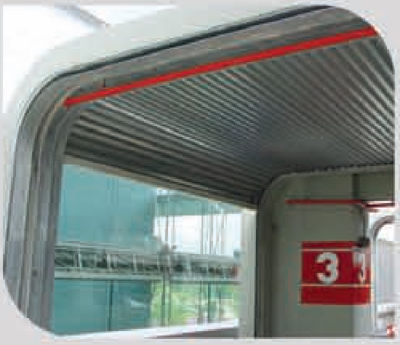
SKB®

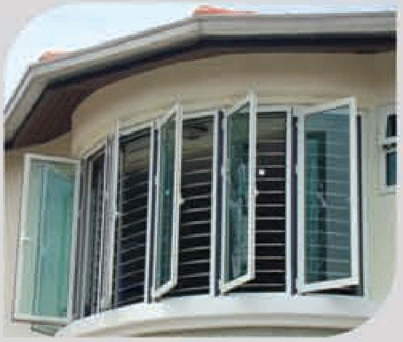
Reg. Trademark No. 85/B03843

SKB Shutters Corporation Berhad

(430362-U)



ANNUAL REPORT 2011



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Chairman's Statement

Dear Shareholders,

The financial year ended 30 June 2011 ("FY2011") has been yet another rewarding year for SKB Shutters Corporation Berhad ("SKBC") marked by the growth in revenue and recovering economic outlook.

On behalf of the Board of Directors of SKBC, I am pleased to present the financial statements of the Group and the Company for the year ended 30 June 2011.

FINANCIAL PERFORMANCE

The recovering economy has provided uplift in the financial performance for SKBC. With a total Group revenue total of RM 51.74 million as compared to RM 48.60 million in the previous financial year, the Group recovered by 6.44%.

The increase in revenue was mainly contributed by the increase sales in storage racking systems, roller shutters, aluminum windows and steel door products. The Group recorded a higher pre-tax profit of RM1.84 million in the current financial year as compared to RM0.90 million. The increase in the pre-tax profit was mainly due to increase in sales and lower administrative costs as compared to the preceeding financial year.

FUTURE OUTLOOK

With the luxury property market flourishing in the recent year or two, property owners are more willing than before, both economically and psychologically, accepting higher quality doors and windows to be customized for security and architectural design purposes. The Group foresees greater demand in the residential sector as well as the commercial sector for security doors and shutters.

In particular with the recent revision on fire protection standards in the region, the Group is confident that such standards provide an immediate helping hand in lifting the demand for fire resistance products across the Group. In the past, most fire resistance products are supplied to commercial properties for fire protection to satisfy both the standard requirements and market expectations. However, with the recent standards enacted as well as growing consumer demand on higher quality safety and fire protection products, both for individual and commercial use, the Group has realigned its marketing, research and development and production strategy in meeting those demands.

As the Group established its mark on 'Quality and Functional' products since its inception, a gradual increase of positive feedback from customers and suppliers has prove that consumer spending patterns are moving towards 'quality and worth-for-the-penny'. Hence providing the Group an edge to strategise and gain competitive advantage ahead of others.

However, this does not mean the Group are leveraging on its competitive edge alone. Keeping an open mind and actively tapping on opportunities to diversify and expand the Group's operations has been one of the main priorities of the business. Meanwhile, the Group placed sincere focus on its core businesses such as manufacturing and dealing of roller shutters, racking and storage system through strategic business planning and aims for effective and efficient people and cost management. Research and development wise, the Group has been constantly developing innovative security and architectural solution to the market with close involvement with various stakeholders including architects, property owners and developers.

DIVIDEND

In view of the Group's performance for the financial year ended 30 June 2011, the Board does not recommend any dividend for the financial year ended 30 June 2011.

A NOTE OF APPRECIATION

On behalf of the Board of Directors, I would like to record my gratitude to our loyal customers, suppliers, business partners and shareholders for their continuous support and confidence in the Group.

A special note of appreciation goes to the management team and employees of the Group for their relentless commitment, dedication, hard work and unwavering loyalty in ensuring the Group's continued success.

