The Group operates within an organizational structure with defined lines of responsibilities and accountability.

## iii) Operating Environment

The Executive Directors are actively involved in day to day operation of the Group. The performance of the Group is constantly evaluated and monitored through their regular attendance at meetings held at various levels. Key processes and controls of the Group's operations are closely monitored by the Executive Directors.

The Managing Director reports to the Board on significant changes in the business and external environment, which affects the operations of the Group at large. The Group Financial Controller provides the Board with quarterly financial information, including pertinent explanations on the performance of the Group.

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. The Management continues to review and implement measures to strengthen the control environment of the Group.

This statement is issued in accordance with a resolution of the Directors dated 26 October 2004.

## Statement On Corporate Governance

The Board of Directors fully appreciates the importance of adopting high standards of corporate governance within the Group. The Board views corporate governance as synonymous with three key concepts, namely transparency, accountability as well as corporate performance.

As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form. The Board is thus fully committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the principles and best practices set out in Parts 1 and 2 of the Malaysian Code on Corporate Governance (the "Code") respectively.

The Board is pleased to provide the following statements, which outline the main corporate governance practices that were in place throughout the financial year, unless otherwise stated.

### Principles statement

The following statement sets out how the Company has applied the principles in Part 1 of the Code. The principles are dealt with under the following headings: Board of Directors, Directors' remuneration, Shareholders and Accountability and audit.

### A Board of Directors

#### Board responsibilities

The Group acknowledges the pivotal role played by the Board of Directors in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including the strategic direction, establishing goals for the management and monitoring the achievement of these goals. Directors from time to time are brought to the locations of the manufacturing plants to have a thorough understanding of their operations.

#### Meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the year ended 30 June 2004, the Board met on four (4) occasions, where it deliberated upon mainly the Group's financial results. The operational aspects of the Group are delegated to the Executive Directors.

The Board receives documents on matters requiring its consideration prior to and in advance of each meeting. All proceedings from the Board meetings are recorded and the minutes thereof signed by the Chairman of the meeting.

Details of the Directors' attendance at the Board Meetings held during financial year ended 30 June 2004 are as follows :-

Directors	Number of Board meetings held during Directors' tenure in office	Number of meetings attended by Directors
Sin Kheng Lee	4	4
Sin Kheng Hong	4	3
Sin Ching San	4	4
Chou Lee Sin	4	4
Lee Lam Keiong	4	4
Dato' Moehamad Izat bin Achmad Habechi Emir	4	3
Lai Lan Man @ Lai Shuk Mee	4	3
You Tong Lioung @ Yew Tong Leong	4	4
Mohd Arif Bin Mastol	4	4



# Statement On Corporate Governance

## A Board of Directors (Cont'd)

### Board Committees

The Board of Directors delegates certain responsibilities to the Audit Committee in order to enhance business and operational efficiency as well as efficacy. The Audit Committee has written terms of reference and operating procedures and the Board receives reports of its proceedings and deliberations. The Chairman of the Audit Committee will report to the Board the outcome of the committee meetings and such reports are incorporated in the minutes of the full Board meeting.

### Board Balance

As at the date of this statement, the Board consists of nine (9) members, comprising three (3) Independent Non-Executive Directors, four (4) Executive Directors and two (2) Non-Executive Directors. The Directors, with their different backgrounds and specialisation, collectively bring with them a wide range of experience and expertise in areas such as finance, legal and corporate affairs, marketing and operations. This mix of skill is vital for the successful direction of the Group. The brief profile of each Director is presented on pages 5 to 7 of this annual report.

The roles of the Chairman and Group Chief Executive Officer are currently not separated. The Group Chief Executive Officer is primarily responsible for the orderly conduct and the working of the Board, day to day running of the business and implementation of Board policies and decisions. The presence of Independent Non-Executive Directors is essential as they provide unbiased and independent views, advice and judgment as well as to safeguard the interest of other parties such as minority shareholders.

The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Company.

### Supply of information

The Chairman, with the assistance of the Company Secretary, ensures that all Directors have full and timely access to information with Board papers distributed in advance of meetings. Every Director also has unhindered access to the advice and services of the Company Secretary. The Board believes that the current Company Secretary is capable of carrying out her duty to ensure the effective functioning of the Board. The Articles of Association specifies that the removal of the secretary is a matter for the Board as a whole.

The Directors meet, review and approve all corporate announcements, including the announcement of the quarterly financial reports, prior to releasing them to the Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board as a whole will determine, whether as a full board or in their individual capacity, to take independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, at the Group's expense.

### Directors' training

The Board, as a whole, ensures that it appoints to the Board only individuals of sufficient calibre, knowledge and experience to fulfill the duties of a Director appropriately. There is no formal training programme for Directors. However, at the date of this Statement, all the Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by the Bursa Malaysia Training Sdn Bhd. The Directors will continue to undergo other relevant training programmes to further enhance their skills and knowledge where relevant.

## Statement On Corporate Governance

### A Board of Directors (Cont'd)

#### Re-election

The Articles of Association provide that at the first Annual General Meeting of the Company, all the Directors shall retire from office, and at the Annual General Meeting in every subsequent year, one third of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest one third shall retire from office. An election of Directors shall take place each year and all the Directors shall retire from office at least in each three (3) years but shall be eligible for re-election.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act, 1965.

The Company Secretary will ensure that all information necessary is obtained, as well as all legal and regulatory obligations are met before the appointments are made.

### B Directors' remuneration

The Company pays its Directors annual fee, which is approved annually by the shareholders.

The Board as a whole determines the remuneration of the Directors with individual Directors abstaining from decisions in respect of their individual remuneration. The remuneration of Directors is structured based on their responsibilities and contribution to the Group. The breakdown of the Directors' remuneration during the financial year is as follows:-

Type of remuneration	Executive Directors RM'000	Non-Executive Directors RM'000	Total RM'000
Fees	100	50	150
Salaries	850	-	850
Bonuses	142	-	142
Others	119	-	119
<b>Total</b>	<b>1,211</b>	<b>50</b>	<b>1,261</b>

The remuneration paid or payable to Directors, analysed into bands of RM50,000 for the financial year ended 30 June 2004 are as follows:-

Range of remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	5
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	3	-
RM300,001 to RM350,000	1	-



# Statement On Corporate Governance

## C Shareholders

The Company recognises the importance of communicating with its shareholders and does this through the annual report, Annual General Meetings (AGM) and Extraordinary General Meetings. The policy of the Company is to maintain an active dialogue with its shareholders with the intention of giving shareholders as clear and complete a picture of the Company's performance and position as possible. It has also been the Company's practice to send the Notice of the Annual General Meeting and related papers to shareholders at least twenty-one (21) working days before the meeting. At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general.

In addition, the Company makes various announcements through the Bursa Securities, in particular the timely release of the quarterly results within two months from the close of a particular quarter. Copies of the full announcement are supplied to the shareholders and members of public upon request. Members of the public can also obtain the full financial results and the Company's announcement from the Bursa Securities' website.

## D Accountability and audit

### Financial reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of the results to shareholders as well as the Chairman's statement and review of the operations in the annual report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

### State of internal controls

The Directors recognize their ultimate responsibility for the Group's system of internal controls and the need to review its effectiveness regularly in order to safeguard the Group's assets and therefore shareholders' investments in the Group. This system, by its nature, can only provide reasonable but not absolute assurance against misstatement, fraud or loss.

At this juncture, the Board is of the view that the current system of internal control in place throughout the Group is sufficient to safeguard the Group's interest.

### Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 15 to 17 of the annual report.

A summary of the activities of the Audit Committee during the year are set out in the Audit Committee Report on pages 15 to 17 of the annual report.

## E Other information

### Directors' responsibility statements in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cash flows for the year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

## Statement On Corporate Governance

### E Other information (Cont'd)

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates. The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

#### Material contracts

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

#### Contract relating to loans

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

#### Non-audit fees

During the year, a total of RM58,000 was paid to KPMG for non-audit services rendered.

#### Share buybacks

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

#### Options, warrants or convertible securities

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

#### American depository receipt(ADR) or global depository receipt(GDR) programme

During the year, the Company did not sponsor any ADR or GDR.

#### Imposition of sanctions/penalties

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

#### Profit estimate, forecast or projection

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

#### Profit guarantee

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

#### Status of utilisation of IPO proceeds

The construction of a four (4)-storey factory and office building on a piece of leasehold land through the revised utilisation of IPO proceeds of approximately RM9.8 million was revised to two (2)-storey building with a revised building cost of RM29 million instead of RM25 million as previously announced. As at 23 April 2004, the two (2)-storey factory and office building was completed.



## Statement On Corporate Governance

### E Other information (Cont'd)

#### Compliance statement

Save as disclosed below, the Group has substantially complied with the Best Practices of the Code throughout the year:

- (a) Appointment of a senior Independent Non-Executive Director to whom concerns may be conveyed has not been made given the strong and independent element on the Board;
- (b) The roles of the Chairman and the Group Chief Executive Officer are not separate as the Board is of the opinion that the check and balance of power is undertaken by the strong presence of Independent Non-Executive Directors who form 33% in number of the Directors. Moreover, it is the practice of the Chairman to encourage participation by all the Directors in the deliberation of issues that concern the Group. Although there is no formal schedule on matters specifically reserved to the Board for decision, it is the practice for the whole Board to deliberate on all significant matters that affect the Group, such matters being those that concern capital expenditure, announcements to the Bursa Malaysia Securities Berhad and policy issues;
- (c) The Board has not developed position descriptions for the Board and the Chief Executive Officer. The Board recognises the importance for a proper identification of the roles and authorisation limits of Management and will consider adopting a Board Charter to delineate the roles and responsibilities of Executive and Non-Executive Directors;
- (d) A Nominating Committee has yet to be formed as currently the Board itself functions as a Nominating Committee in identifying and nominating candidates to the Board. There was no review done on the present members of the Board of Directors as the mix of experience and expertise of the current number of Directors are considered sufficient and optimum in addressing the issues affecting the Group. The Company Secretary will ensure that all appointments are properly made, that all information necessary is obtained, as well as all legal and regulatory obligations are met;

A Remuneration Committee has yet to be established. The remuneration of Directors comes under the purview of the entire Board with the relevant Directors abstaining from discussion.

- (e) The Board, through the Audit Committee, has been able to identify business risks and ensure the implementation of appropriate measures to manage these risks. However, the Board is of the view that a more structured risk management process would need to be established to better identify, monitor and manage the business risks affecting the Group in the future.

The Board does not have an internal audit function within the Group. The close involvement of the Executive Directors in the daily operations of the Group and the contribution by the Audit Committee have enabled the Board to be aware of the state of internal control system within the Group.

## Audit Committee Report

### 1. Formation

The Audit Committee was established on 12 February 2001.

### 2. Membership

The members of the Committee during the financial year ended 30 June 2004 are as follows :-

- You Tong Lioung @ Yew Tong Leong - Chairman, Independent Non-Executive Director
- Lai Lan Man @ Lai Shuk Mee - Member, Independent Non-Executive Director
- Mohd. Arif Bin Mastol - Member, Independent Non-Executive Director
- Sin Kheng Lee - Member, Non Independent Executive Chairman and Group Managing Director

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

- The Committee must be composed of no fewer than three (3) members with a majority being independent Directors;
- At least one member of the Committee must be a member of the Malaysian Institute of Accountants (MIA);
- If the member is not a member of the MIA, the member must have at least 3 years' working experience and;
  - have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
  - be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accounts Act 1967.

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

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

Quorum shall be the majority of members present.

### 3. Chairman of Audit Committee

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

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





# Audit Committee Report

## 4. Attendance at Meetings

The committee met on four(4) occasions during the financial year ended 30 June 2004. The agenda, together with working papers, was circulated at least one week prior to each meeting to the members of the Committee. Details of the attendance of members during the financial year are as follows: -

Members	Attendance	Percentage (%)
You Tong Lioung @ Yew Tong Leong	4/4	100
Lai Lan Man @ Lai Shuk Mee	3/4	75
Sin Kheng Lee	4/4	100
Mohd. Arif Bin Mastol	4/4	100

The Financial Controller and a representative of the external auditors and the internal audit function shall be invited at least once annually to attend a meeting. The external auditors may request a meeting if they consider that one is necessary.

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

## 5. Authority

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

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

## 6. Terms of Reference

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

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

- review the following and report to the Board of Directors :-
  - with the external auditors, the audit scope and plan, including any changes to the planned scope of the audit plan;
  - with the external auditors, their evaluation of the system of internal controls, major audit findings and the management's response during the year;
  - with the external auditors, their audit report to ensure that appropriate and prompt remedial action is taken by management, for major deficiencies in controls or procedures that have been identified;
  - the assistance and cooperation given by the employees of the Group to the external auditors, and any difficulties encountered in the course of audit function, including any restriction on the scope of activities or access to required information;

## Audit Committee Report

### 6. Terms of Reference (Cont'd)

- to do the following in respect of the internal audit function :-
  - review the adequacy of the scope and functions of the internal auditors, and that it has the necessary authority to carry out its work;
  - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate action is taken on the recommendations of the internal auditors;
  - review the performance of internal auditors; and
  - approve any appointment or termination of internal auditors.
- review the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on :-
  - changes in or implementation of major accounting policy changes;
  - significant and unusual events;
  - the going concern assumption; and
  - compliance with accounting standards and other legislative and reporting requirements.
- review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- review the appointment and performance of the external auditors, the audit fee and any questions of resignation or dismissal before making recommendations to the Board.
- to consider the major findings of internal investigations and management response.
- to carry out such other functions as may be agreed to by the Committee and Board of Directors.

In performing its function, the Committee :

- (i) has had full access to and cooperation by the management and has full discretion to invite any Director and Executive Director to attend its meeting;
- (ii) has been given reasonable resources to enable it to discharge its functions properly;
- (iii) communicates directly or convene meetings with external auditors, at least once a year without the presence of executive board members; and
- (iv) is authorised to obtain professional advice at the cost of the Company.

### 7. Activities

During the year, the activities of the Committee included :-

- reviewing the quarterly financial result announcements before recommending to the Board;
- reviewing the external auditors' reports in relation to audit and accounting issues arising from the audit; and
- reviewing related party transaction and conflict of interest situation that might arise within the Company or Group.

### 8. Internal Audit Function

As the internal audit of the Group has yet to establish, the Committee reviewed the system of internal control during the financial year by rigorously reviewing the quarterly financial reports and evaluated the reasons provided by management for unusual variances noted thereof. Besides, the Committee drew assurance from the internal control processes instituted by the Group and which are mentioned in the Statement on Internal Control in the discharge of the Committee's responsibilities as appropriate.



# Directors' Report

For the year ended 30 June 2004

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 30 June 2004.

## Principal activities

The Company is an investment holding company.

The principal activities of its subsidiaries are set out in Note 3 to the financial statements.

There has been no significant change in the nature of these activities during the financial year other than the commencement of operations by a subsidiary, SKB Storage Industries Sdn. Bhd.

## Results

	Group RM	Company RM
Net loss for the year	1,951,706	101,014

## Reserves and provisions

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

## 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 since the date of the last report are :

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

## Directors' Report

For the year ended 30 June 2004 (Cont'd)

### Directors' interest in shares

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows :

	Balance at 1.7.2003	Ordinary shares of RM1 each		Balance at 30.6.2004
		Bought	(Sold)	
<b>Direct Interest</b>				
<u>The Company</u>				
Sin Kheng Lee	10,000	-	-	10,000
Sin Kheng Hong	10,000	-	-	10,000
Sin Ching San	10,000	-	-	10,000
Dato' Moehamad Izat bin Achmad Habechi Emir	3,096,197	58,000	-	3,154,197
Chou Lee Sin	10,000	-	-	10,000
Lee Lam Keiong	1,410,000	-	-	1,410,000
Lai Lan Man @ Lai Shuk Mee	10,000	-	-	10,000
You Tong Lioung @ Yew Tong Leong	10,000	-	-	10,000
<u>Ultimate holding company</u>				
- SKB Glory Sdn. Bhd.				
Sin Kheng Lee	554,999	-	-	554,999
Sin Kheng Hong	416,251	-	-	416,251
Sin Ching San	416,250	-	-	416,250
<b>Deemed Interest</b>				
<u>The Company</u>				
Sin Kheng Lee	22,857,607	-	-	22,857,607
Sin Kheng Hong	22,847,607	-	-	22,847,607
Sin Ching San	22,847,607	-	-	22,847,607
Chou Lee Sin	22,857,607	-	-	22,857,607
<u>Ultimate holding company</u>				
- SKB Glory Sdn. Bhd.				
Sin Kheng Lee	112,500	-	-	112,500
Chou Lee Sin	667,499	-	-	667,499

By virtue of their interests of more than 15% in the ordinary shares of the Company, Messrs Sin Kheng Lee, Sin Kheng Hong, Sin Ching San and Chou Lee Sin are also deemed to have interests in the ordinary shares of all the subsidiaries during the financial year to the extent that the Company has an interest.



# Directors' Report

For the year ended 30 June 2004

## Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) 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 except as disclosed in Note 22.2 to the financial statements.

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

## Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company 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 year.

## Other statutory information

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

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 Group and in the Company financial statements 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.