SIN KHENG LEE
Date: 21 October 2011

Reg. Trademark No. 85/B03843

SKB Shutters Corporation Berhad
(430362U)
Investment Holding

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

100%
SKB Trading Sdn Bhd (238291W)
Trading in roller shutter parts, related steel products and racking systems

100%
SKB Shutters Industries Sdn Bhd (368833K)
Manufacturing and providing of repair services for motor components

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

100%
SKB Shutters (S) Pte. Ltd. (200909146H)
Dormant

51%
SKB Diversified Sdn Bhd (874596K)
Strike off in progress
(pending notice of Section 308(4), Companies Act, 1965)

20%
Rigida (Malaysia) Sdn Bhd (248030W)
Manufacturing of bicycle alloy rims

Corporate Information

Board of Directors

- Sin Kheng Lee
  (Executive Chairman and Group Managing Director)
- Dato' Moehamad Izat bin Achmad Habechi Emir
  (Deputy Chairman, Non-Independent Non-Executive Director)
- Sin Ching San
  (Executive Director)
- Chou Lee Sin
  (Executive Director)
- Lai Lan Man @ Lai Shuk Mee
  (Independent Non-Executive Director)
- You Tong Lioung @ Yew Tong Leong
  (Independent Non-Executive Director)
- Mohd Arif bin Mastol
  (Independent Non-Executive Director)
- Sin Siew Huey
  (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

Ambank (M) Berhad (8515-D)
HSBC Bank (M) Berhad (127776-V)
Malayan Banking Berhad (3813-K)
Public Bank Berhad (6463-H)

Audit Committee

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

Registrar

AGRITEUM Share Registration Services Sdn Bhd (578473-T)
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

Stock Exchange Listing

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

SIN KHENG LEE
Executive Chairman and Group Managing Director, age 54

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

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

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

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

DATO’ MOEHAMAD IZAT BIN ACHMAD HABECHI EMIR
Deputy Chairman, Non-Independent & Non-Executive Director, age 73

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

1984-1997, he was the Chairman of the Malay Chamber of Commerce, Kuala Lumpur. 1988 - He is the founder cum President of Malay Business and Industrialists Association of Malaysia (PERDASAMA) since it was established in December 1998.

He acts as Chairman to various organizations, among others IMPSA (M) Sdn. Bhd., Emir Equity Sdn Bhd., Equity Acceptance Sdn Bhd., Duta Land Management Sdn. Bhd. and Inno-Pacific Holding Limited.

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

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 effective since June 2003. In February 2004, he was appointed as Committee Member for Malaysia International Trade and Industry (MITI) New Industry Plan by Ministry of International Trade and Industry Malaysia.

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

SIN CHING SAN
Executive Director, age 43

He was appointed to the Board of SKBC on 10 February 2001. He started work after completing his secondary education. He has over 20 years of experience and exposure in the roller shutters and metal-based industry. He was appointed to the Board 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 improvement of productivities and quality of roller shutters and other related metal-based products through innovation.

CHOU LEE SIN
Executive Director, age 52

She was appointed to the Board of SKBC on 10 February 2001. She obtained a Diploma in Synthetic Commerce from Taipei, Taiwan. She started her career in Malaysia in 1982 whereby she was attached to Sin Kean Boon Metal Industries Sdn. Bhd.. She was stationed in the Kuala Lumpur branch office and was responsible for the overall administration and financial matters. In May 1992 she joined SKBM as the General Manager and was responsible for the overall administration and financial matters. She was subsequently appointed as a Director of SKBM on 26 June 1997. She is currently holding the position of General Manager in SKBT and is responsible for its finance and administration. She has accumulated over 27 years of experience in the roller shutters and metal based industry. She also sits on the Board of several other private companies.

LAI LAN MAN @ LAI SHUK MEE
Independent Non-Executive Director, age 56

She was appointed to the Board of SKBC 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 75

He was appointed to the Board of SKBC on 10 February 2001. He also chairs our Internal Audit Committee.

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

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

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

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

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

In addition, he is also a Financial Advisor to LumiGLASS Sdn. Berhad, a subsidiary company of LTKM Berhad. LTKM Berhad is listed on Bursa Malaysia.

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

MOHD ARIF BIN MASTOL
Independent Non-Executive Director, aged 57

He was appointed to the Board of SKBC 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 1998. He has accumulated more than 30 years of experience in Accounts, Finance & Administration with manufacturing, Local Authority, Telecommunication and Development Company. He is also an Independent Non-Executive Director of Leader Steel Holding Berhad.

SIN SIEW HUEY
Executive Director, aged 29

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

Notes:

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

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

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

(i) Ms Chou Lee Sin who is the spouse of Mr Sin Kheng Lee while Mr Sin Ching San and Mr Sin Kheng Lee are brothers.

(ii) Mr Sin Kheng Lee, Mr Sin Ching San and Ms Chou Lee Sin have interest in SKB Glory Sdn. Bhd., a substantial shareholder of SKBC.

(iii) Ms Sin Siew Huey is the daughter of Mr Sin Kheng Lee and Ms Chou Lee Sin.

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

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 2011, 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 2011 are as follows :-

Directors	Number of Board meetings held during Directors' tenure in office	No. of meetings attended by Directors
Sin Kheng Lee	4	2
Dato' Moehamad Izat bin Achmad Habechi Emir	4	3
Sin Ching San	4	3
Chou Lee Sin	4	2
You Tong Lioung @ Yew Tong Leong	4	3
Lai Lan Man @ Lai Shuk Mee	4	3
Mohd Arif Bin Mastol	4	3
Sin Siew Huey	4	3

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 (8) members, comprising one (1) Non-Independent Non Executive Director, three (3) Independent Non-Executive Directors and four (4) 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.

All Directors have attended and successfully completed the Mandatory Accrediation Programme prescribed by Bursa Securities.

Seminars and conferences attended by Directors during the financial year ended 30 June 2011 include the following:

Name of Director	Seminar and Conference Attended
Sin Kheng Lee	• Internal Quality Audit Training for ISO 9001:2009
Chou Lee Sin	• Internal Quality Audit Training for ISO 9001:2009
Sin Ching San	• Internal Quality Audit Training for ISO 9001:2009
Sin Siew Huey	• Building Data Mining Models for Decision Making • Strategies on debt recovery & its legal process • Financial Reporting Standards – Tax Perspective • Internal Quality Audit Training for ISO 9001:2009
You Tong Lioung @ Yew Tong Leong	• "Implement Blue Ocean Strategies" Training Programme

The other three directors, namely Ms Lai Lan Man @ Lai Shuk Mee, Dato' Moehamad Izat bin Achmad Habechi Emir and Encik Mohd Arif Bin Mastol are unable to attend any training during the financial year due to their tight business and travelling schedule.

Re-election

The Articles of Association provide that an election of Directors shall take place each year and all Directors shall retire from office every year, 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	120	40	160
Salaries	1,080	-	1,080
Bonuses	360	-	360
Others	201	-	201
Total	1,761	40	1,801

The remuneration paid or payable to Directors, analysed into bands of RM50,000 for the financial year ended 30 June 2011 are as follows:-

	Number of Directors	
Range of remuneration	Executive	Non-Executive
Below RM50,000	-	4
RM50,001 to RM100,000	-	-
RM150,001 to RM200,000	-	-
RM350,001 to RM400,000	3	-
RM750,001 to RM800,000	1	-

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) 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.

C Shareholders (Cont'd)

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's website or the Company's 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 17 to 18 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 16 to 18 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.

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 outside the ordinary course of business entered into by the Company and its subsidiaries involving Directors and major shareholders of SKBC.

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 RM20,734 was paid to KPMG for non-audit services rendered.

E Other information (Cont'd)

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

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

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

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

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

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 37.5% 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 Securities 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.

Corporate Social Responsibility

As a responsible and caring corporate citizen, the Group strives for the betterment of society by giving back to the community and environment it operates in, through social welfare and community development. During the year, the Group has made contributions to the following organizations: Persatuan Perayaan Pho Tho Taman Sentosa Klang, Home for the Angels and Pelikan Asia for Building & Construction Fund for a new Temple.

Statement on Internal Control

Introduction

Paragraph 15.26(b) of the Listing Requirements of Bursa Securities 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.

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 ongoing 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.

In its effort to ensure the adequacy and integrity of the system of internal control of the Group, the Board had implemented relevant 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 Internal Audit function is provided by an independent outsourced Internal Auditor engaged by the Group based on the plan approved by the Audit Committee to undertake regular and systemic review of the internal controls. Recommendations of corrective measures on risks identified and improvements on the adequacy, effectiveness and efficiency of the internal control system, if any, are included in the audit reports for implementation by the Management.

To ensure that the Group has a system of internal control, the Board has put in place the following processes throughout the financial year ended 30 June 2011.

i) Meetings

Meetings are held at respective business unit levels to identify and resolve business and operational issues. During such meetings, 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 :-

- quarterly highlights on potential bad debts and debtor's collection status;
- production output and status on outstanding sales orders;
- inventory levels;
- unusual and usual material quality issues;
- new project and potential project updates and implementation;
- overseas sales payment collection strategy and issues;
- matters relating to operating systems; and
- employee safety and health improvement and issue updates.

ii) Organizational Structure

The Group operates within an organizational structure that lays down defined delegation of responsibility and authority.

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. Processes and controls of the Group's operations are closely monitored by the Executive Directors.

Significant changes in the business and external environment which affects the operations of the Group at large are discussed during Board meetings. 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 21 October 2011.