## Directors' Report

For the year ended 30 June 2004 (Cont'd)

### Other statutory information

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

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

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 30 June 2004 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, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors :

.....  
SIN KHENG LEE

.....  
SIN KHENG HONG

Penang,

Date : 26 October 2004



## Statement by Directors

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

In the opinion of the Directors, the financial statements set out on pages 24 to 54 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 30 June 2004 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors :

.....  
SIN KHENG LEE

.....  
SIN KHENG HONG

Penang,

Date : 26 October 2004

## Statutory Declaration

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

I, **Sin Kheng Lee**, the Director primarily responsible for the financial management of **SKB Shutters Corporation Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 24 to 54 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang on 26 October 2004.

.....  
SIN KHENG LEE

Before me : CHAI CHOON KIAT, PJM (NO : P. 073)  
Commissioner for Oaths

## Report of the Auditors

To The Members Of SKB Shutters Corporation Berhad

We have audited the financial statements set out on pages 24 to 54. The preparation of the financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

As disclosed in Note 9 to the financial statements, the Group has long outstanding trade receivables of RM4.2 million. No allowance for doubtful debts has been made in respect of these balances as the Directors are of the opinion that the amounts are recoverable. However, as no reliable indications of settlements are evident, we are unable to obtain sufficient appropriate audit evidence as to the recoverability of these debts.

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of :
    - i) the state of affairs of the Group and of the Company at 30 June 2004 and the results of their operations and cash flows for the year ended on that date; and
    - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company;
- and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification except as indicated in Note 3.2 to the financial statements and did not include any comment made under sub-section (3) of Section 174 of the Act.

**KPMG**

Firm Number : AF : 0758

Chartered Accountants

**Ng Swee Weng**

Partner

Approval Number : 1414/03/06 (J/PH)

Penang,

Date : 26 October 2004





# Consolidated Balance Sheet

At 30 June 2004

	Note	2004 RM	2003 RM
Property, plant and equipment	2	74,323,429	49,237,898
Investment in associates	4	256,044	268,433
Other investments	5	–	2,987
Goodwill on consolidation	6	–	26,322
<b>Current assets</b>			
Inventories	8	15,425,090	16,075,663
Trade and other receivables	9	19,589,005	24,870,100
Tax refundable		1,841,349	1,902,003
Cash and bank balances		367,393	1,132,076
		37,222,837	43,979,842
<b>Current liabilities</b>			
Trade and other payables	10	6,809,579	5,224,184
Borrowings	12	11,594,745	9,657,580
		18,404,324	14,881,764
<b>Net current assets</b>		18,818,513	29,098,078
<b>Financed by :</b>		93,397,986	78,633,718
<b>Capital and reserves</b>			
Share capital	13	40,000,000	40,000,000
Reserves	14	22,901,609	24,853,315
<b>Shareholders' funds</b>		62,901,609	64,853,315
<b>Long term and deferred liabilities</b>			
Borrowings	12	28,515,156	11,207,190
Deferred tax liabilities	15	1,981,221	2,573,213
		93,397,986	78,633,718

The financial statements were approved and authorised for issue by the Board of Directors on 26 October 2004.

*The notes set out on pages 33 to 54 form an integral part of, and should be read in conjunction with, these financial statements.*

## Consolidated Income Statement

For the year ended 30 June 2004

	Note	2004 RM	2003 RM
Revenue	16	31,783,962	32,733,932
Cost of sales		(24,781,270)	(22,893,393)
<b>Gross profit</b>		<b>7,002,692</b>	<b>9,840,539</b>
Distribution costs		(1,081,600)	(567,458)
Administration expenses		(6,329,723)	(6,510,619)
Other operating expenses		(1,548,359)	(737,003)
Other operating income		342,582	165,547
<b>Operating (loss)/profit</b>	17	<b>(1,614,408)</b>	<b>2,191,006</b>
Finance costs	19	(950,941)	(758,468)
Interest income		991	58,617
Share of profit of associates		134,044	126,461
<b>(Loss)/Profit before tax</b>		<b>(2,430,314)</b>	<b>1,617,616</b>
Tax expense			
- Company and subsidiaries		510,041	74,692
- Associates		(31,433)	(35,542)
	20	478,608	39,150
<b>Net (loss)/profit for the year</b>		<b>(1,951,706)</b>	<b>1,656,766</b>
Basic (loss)/earnings per ordinary share (sen)	21	(4.88)	4.14

The notes set out on pages 33 to 54 form an integral part of, and should be read in conjunction with, these financial statements.



## Consolidated Statement Of Changes In Equity

For the year ended 30 June 2004

	Share Capital RM	Share Premium RM	Capital Redemption Reserve RM	Retained Profits RM	Total RM
At 1 July 2002	40,000,000	1,498,324	30,000	21,668,225	63,196,549
Net profit for the year	-	-	-	1,656,766	1,656,766
At 30 June 2003	40,000,000	1,498,324	30,000	23,324,991	64,853,315
Net loss for the year	-	-	-	(1,951,706)	(1,951,706)
At 30 June 2004	40,000,000	1,498,324	30,000	21,373,285	62,901,609
	Note 13	<----- Note 14----->			

The notes set out on pages 33 to 54 form an integral part of, and should be read in conjunction with, these financial statements.

## Consolidated Cash Flow Statement

For the year ended 30 June 2004

	2004 RM	2003 RM
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax	(2,430,314)	1,617,616
Adjustments for :		
Plant and equipment written off	6,996	–
Depreciation	3,549,521	2,849,995
Gain on disposal of property, plant and equipment	(234,227)	(85,170)
Gain on disposal of investment in an associate	(28,000)	–
Interest expense	950,941	758,468
Interest income	(991)	(58,617)
Allowance for diminution in value of investment	2,987	6,787
Share on profit of associates	(134,044)	(126,461)
Goodwill written off	26,322	–
Impairment loss on property	–	198,000
Operating profit before working capital changes	1,709,191	5,160,618
Decrease/(Increase) in :		
Inventories	650,573	(174,931)
Trade and other receivables	5,281,095	3,253,244
Increase/(Decrease) in :		
Trade and other payables	1,585,395	(6,388,726)
Cash generated from operations	9,226,254	1,850,205
Tax paid	(21,297)	(886,404)
Interest paid	(481,173)	(595,199)
Dividend received from an associate	115,000	60,000
<b>Net cash generated from operating activities</b>	<b>8,838,784</b>	<b>428,602</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment (Note A)	(26,597,005)	(10,169,004)
Proceed from disposal of property, plant and equipment	788,210	136,000
Interest received	991	58,617
Purchase of investment in an associate	–	(28,000)
Proceeds from disposal of investment in an associate	28,000	–
<b>Net cash used in investing activities</b>	<b>(25,779,804)</b>	<b>(10,002,387)</b>



# Consolidated Cash Flow Statement

For the year ended 30 June 2004 (Cont'd)

	2004 RM	2003 RM
<b>Cash flows from financing activities</b>		
Drawdowns of term loans	18,193,110	9,038,472
Repayments of term loans	(795,307)	(416,000)
Repayments of hire purchase obligations	(720,560)	(573,934)
Repayments of bank borrowings, net	(435,000)	(1,914,000)
Interest on term loans paid	(1,510,094)	(229,151)
<b>Net cash generated from financing activities</b>	<b>14,732,149</b>	<b>5,905,387</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,208,871)</b>	<b>(3,668,398)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>(1,854,061)</b>	<b>1,814,337</b>
<b>Cash and cash equivalents at end of year (Note B)</b>	<b>(4,062,932)</b>	<b>(1,854,061)</b>

## A. Purchase of property, plant and equipment

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

	2004 RM	2003 RM
Additions of property, plant and equipment	29,196,031	11,013,543
Less : Hire purchase obligations	(1,558,700)	(778,657)
Interest on term loan capitalised	(1,040,326)	(65,882)
	<b>26,597,005</b>	<b>10,169,004</b>

## B. Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statement comprise the following consolidated balance sheet amounts :

	2004 RM	2003 RM
Cash and bank balances	367,393	1,132,076
Bank overdrafts	(4,430,325)	(2,986,137)
	<b>(4,062,932)</b>	<b>(1,854,061)</b>

The notes set out on pages 33 to 54 form an integral part of, and should be read in conjunction with, these financial statements.

## Balance sheet

At 30 June 2004

	Note	2004 RM	2003 RM
Investment in subsidiaries	3	17,814,743	17,814,743
Investment in associates	4	347,961	375,961
Amount due from a subsidiary	7	23,751,215	23,759,001
<b>Current assets</b>			
Other receivables	9	1,000	1,000
Tax refundable		-	1,273
Cash and bank balances		2,221	87,368
		3,221	89,641
<b>Current liabilities</b>			
Other payables and accrued expenses	10	169,881	191,361
Taxation		288	-
		170,169	191,361
<b>Net current liabilities</b>		(166,948)	(101,720)
		41,746,971	41,847,985
<b>Financed by :</b>			
<b>Capital and reserves</b>			
Share capital	13	40,000,000	40,000,000
Reserves	14	1,746,971	1,847,985
<b>Shareholders' funds</b>		41,746,971	41,847,985

The financial statements were approved and authorised for issue by the Board of Directors on 26 October 2004.

The notes set out on pages 33 to 54 form an integral part of, and should be read in conjunction with, these financial statements.



## Income Statement

For the year ended 30 June 2004

	Note	2004 RM	2003 RM
Revenue	16	159,722	283,334
Administration expenses		(235,866)	(206,944)
Other operating income		24,000	24,000
<b>(Loss)/Profit before tax</b>	17	<u>(52,144)</u>	<u>100,390</u>
Tax expense	20	(48,870)	(81,750)
<b>Net (loss)/profit for the year</b>		<u>(101,014)</u>	<u>18,640</u>

*The notes set out on pages 33 to 54 form an integral part of, and should be read in conjunction with, these financial statements.*

## Statement Of changes In Equity

For the year ended 30 June 2004

	Share Capital RM	Share Premium RM	Retained Profits RM	Total RM
<b>At 1 July 2002</b>	40,000,000	1,498,324	331,021	41,829,345
Net profit for the year	-	-	18,640	18,640
<b>At 30 June 2003</b>	40,000,000	1,498,324	349,661	41,847,985
Net loss for the year	-	-	(101,014)	(101,014)
<b>At 30 June 2004</b>	40,000,000	1,498,324	248,647	41,746,971
	Note 13	<-----	Note 14----->	

The notes set out on pages 33 to 54 form an integral part of, and should be read in conjunction with, these financial statements.





# Cash Flow Statement

For the year ended 30 June 2004

	2004 RM	2003 RM
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax	(52,144)	100,390
Adjustment for :		
Dividend income	(159,722)	(283,334)
Operating loss before working capital changes	(211,866)	(182,944)
(Decrease)/Increase in other payables and accrued expenses	(21,480)	41,361
Cash used in operations	(233,346)	(141,583)
Tax paid	(2,587)	-
Dividend received	115,000	204,000
<b>Net cash (used in)/generated from operating activities</b>	<b>(120,933)</b>	<b>62,417</b>
<b>Cash flows from investing activities</b>		
Additional investment in a subsidiary	-	(99,998)
Proceeds from disposal of investment in an associate	28,000	-
Acquisition of an associate	-	(28,000)
<b>Net cash generated from/(used in) investing activities</b>	<b>28,000</b>	<b>(127,998)</b>
<b>Cash flows from financing activities</b>		
Repayments from/(Advances to) a subsidiary	7,786	(576,421)
<b>Net cash generated from/(used in) financing activities</b>	<b>7,786</b>	<b>(576,421)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(85,147)</b>	<b>(642,002)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>87,368</b>	<b>729,370</b>
<b>Cash and cash equivalents at end of year</b>	<b>2,221</b>	<b>87,368</b>

## Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise cash and bank balances as shown in the balance sheet.

The notes set out on pages 33 to 54 form an integral part of, and should be read in conjunction with, these financial statements.

# Notes To The Financial Statements

30 June 2004

## 1. Summary of significant accounting policies

The following accounting policies are adopted by the Group and by the Company and are consistent with those adopted in previous years except for the adoption of MASB 29, Employee Benefits.

Apart from the new policy and extended disclosures as required by this new standard, there is no material effect on the financial statements.

### (a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

### (b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting except for SKB Shutters Manufacturing Sdn. Bhd. and SKB Trading Sdn. Bhd. which are consolidated using the merger method of accounting. Merger method of accounting for the consolidation of the above mentioned subsidiaries has continued to be applied in line with the transitional provision of MASB 21, Business Combination, which allows the Group to apply the standard prospectively.

A subsidiary is excluded from consolidation when either control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or negative goodwill as appropriate.

Under the merger method of accounting, the results of the subsidiaries are presented as if the companies had been combined throughout the current and previous financial years. The difference between the nominal value of the share capital issued as purchase consideration and the nominal value of the share capital and reserves of the merged subsidiaries is taken to merger reserve (or adjusted against any suitable reserve in the case of debit differences).

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

### (c) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies.



# Notes To The Financial Statements

30 June 2004 (Cont'd)

## (c) Associates (Cont'd)

The consolidated financial statements include the total recognised gains and losses of associates on an equity accounted basis from the date that significant influence effectively commences until the date that significant influence effectively ceases.

Unrealised profits arising on transactions between the Group and its associates which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

Goodwill on acquisition is calculated based on the fair value of net assets acquired.

## (d) Investments

Long term investments other than in subsidiaries and associates are stated at cost. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

Long term investments in subsidiaries and associates are stated at cost in the Company, less impairment loss where applicable.

## (e) Property, plant and equipment

Freehold land and capital work-in-progress are stated at cost/valuation less accumulated impairment losses. All other property, plant and equipment are stated at cost/valuation less accumulated depreciation and accumulated impairment losses.

The Group revalues its property comprising land and buildings every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the property revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statement.

Property, plant and equipment retired from active use and held for disposal are stated at the carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

### *Depreciation*

Freehold land and capital work-in-progress are not amortised. Short term leasehold land is amortised in equal instalments over the remaining lease period of 27 years and 4 months.

On other property, plant and equipment, depreciation is calculated to write-off the cost or valuation of property, plant and equipment on a straight line basis over the term of their expected useful lives at the following principal annual rates :

Buildings	2% - 3.66%
Plant and machinery	10% - 20%
Furniture, fittings, fixtures and equipment	20%
Motor vehicles	20%

## Notes To The Financial Statements

30 June 2004 (Cont'd)

### (f) Impairment

The carrying amount of assets, other than inventories and financial assets (other than investments in subsidiaries and associates), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

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. The reversal is recognised in the income statement.

### (g) Inventories

Inventories are stated at the lower of cost and net realisable value with first-in, first-out being the main basis for cost. Work-in-progress and manufactured inventories include cost of materials, direct labour and an appropriate proportion of fixed and variable production overheads.

### (h) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

### (i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

### (j) Liabilities

Borrowings and trade and other payables are stated at cost.

### (k) Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount.



# Notes To The Financial Statements

30 June 2004 (Cont'd)

## (l) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

## (m) Hire purchase

Assets acquired under hire purchase instalment plans are capitalised as plant and equipment and the corresponding obligations are treated as liabilities. Finance charges are allocated to the income statement over the hire purchase periods using the "Sum-of-Digits" method to give a constant periodical rate of interest on the remaining hire purchase liabilities.

## (n) Intangible asset

### i) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair values of the net identifiable assets acquired and is stated at cost less accumulated impairment losses.

An impairment loss is also recognised when the Directors are of the view that there is a diminution in its value which is other than temporary.

In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill represents the excess of the fair values of the net identifiable assets acquired over the cost of acquisition.

Negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the weighted average useful life of those assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the income statement.

To the extent that negative goodwill relates to expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which are not identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised in the income statement when the future losses and expenses are recognised.

## Notes To The Financial Statements

30 June 2004 (Cont'd)

### (n) Intangible asset (cont'd)

#### ii) Research and development

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

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred.

### (o) Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions.

The principal closing rates used in the translation of foreign currency monetary assets and liabilities are as follows :

	2004 RM	2003 RM
USD 1	3.800	3.770
SGD 1	2.215	2.162
YEN 1	0.035	0.032

### (p) Capitalisation of borrowing costs

Borrowing costs incurred on capital work-in-progress are capitalised. Exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs, are also capitalised. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of financing a specific capital work-in-progress, in which case the actual borrowing cost incurred on that borrowing less any investment income on the temporary investment of that borrowing will be capitalised.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.



# Notes To The Financial Statements

30 June 2004 (Cont'd)

## (q) Income recognition

### i) Goods sold

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

### ii) Services rendered

Revenue from services rendered is recognised in the income statement upon services performed.

### iii) Rental income

Rental income is recognised on due and receivable basis.

### iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

### v) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

## (r) Finance costs

All interest and other costs incurred in connection with borrowings, other than that capitalised in accordance with Note 1(p), are expensed as incurred. The interest component of hire purchase payments is recognised in the income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period.

## (s) Employee benefits

### i) Short term employee benefits

Wages, salaries and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

### ii) Defined contribution plan

Obligations for contributions to defined contribution plan are recognised as an expense in the income statement as incurred.