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 2011 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

The Committee shall be appointed by the Board from amongst its members who 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.

4. Attendance at Meetings

The committee met on four(4) occasions during the financial year ended 30 June 2011. 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	Number of meetings held during members' tenure in office	No. of meetings attended by members
You Tong Lioung @ Yew Tong Leong	4	3
Lai Lan Man @ Lai Shuk Mee	4	3
Mohd Arif Bin Mastol	4	3

4. Attendance at Meetings (Cont'd)

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

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

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.

- 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.

6. Terms of Reference (Cont'd)

- 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 undertaken by the Committee include :-

- Review of the quarterly financial reports before recommending to the Board for their approval and release of the Group's results to Bursa Securities;
- Review the audited financial statements of the Company and the Group with the External Auditors prior to submission to the Board of Directors for their approval;
- Review of the Audit Planning Memorandum with the External Auditors;
- Review of the results and issues arising from the audit and their resolutions with the External Auditors;
- Review Internal Auditors' risk and audit methodologies in assessing and rating risks of auditable areas and ensure that all high and critical risk areas are audited;
- Review the appointment of the internal auditors; and
- Review related party transactions and conflict of interest that may arise within the Company or the Group.

8. Internal Audit Function

The Company has outsourced its internal audit function to an independent internal audit services provider for the financial year ended 30 June 2011. The Internal Audit function is to assist the Board and the Audit Committee to evaluate the system of internal control, risk management and corporate governance and to provice their recommendation to the Board and the Management for further improvement.

The Internal Auditors independently reviews the risk identification practices and control processes implemented by the management and reports to the Audit Committee. The results of the reviews performed by the Internal Auditors were communicated to both Management and the Committee together with the implementation status of audit recommendations. Further details on the internal audit function are reported in the Statement of Internal control on pages 14 and 15 of this Annual Report.

The total costs incurred for the internal audit function of the Company for the financial year was RM38,769.20.

Directors' Report

for the year ended 30 June 2011

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 2011.

Principal activities

The Company is an investment holding company.

The principal activities of its subsidiaries are set out in Note 6 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Profit of the year attributable to owners of the Company	1,010,519	721,805

Reserves and provisions

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

Dividends

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

Directors of the Company

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

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

Directors' interests in shares

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

	Number of ordinary shares of RM1 each			
	Balance at 1.7.2010	**Bought**	**(Sold)**	**Balance at 30.6.2011**
Direct interest				
The Company				
Sin Kheng Lee - own	1,310,000	-	-	1,310,000
Sin Ching San - own	10,000	-	-	10,000
- others *	10,000	-	-	10,000
Dato' Moehamad Izat bin Achmad Habechi Emir - own	3,290,597	16,000	-	3,306,597
Chou Lee Sin - own	10,000	-	-	10,000
Lai Lan Man @ Lai Shuk Mee - own	15,000	-	-	15,000
You Tong Lioung @ Yew Tong Leong - own	10,000	-	-	10,000
Holding company - SKB Glory Sdn. Bhd.				
Sin Kheng Lee - own	971,250	-	-	971,250
Sin Ching San - own	416,250	-	-	416,250
Deemed interest				
The Company				
Sin Kheng Lee - own	22,847,607	-	-	22,847,607
Sin Ching San - own	22,847,607	-	-	22,847,607
Holding company - SKB Glory Sdn. Bhd.				
Sin Kheng Lee - own	112,500	-	-	112,500

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

By virtue of their interests in the shares of more than 15% in the ordinary shares of the Company, Messrs Sin Kheng Lee and Sin Ching San 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.

None of the other Directors holding office at 30 June 2011 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

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

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

Issue of shares and debentures

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

Options granted over unissued shares

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

Other statutory information

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

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

Other statutory information (Cont'd)

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 June 2011 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.

Significant event during the year

Details of such event are disclosed in Note 31 to the financial statements.