## Notes To The Financial Statements

30 June 2004 (Cont'd)

### 2. Property, plant and equipment - Group

Valuation/Cost	At valuation ----->		At cost ----->					Total RM	
	Freehold land RM	Buildings RM	Short term leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fixtures and equipment RM	Motor vehicles RM		Capital work-in- progress RM
At 1 July 2003	8,580,000	9,520,001	9,194,957	858,405	22,090,538	1,939,048	2,966,241	8,259,128	63,408,318
Additions	-	-	-	538,190	2,728,031	809,567	482,545	24,637,698	29,196,031
Disposals	-	-	-	-	(602,343)	-	(899,847)	-	(1,502,190)
Write off	-	-	-	-	-	(660,573)	-	-	(660,573)
Reclassification	-	-	-	30,215,600	-	2,681,226	-	(32,896,826)	-
At 30 June 2004	8,580,000	9,520,001	9,194,957	31,612,195	24,216,226	4,769,268	2,548,939	-	90,441,586
<b>Depreciation</b>									
Accumulated depreciation	-	1,423,234	-	54,398	9,303,944	1,450,819	1,740,025	-	13,972,420
Accumulated impairment losses	198,000	-	-	-	-	-	-	-	198,000
At 1 July 2003	198,000	1,423,234	-	54,398	9,303,944	1,450,819	1,740,025	-	14,170,420
Charge for the year	-	194,016	84,100	316,334	2,245,384	352,387	357,300	-	3,549,521
Disposals	-	-	-	-	(389,779)	-	(558,428)	-	(948,207)
Write off	-	-	-	-	-	(653,577)	-	-	(653,577)
Accumulated depreciation	-	1,617,250	84,100	370,732	11,159,549	1,149,629	1,538,897	-	15,920,157
Accumulated impairment losses	198,000	-	-	-	-	-	-	-	198,000
At 30 June 2004	198,000	1,617,250	84,100	370,732	11,159,549	1,149,629	1,538,897	-	16,118,157
<b>Net book value</b>									
At 30 June 2004	8,382,000	7,902,751	9,110,857	31,241,463	13,056,677	3,619,639	1,010,042	-	74,323,429
At 30 June 2003	8,382,000	8,096,767	9,194,957	804,007	12,786,594	488,229	1,226,216	8,259,128	49,237,898
Charge for the year ended 30 June 2003	-	194,016	-	17,184	2,060,923	181,263	396,609	-	2,849,995
- Depreciation	198,000	-	-	-	-	-	-	-	198,000
- Impairment losses	-	-	-	-	-	-	-	-	-

The option to renew the short term leasehold land of a subsidiary from Perbandaran Kemajuan Negeri Selangor for a period of another 30 years upon its expiry in July 2031 is subject to terms and conditions to be agreed upon between the parties involved.





# Notes To The Financial Statements

30 June 2004 (Cont'd)

## 2. Property, plant and equipment - Group (Cont'd)

### Revaluation

The freehold land and buildings are shown at Directors' valuation based on the valuation exercise carried out in 2000 on an open market value basis.

Subsequent additions are shown at cost while deletions are at valuation or cost as appropriate.

Had the land and buildings been carried at historical cost less accumulated depreciation and accumulated impairment losses, if any, the carrying amount of the revalued assets that would have been included in the financial statements at the end of the year is as follows :

	Cost RM	Accumulated depreciation RM	Net book value RM
<b>2004</b>			
Freehold land	5,606,447	–	5,606,447
Buildings	8,401,204	1,387,069	7,014,135
	<u>14,007,651</u>	<u>1,387,069</u>	<u>12,620,582</u>
<b>2003</b>			
Freehold land	5,606,447	–	5,606,447
Buildings	8,401,204	1,219,045	7,182,159
	<u>14,007,651</u>	<u>1,219,045</u>	<u>12,788,606</u>

### Assets under hire purchase

Included in the net book value of plant and machinery and motor vehicles of the Group are amounts of RM1,990,661 (2003 : RM801,451) and RM814,880 (2003 : RM1,035,877) respectively representing assets acquired under hire purchase instalment plans.

### Security

Certain properties with net book value of RM41,759,334 (2003 : RM20,500,300) are pledged as securities for term loans granted to a subsidiary (see Note 12).

The title deeds to certain freehold land and short term leasehold land of the Group are still in the process of being transferred from the relevant authorities to a subsidiary.

### Borrowing costs

Included in the building and capital work-in-progress of the Group is interest capitalised at a rate of 7% (2003 : 7%) per annum for the year of RM1,040,326 (2003 : RM65,882).

## Notes To The Financial Statements

30 June 2004 (Cont'd)

### 3. Investment in subsidiaries - Company

	2004 RM	2003 RM
Unquoted shares, at cost	17,814,743	17,814,743

Details of subsidiaries are as follows :

Name of Company	Effective equity interest		Principal activities
	2004 %	2003 %	
SKB Shutters Manufacturing Sdn. Bhd.	100	100	Manufacturer and dealer of roller shutters, racking systems, storage system and related steel products
SKB Trading Sdn. Bhd.	100	100	Trading in roller shutters parts, related steel products and trading in racking system
SKB Shutters Industries Sdn. Bhd.	100	100	Manufacturing and providing repair services for motor components
SKB Storage Industries Sdn. Bhd.	100	100	Manufacturing and trading of roller shutters, racking systems, storage system and related steel products

All the above subsidiaries are incorporated in Malaysia.

- 3.1 During the year, SKB Storage Industries Sdn. Bhd. commenced its operations in the manufacturing and sale of roller shutters, racking systems, storage system and related steel products.
- 3.2 The auditors' report of a subsidiary, SKB Shutters Manufacturing Sdn. Bhd. is modified with respect to the recoverability of certain long outstanding balances amounting to RM4.2 million. As there are no reliable indications of settlement which are evident, the subsidiary's auditors are unable to obtain sufficient appropriate audit evidence as to the recoverability of these debts.

### 4. Investment in associates

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Unquoted shares, at cost	347,961	375,961	347,961	375,961
Share of post-acquisition reserves	(91,917)	(107,528)	-	-
	* 256,044	* 268,433	347,961	375,961



# Notes To The Financial Statements

30 June 2004 (Cont'd)

## 4. Investment in associates (Cont'd)

	Group	
	2004 RM	2003 RM
* Represented by :		
Group's share of net tangible assets	461,441	518,861
Negative goodwill	(205,397)	(250,428)
	256,044	268,433

Name of Company	Place of incorporation	Financial year end	Effective equity interest		Principal activities
			2004 %	2003 %	
Rigida (Malaysia) Sdn. Bhd.	Malaysia	31 December	20	20	Manufacturing of bicycle alloy rims
Aerocut Engineering (M) Sdn. Bhd.	Malaysia	30 April	-	28	Aeronautics engineering

## 5. Other investments - Group

	2004 RM	2003 RM
Quoted shares in Malaysia, at cost	27,150	27,150
Less : Allowance for diminution in value	(27,150)	(24,163)
	-	2,987
Market value of quoted shares	1,000	1,000

## 6. Goodwill on consolidation - Group

This arose from the acquisition of a subsidiary and was fully written off to income statement during the year.

## 7. Amount due from a subsidiary - Company

The long term amount due from a subsidiary is non-trade in nature, unsecured, interest-free and is not repayable during the next twelve months except in so far as such repayment by the subsidiary will not adversely affect the ability of the subsidiary to meet its liabilities when due.

## Notes To The Financial Statements

30 June 2004 (Cont'd)

### 8. Inventories - Group

	2004 RM	2003 RM
At cost		
Raw materials	14,095,435	15,119,733
Work-in-progress	268,183	141,593
Manufactured inventories	1,061,472	814,337
	15,425,090	16,075,663

### 9. Trade and other receivables

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Trade receivables	18,041,600	22,862,064	-	-
Other receivables, deposits and prepayments	1,547,405	2,008,036	1,000	1,000
	19,589,005	24,870,100	1,000	1,000

Included in trade receivables of the Group is an amount of approximately RM4.2 million which has been long outstanding. No allowance for doubtful debts has been made as the Directors believe that these amounts are recoverable.

Included in other receivables, deposits and prepayments of the Group at 30 June 2003 was an amount of RM646,110 in respect of properties acquired through partial settlement from its customers and were held for subsequent disposal. During the financial year ended 30 June 2004, two properties totalling RM475,110 were transferred to property, plant and equipment with the remaining properties being disposed off.

### 10. Trade and other payables

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Trade payables	4,282,175	3,572,026	-	-
Other payables and accrued expenses	2,527,404	1,652,158	169,881	191,361
	6,809,579	5,224,184	169,881	191,361

### 11. Holding company

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



## Notes To The Financial Statements

30 June 2004 (Cont'd)

### 12. Borrowings - Group

	2004 RM	2003 RM
Current :		
Secured		
Term loans	1,449,730	624,000
Hire purchase obligations	646,690	544,443
	2,096,420	1,168,443
Unsecured		
Bank overdrafts	4,430,325	2,986,137
Bankers' acceptances	3,068,000	3,503,000
Revolving credit	2,000,000	2,000,000
	9,498,325	8,489,137
	11,594,745	9,657,580
Non-current :		
Secured		
Term loans	27,070,545	10,498,472
Hire purchase obligations	1,444,611	708,718
	28,515,156	11,207,190

The bank borrowings are guaranteed by the Company.

Interest on bank overdrafts and revolving credit is charged at 1.25% to 2.00% (2003 : 1.25% to 2.00%) per annum above the respective bankers' base lending rates or cost of funds, as the case may be. The bankers' acceptances bear interest at rates ranging from 3.05% to 5.96% (2003 : 3.00% to 5.90%) per annum.

	Total RM	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
<b>2004</b>					
Secured term loans					
- fixed at 7.5% per annum	1,460,000	624,000	624,000	212,000	-
- fixed at 7.0% per annum	26,631,582	626,852	2,619,708	9,330,622	14,054,400
- fixed at 5.0% per annum	428,693	198,878	229,815	-	-
	28,520,275	1,449,730	3,473,523	9,542,622	14,054,400

## Notes To The Financial Statements

30 June 2004 (Cont'd)

### 12. Borrowings - Group (Cont'd)

	Total RM	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
<b>2003</b>					
Secured term loans					
- fixed at 7.5% per annum	9,038,472	–	212,747	2,864,768	5,960,957
- fixed at 7.0% per annum	2,084,000	624,000	624,000	836,000	–
	11,122,472	624,000	836,747	3,700,768	5,960,957

The term loans are secured by way of certain properties (see Note 2) and are guaranteed by the Company.

Hire purchase obligations are repayable as follows :

	<----- 2004 ----->			<----- 2003 ----->		
	Payments RM	Interest RM	Principal RM	Payments RM	Interest RM	Principal RM
Within 1 year	781,921	135,231	646,690	634,428	89,985	544,443
Between 1 and 5 years	1,638,711	194,100	1,444,611	799,968	91,250	708,718
	2,420,632	329,331	2,091,301	1,434,396	181,235	1,253,161

Hire purchase are subject to fixed interest rates ranging from 3.00% to 8.04% (2003 : 3.00% to 8.04%) per annum.

### 13. Share capital

	2004 RM	2003 RM
Ordinary shares of RM1 each		
Authorised :	50,000,000	50,000,000
Issued and fully paid :	40,000,000	40,000,000



# Notes To The Financial Statements

30 June 2004 (Cont'd)

## 14. Reserves

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Distributable				
Retained profits	21,373,285	23,324,991	248,647	349,661
Non-distributable				
Share premium	1,498,324	1,498,324	1,498,324	1,498,324
Capital redemption reserve	30,000	30,000	-	-
	1,528,324	1,528,324	1,498,324	1,498,324
	<u>22,901,609</u>	<u>24,853,315</u>	<u>1,746,971</u>	<u>1,847,985</u>

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

Subject to agreement with the Inland Revenue Board, the Company has sufficient :

- i) Section 108 tax credit to frank its entire retained profits as at 30 June 2004; and
- ii) tax exempt income to distribute approximately RM172,000 of its retained profits as at 30 June 2004; if paid out as dividends.

## 15. Deferred tax liabilities - Group

	2004 RM	2003 RM
Property, plant and equipment		
- capital allowances	3,590,859	2,310,200
- revaluation	390,213	390,213
Allowance	(433,868)	(127,200)
Unabsorbed capital allowances	(1,565,983)	-
	<u>1,981,221</u>	<u>2,573,213</u>







# Notes To The Financial Statements

30 June 2004 (Cont'd)

## 17. Operating (Loss)/Profit (Cont'd)

- i) The estimated monetary value of benefits receivable by certain Directors otherwise than in cash amounted to RM41,500 (2003 : RM24,000).
- ii) Included in research and development is an amount of RM261,070 (2003 : RM261,389) representing Director's emolument.

## 18. Employee information - Group

	2004 RM	2003 RM
Staff costs (including Executive Directors' remuneration)	5,699,263	5,613,142
i) The number of employees of the Group and of the Company (including executive Directors) at the end of the year was 195 (2003 : 187) and NIL (2003 : NIL) respectively.		
ii) Staff costs of the Group and of the Company include contributions to the Employees' Provident Fund of RM263,619 (2003 : RM291,925) and RM NIL (2003: RM NIL) respectively.		

## 19. Finance costs - Group

	2004 RM	2003 RM
Interest paid and payable :		
Bank overdrafts	143,246	262,296
Bankers' acceptances	101,669	126,555
Revolving credit	135,064	96,814
Hire purchase obligations	101,194	109,534
Term loans	469,768	163,269
	950,941	758,468

## 20. Tax expense

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Current tax expense				
- Current year	82,948	117,905	48,870	81,750
- Prior years	(997)	(236,597)	-	-
	81,951	(118,692)	48,870	81,750

## Notes To The Financial Statements

30 June 2004 (Cont'd)

### 20. Tax expense (Cont'd)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Deferred tax expense				
- Origination and reversal of temporary differences	(530,992)	185,000	-	-
- Prior year	(61,000)	(141,000)	-	-
	(591,992)	44,000	-	-
Share of tax in associate	31,433	35,542	-	-
	(478,608)	(39,150)	48,870	81,750
<b>Reconciliation of effective tax expense</b>				
(Loss)/Profit before tax	(2,430,314)	1,617,616	(52,144)	100,390
Income tax using Malaysian tax rate	(640,488)	444,932	(14,600)	28,109
Non-deductible expenses	227,062	155,128	63,470	53,641
Tax incentives	-	(271,937)	-	-
Effect of tax losses not recognised	-	9,238	-	-
Other items	(3,185)	1,086	-	-
	(416,611)	338,447	48,870	81,750
Over provision in prior years	(61,997)	(377,597)	-	-
Tax expense	(478,608)	(39,150)	48,870	81,750

### 21. (Loss)/Earnings per ordinary share - Group

#### *Basic (loss)/earnings per ordinary share*

The calculation of basic (loss)/earnings per ordinary share is based on the net (loss)/profit attributable to ordinary shareholders of RM1,951,706 (2003 : RM1,656,766) and on the weighted average number of ordinary shares outstanding during the year of 40,000,000 (2003 : 40,000,000).



# Notes To The Financial Statements

30 June 2004 (Cont'd)

## 22. Related parties - Group/Company

### 22.1 Identity of related parties

- i) The Group has a controlling related party relationship with its subsidiaries, associates and ultimate holding company as disclosed in Notes 3, 4 and 11 to the financial statements.
- ii) The Group also has a related party relationship with the following companies in which Messrs Sin Kheng Lee, Sin Kheng Hong, Sin Ching San and Chou Lee Sin are deemed to have substantial financial interests:
  - SKB Shutters (Johor) Sdn. Bhd.
  - Sin Kean Boon (KL) Sdn. Bhd.
  - Lembah Segar Sdn. Bhd.
- iii) The Group also has a related party relationship with its key Directors and key management personnel and the close members of their families. The key Directors and key management personnel of the Group are :
  - Sin Kheng Lee
  - Sin Kheng Hong
  - Sin Ching San
  - Chou Lee Sin

### 22.2 Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows :

- i) Transactions entered by a subsidiary in the ordinary course of business with a related party - Sin Kean Boon (KL) Sdn. Bhd.

	2004 RM	2003 RM
Hire of motor vehicles	-	60,300

- ii) Transactions with an associate - Rigida (Malaysia) Sdn. Bhd.

	2004 RM	2003 RM
Management fees receivable	24,000	24,000
Dividend income receivable	159,722	83,334

- iii) Transactions with the key Directors and key management personnel

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

The above transactions were entered into in the normal course of business and the terms of which have been established on a negotiated basis.

## Notes To The Financial Statements

30 June 2004 (Cont'd)

### 23. Segmental information

Segment information is presented in respect of the Group's business and geographical segments. The primary formant, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-bearing assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

#### *Business segments*

The Group's activities are principally confined to the manufacture and sale of roller shutters, racking systems and related steel products which are principally carried out in Malaysia.

#### *Geographical segments*

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of assets.

	Malaysia RM	Singapore RM	United Arab Emirates RM	Bangladesh RM	Others RM	Elimination RM	Total RM
<b>2004</b>							
Revenue from external customers by location of customers	20,372,690	4,455,390	2,902,962	1,243,904	2,809,016	-	31,783,962
Segment assets by location of assets	109,704,917	-	-	-	-	-	109,704,917
Capital expenditure by location of assets	29,196,031	-	-	-	-	-	29,196,031
<b>2003</b>							
Revenue from external customers by location of customers	23,126,228	6,386,155	1,130,024	-	2,091,525	-	32,733,932
Segment assets by location of assets	91,345,046	-	-	-	-	-	91,345,046
Capital expenditure by location of assets	11,013,543	-	-	-	-	-	11,013,543



# Notes To The Financial Statements

30 June 2004 (Cont'd)

## 24. Capital commitments - Group

	2004 RM'000	2003 RM'000
Property, plant and equipment		
Contracted but not provided for in the financial statements	1,247	23,354

## 25. Contingent liabilities, unsecured

### Company

- i) The Company has given corporate guarantees to certain financial institutions for banking facilities granted to its subsidiaries for a limit up to RM26.87 million (2003 : RM54.17 million) of which RM13.43 million (2003 : RM20.83 million) was utilised at balance sheet date.
- ii) The Company has undertaken to provide financial support to a subsidiary to enable the subsidiary to continue operating as a going concern.

### Group

A claim of approximately RM455,000 (2003 : RM400,000) together with the interest thereon was made by a vendor of a subsidiary for the outstanding amount owing to the said vendor.

A counter claim of approximately RM455,000 (2003 : RM400,000) was also made by the subsidiary against the said vendor for losses and damages suffered due to the incorrect specification of the machinery supplied by the vendor.

The Directors are of the opinion that the claim made by the vendor will not materialise and it will not materially affect the operating and financial position of the subsidiary and of the Group.

## 26. Financial instruments

### *Financial risk management objectives and policies*

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and of the Company's business whilst managing its credit, foreign currency, liquidity and interest rate risk. The Group's and the Company's policy is not to engage in speculative transactions.

### *Credit risk*

The Group's and the Company's credit risk are monitored on an ongoing basis. The Group performs credit evaluations of its customers and maintains an allowance for doubtful debts when required.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Group and the Company is represented by the carrying amount of each financial asset presented in the balance sheet.

## Notes To The Financial Statements

30 June 2004 (Cont'd)

### 26. Financial instruments (Cont'd)

#### *Foreign currency risk*

The Group incurs foreign currency risk on sales or purchases that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk is primarily US dollars, Singapore dollars and Japanese yen.

Given the government's peg of US dollars at present, no hedging of this exposure by purchasing forward currency contracts was done. The Group ensures that net exposure to foreign currency risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short term imbalances.

#### *Liquidity risk*

The Group and the Company actively manage their debts, operating cash flows and the availability of fundings so as to ensure that all financing, repayment and funding needs are met as and when they fall due.

#### *Interest rate risk*

The Group's and the Company's primary interest rate risk relate to interest-bearing debt. The Group and the Company manage their interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group and the Company actively review their debt portfolio and this strategy allows them to capitalise on cheaper funding in low interest rate environment.

#### *Effective interest rates and repricing analysis*

In respect of interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

	Effective interest rate per annum %	Total RM	Within 1 year RM	1 - 5 years RM	More than 5 years RM
<b>Group</b>					
<b>2004</b>					
<b>Financial liabilities</b>					
Secured term loans	7.00	28,520,275	1,449,730	13,016,145	14,054,400
Unsecured overdrafts	7.51	4,430,325	4,430,325	–	–
Unsecured bankers' acceptances	3.14	3,068,000	3,068,000	–	–
Unsecured revolving credit	4.90	2,000,000	2,000,000	–	–
<b>2003</b>					
<b>Financial liabilities</b>					
Secured term loans	7.03	11,122,472	624,000	4,537,515	5,960,957
Unsecured overdrafts	7.48	2,986,137	2,986,137	–	–
Unsecured bankers' acceptances	3.14	3,503,000	3,503,000	–	–
Unsecured revolving credit	6.45	2,000,000	2,000,000	–	–



# Notes To The Financial Statements

30 June 2004 (Cont'd)

## 26. Financial instruments (Cont'd)

### Fair values

#### Recognised financial instruments

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

The aggregate fair value of the other financial asset and liabilities carried in the balance sheet as at 30 June are shown below :

Group	2004		2003	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
<b>Financial asset</b>				
Investment - quoted shares	-	1,000	2,987	1,000
<b>Financial liabilities</b>				
Term loans	28,520,275	*	11,122,472	*
<b>Company</b>				
<b>Financial asset</b>				
Amount due from a subsidiary	23,751,215	#	23,759,001	#

\* It is not practicable to estimate the fair value of the fixed rate term loans due to the lack of information on discount rate and the inability to estimate the fair value without incurring excessive costs. However, the Directors believe that there is no significant difference between the fair value and the book value of the term loans.

# It is not practical to estimate the fair value of amount due from a subsidiary, due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs. However, the Company does not anticipate the carrying amount recorded at balance sheet date to be significantly different from the value that would eventually be received.

## 27. Comparative figures

The comparatives have been reclassified to conform with the current year presentations.

## List Of Properties

As At 30 June 2004

	Description/Address	Date of Acquisition/Revaluation*	Tenure	Area	Existing Use	Age of Building (Years)	Net Book Value (RM)
<b>LAND</b>							
1.	Lot 2-22 - 2-28, Jalan SU6A, Lion Industrial Park Phase 2, Section 22, 40300 Shah Alam, Selangor D.E.	*26/04/2000	Freehold	16,243 sq.m	Vacant	-	7,200,000
2.	Lot No. 47158, Indahpura Industrial Park, Kulai, Johor Bahru	*26/04/2000	Freehold	6,102 sq.m	Vacant	-	1,182,000
3.	Lot 22,24,26 Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara, 47810 Petaling Jaya, Selangor D.E.	25/02/2002	Leasehold 30 years expiring 2031	174,240 sq.m	Factory	-	9,110,857
<b>Buildings</b>							
1.	Lot 2-22 - 2-28, Jalan SU6A, Lion Industrial Park Phase 2, Section 22, 40300 Shah Alam, Selangor D.E.	*26/04/2000	Freehold	2,530.44 sq.m	Vacant	9	7,399,786
2.	Sri Hijauan Condominium B1-01, 1 Jalan Bukit Hijau 26/24, Seksyen 26, 40000 Shah Alam, Selangor D.E.	*26/04/2000	Freehold	95.97 sq.m	Vacant	9	160,320
3.	H.S (M) 2726, PTD 3345 Tempat Parit Maimon, Mukim Simpang Kiri, Batu Pahat, Johor.	*26/04/2000	Freehold	1,045 sq.m	Vacant	6	207,709
4.	Endah Ria Condominium Lot S-209 Sapphire Tower, No. 9 Jalan 3/149E, Taman Sri Endah, Bandar Baru Seri Petaling, 57000 Kuala Lumpur.	*26/04/2000	Leasehold 99 years expiring 2083	128.67 sq.m	Vacant	5	188,794
5.	Sunwaymas Commercial Centre-F 3/5 Storey Shop Office, No. 70-3B, Block F, Level 5 Menara Sunway, Jalan Lagoon Timur, Bandar Sunway 46150 Petaling Jaya, Selangor D.E.	03/04/2000	Freehold	693.00 sq ft	Vacant	4	61,288
6.	D'Kiara Apartment 5C-09-02, Block C, Jalan Wawasan 4/21, Pusat Bandar Puchong, 47100 Puchong, Selangor D.E.	13/06/2000	Freehold	83.6 sq.m	Vacant	4	120,920
7.	Kiambang Apartment C-1-12, Jalan Putra Perdana 5F, Taman Putra Perdana, 47100 Puchong, Selangor D.E.	26/08/1999	Leasehold 99 years expiring 2093	790.00 sq ft	Vacant	5	83,434
8.	Damansara Suria Apartment Lot B-18-13A, Sri Damansara, Kepong, Selangor D.E.	18/09/2000	Freehold	969.17 sq. ft	Vacant	4	283,548
9.	Kota Point Shopping Complex Lot LG-20 Grant No.: 15702 Lot 346 Jalan Lombong, Kota Tinggi Johor	15/11/2000	Freehold	28.00 sq.m	Vacant	4	183,775
10.	Corporate Tower Subang Square, CT-01-17 Jalan SS 15/4G, 47500 Subang Jaya, Selangor D.E.	31/03/2002	Freehold	810 sq ft	Rented	2	362,920
11.	PD Perdana Condo Resort Parcel No. 411, Storey No. 4 of Building M Port Dickson, Negeri Sembilan.	14/03/2002	Freehold	746 sq ft	Vacant	5 1/2	90,014
12.	Lot 22, Jalan Teknologi, 1, Taman Sains Selangor, Kota Damansara, 47810 Petaling Jaya, Selangor D.E.	23/04/2004	Leasehold 30 years expiring 2031	322,000 sq ft	Factory	-	30,001,706
<b>TOTAL</b>							<b>56,637,071</b>





## Statistics Of Shareholdings

As At 28 October 2004

Authorised Share Capital	:	RM50,000,000
Issued And Fully Paid-Up Capital	:	RM40,000,000
Class Of Share	:	Ordinary shares of RM1 each fully paid
Voting Rights	:	On a show of hands - one vote for every shareholder On a poll - one vote for every ordinary share held

### BREAKDOWN OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of shares	% of Issued Share Capital
Less than 100	2	0.16	100	0.00
100-1,000	711	55.50	703,100	1.75
1,001-10,000	477	37.24	2,010,200	5.03
10,001-100,000	78	6.09	2,054,700	5.14
100,001-1,999,999	10	0.78	9,308,096	23.27
2,000,000-40,000,000	3	0.23	25,923,804	64.81
<b>Total</b>	<b>1,281</b>	<b>100.00</b>	<b>40,000,000</b>	<b>100.00</b>

### THIRTY LARGEST SHAREHOLDERS

No.	Name	Shareholdings	% of Issued Capital
1	SKB Glory Sdn Bhd	19,847,607	49.6190
2	Maju Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Accounts For Moehamad Izat Bin Achmad Habechi Emir</i>	3,076,197	7.6905
3	HDM Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For SKB Glory Sdn Bhd (Memo)</i>	3,000,000	7.5000
4	Maju Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Accounts For Abbas Bin Mehad</i>	1,642,065	4.1052
5	Lee Lam Keiong	1,410,000	3.5250
6	Maju Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Accounts For Abdul Rahim Bin Abdul Rahman</i>	1,313,653	3.2841
7	Looi Eng Keong	1,062,000	2.6550
8	Maju Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Accounts For Mohd Hafiz Bin Hashim</i>	985,239	2.4631
9	Maju Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Accounts For Duad Bin Daros</i>	985,239	2.4631
10	Ooi Say Tuan	706,000	1.7650
11	Chew Han Meng	700,000	1.7500
12	Oriental Metal (Malaysia) Sdn Bhd	388,900	0.9722
13	Goh Ah Thiam	115,000	0.2875
14	Choi Yoke Lan	97,000	0.2425
15	Moehamad Izat Bin Achmad Habechi Emir	91,000	0.2275
16	Lim Ka Kian	82,000	0.2050
17	Soo Sing Huat	70,000	0.1750
18	Citicorp Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Khoo Seng Keat</i>	70,000	0.1750
19	Ng Fong Wah	68,000	0.1700
20	Tan Yee Chia	60,000	0.1500
21	Ke-Zan Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Sin Yong Lean</i>	60,000	0.1500
22	Kanai Seiichi	55,000	0.1375
23	Yong Thain Chai	50,000	0.1250

## Statistics Of Shareholdings

As At 28 October 2004 (Cont'd)

### THIRTY LARGEST SHAREHOLDERS (Cont'd)

No.	Name	Shareholdings	% of Issued Capital
24	Lim See Fook	45,000	0.1125
25	Lee Siew Yean @ Lee Sew Yean	45,000	0.1125
26	DZH Management Consultants Sdn Bhd	45,000	0.1125
27	Ng Chuan Hock	38,000	0.0950
28	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Accounts For Chua Eng Ho Waa @ Chua Eng Wah</i>	37,500	0.0938
29	Yap Kim Wan @ Yap Mah	35,000	0.0875
30	Ang Chew Lim	32,000	0.0800
	<b>Total</b>	<b>36,212,400</b>	<b>90.5310</b>

### SUBSTANTIAL SHAREHOLDERS AS AT 28 OCTOBER 2004

Name	Direct Interest		Indirect Interest	
	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
1 SKB Glory Sdn Bhd	22,847,607	57.1190	–	–
2 Sin Kheng Lee	10,000	0.0250	22,857,607	57.1440
3 Chou Lee Sin	10,000	0.0250	22,857,607	57.1440
4 Dato' Moehamad Izat Bin Achmad Habechi Emir	3,167,197	7.9180	–	–
5 Sin Kheng Hong	10,000	0.0250	22,847,607	57.1190
6 Sin Ching San	10,000	0.0250	22,847,607	57.1190

### DIRECTORS' SHAREHOLDING AS AT 28 OCTOBER 2004

No.	Name of Directors	Direct Interest		Indirect Interest	
		No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
	<b>The Company</b>				
1	Sin Kheng Lee	10,000	0.0250	22,857,607	57.1440
2	Chou Lee Sin	10,000	0.0250	22,857,607	57.1440
3	Dato' Moehamad Izat Bin Achmad Habechi Emir	3,167,197	7.9180	–	–
4	Sin Kheng Hong	10,000	0.0250	22,847,607	57.1190
5	Sin Ching San	10,000	0.0250	22,847,607	57.1190
6	Lee Lam Keiong	1,410,000	3.5250	–	–
7	Lai Lan Man @ Lai Shuk Mee	10,000	0.0250	–	–
8	You Tong Lioung @ Yew Tong Leong	10,000	0.0250	–	–
9	Mohd Arif Bin Mastol	–	–	–	–
	<b>Holding Company - SKB Glory Sdn Bhd</b>				
1	Sin Kheng Lee	554,999	36.9999	112,500	7.5000
2	Sin Kheng Hong	416,251	27.7501	–	–
3	Sin Ching San	416,250	27.7500	–	–
4	Chou Lee Sin	–	–	667,499	44.4999

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



## Notice Of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Seventh Annual General Meeting of the Company will be held at Murai Room, Lower Level 1, Hotel Equatorial Penang, 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang on Wednesday, 22 December 2004 at 2.00 p.m. to transact the following business :

1. To receive and adopt the Financial Statements for the year ended 30 June 2004 and the Reports of Directors and Auditors thereon. **Ordinary Resolution 1**
2. To re-elect the following directors who retire pursuant to Article 125 of the Company's Articles of Association: -
  - i) Sin Kheng Lee **Ordinary Resolution 2**
  - ii) Lee Lam Keiong **Ordinary Resolution 3**
  - iii) Lai Lan Man @ Lai Shuk Mee **Ordinary Resolution 4**
  - iv) You Tong Lioung @ Yew Tong Leong **Ordinary Resolution 5**
3. To approve the Directors' Fees of RM150,000/= in respect of the financial year ended 30 June 2004. **Ordinary Resolution 6**
4. To re-appoint Messrs KPMG as auditors of the Company and to authorise the directors to fix their remuneration. **Ordinary Resolution 7**
5. **As Special Business**  
To consider and if thought fit, to pass the following Ordinary Resolution :-  
**Power to issue shares pursuant to Section 132D of the Companies Act, 1965** **Ordinary Resolution 8**  
"That pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, the directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being and that the directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier."
6. To transact any other business of which due notice shall have been given.

### By Order of the Board

**Lam Voon Kean**

Company Secretary (MIA 4793)

Penang, 26 November 2004

### Notes :

1. A member may appoint up to 2 proxies to attend on the same occasion. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. If a Member appoints 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, 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. 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.
4. To be valid, the proxy form must be deposited at the Company's Registered Office at Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, at least forty eight (48) hours before the time appointed for holding the meeting or any adjournments thereof.

### Explanatory Notes on Special Business :

5. The proposed Ordinary Resolution 8, if passed, will give authority to the Board of Directors to issue and allot ordinary shares from the unissued capital of the Company at any time in their absolute discretion and that such authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.



**PROXY FORM**

I/We \_\_\_\_\_  
 of \_\_\_\_\_  
 being a member/members of SKB Shutters Corporation Berhad, hereby appoint \_\_\_\_\_  
 \_\_\_\_\_ of \_\_\_\_\_  
 \_\_\_\_\_ or failing him, \_\_\_\_\_  
 of \_\_\_\_\_

as my/our proxy, to vote for me/us and on my/our behalf at the Seventh Annual General Meeting of the Company to be held at Murai Room, Lower Level 1, Hotel Equatorial Penang, 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang on Wednesday, 22 December 2004, at 2.00 p.m. and at any adjournments thereof.

RESOLUTION	FOR	AGAINST
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		
Ordinary Resolution 8		

(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 \_\_\_\_\_ 2004.

No. of Shares Held

\_\_\_\_\_  
 Signature of Shareholder

**NOTES :**

1. A member may appoint up to 2 proxies to attend on the same occasion. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. If a Member appoints 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, 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. 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.
4. To be valid, the proxy form must be deposited at the Company's Registered Office at Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, at least forty eight (48) hours before the time appointed for holding the meeting or any adjournments thereof.

8

Fold this flap for sealing

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Then fold here

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STAMP

To,

The Secretary  
**SKB Shutters Corporation Berhad** (Company No. 430362-U)  
Suite 2-1, 2nd Floor, Menara Penang Garden  
42A, Jalan Sultan Ahmad Shah, 10050 Penang

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