Auditors

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

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

Sin Kheng Lee

Sin Ching San

Penang,

Date : 21 October 2011

Consolidated statement of financial position

as at 30 June 2011

	Note	2011 RM	2010 RM
Assets			
Property, plant and equipment	3	45,978,103	41,152,437
Investment properties	4	1,780,110	1,792,578
Prepaid lease payments	5	7,974,212	8,371,268
Investment in an associate	7	1,169,798	1,599,670
Total non-current assets		56,902,223	52,915,953
Inventories	8	36,949,074	32,305,369
Trade and other receivables	9	17,002,753	17,469,738
Current tax assets		230,897	669,478
Cash and cash equivalents	10	5,034,318	7,376,985
Total current assets		59,217,042	57,821,570
Total assets		116,119,265	110,737,523
Equity			
Share capital	11	40,000,000	40,000,000
Reserves	12	36,062,201	29,268,079
Total equity attributable to owners of the Company		76,062,201	69,268,079
Liabilities			
Loans and borrowings	13	8,372,364	12,795,383
Deferred tax liabilities	14	5,133,210	3,320,101
Total non-current liabilities		13,505,574	16,115,484
Loans and borrowings	13	15,532,959	13,731,710
Trade and other payables	15	10,888,487	11,622,250
Current tax liabilities		130,044	-
Total current liabilities		26,551,490	25,353,960
Total liabilities		40,057,064	41,469,444
Total equity and liabilities		116,119,265	110,737,523

The notes on pages 32 to 70 are an integral part of these financial statements.

Consolidated statement of comprehensive income

for the year ended 30 June 2011

	Note	2011 RM	2010 RM
Continuing operations			
Revenue	16	51,740,212	48,609,445
Cost of sales		(37,556,148)	(36,795,449)
Gross profit		14,184,064	11,813,996
Other operating income		1,039,337	1,084,207
Distribution expenses		(1,035,315)	(938,091)
Administrative expenses		(10,048,371)	(10,264,499)
Other operating expenses		(1,679,729)	(285,085)
Results from operating activities		2,459,986	1,410,528
Finance income		107,657	136,627
Finance costs	17	(1,168,653)	(1,182,672)
Operating profit	18	1,398,990	364,483
Share of profit of equity accounted associate, net of tax		445,128	535,577
Profit before tax		1,844,118	900,060
Income tax expense	20	(833,599)	(337,649)
Profit for the year		1,010,519	562,411
Other comprehensive income, net of tax			
Revaluation of property, plant and equipment		5,783,603	-
Total comprehensive income for the year		6,794,122	562,411
Profit/(Loss) attributable to :			
Owners of the Company		1,010,519	562,460
Minority interest		-	(49)
Profit for the year		1,010,519	562,411
Total comprehensive income/(expense) attributable to :			
Owners of the Company		6,794,122	562,460
Minority interest		-	(49)
Total comprehensive income for the year		6,794,122	562,411
Basic earnings per ordinary share (sen)	22	2.53	1.41

The notes on pages 32 to 70 are an integral part of these financial statements.

Consolidated statement of changes in equity

for the year ended 30 June 2011

		← Non-distributable		→	Distributable			
	Share capital RM	Share premium RM	Revaluation reserve RM	Capital redemption reserve RM	Retained earnings RM	Total RM	Minority interest RM	Total equity RM
At 1 July 2009	40,000,000	1,498,324	2,420,078	30,000	25,957,217	69,905,619	-	69,905,619
Issuance of shares to minority interest	-	-	-	-	-	-	49	49
Total comprehensive income/(expense) for the year	-	-	-	-	562,460	562,460	(49)	562,411
Dividend (Note 21)	-	-	-	-	(1,200,000)	(1,200,000)	-	(1,200,000)
At 30 June 2010/ 1 July 2010	40,000,000	1,498,324	2,420,078	30,000	25,319,677	69,268,079	-	69,268,079
Total comprehensive income for the year	-	-	5,783,603	-	1,010,519	6,794,122	-	6,794,122
At 30 June 2011	40,000,000	1,498,324	8,203,681	30,000	26,330,196	76,062,201	-	76,062,201
	Note 11	←	Note 12		→			

The notes on pages 32 to 70 are an integral part of these financial statements.

Consolidated statement of cash flows

for the year ended 30 June 2011

	Note	2011 RM	2010 RM
Cash flows from operating activities			
Profit before tax from continuing operations		1,844,118	900,060
Adjustments for :			
Depreciation of property, plant and equipment	3	5,064,235	5,249,531
Depreciation of investment properties	4	12,468	15,766
Amortisation of prepaid lease payments	5	397,056	397,056
Loss/(Gain) on disposal of plant and equipment	18	4,800	(50,454)
Loss on strike-off of a subsidiary	18	100	-
Interest income	18	(107,657)	(136,627)
Share of profit after tax of an equity accounted associate		(445,128)	(535,577)
Gain on disposal of investment properties	18	-	(55,569)
Interest expense	17	1,168,653	1,182,672
Plant and equipment written off	18	2,477	103
Operating profit before changes in working capital		7,941,122	6,966,961
Changes in working capital :			
Inventories		(4,643,705)	(4,979,593)
Trade and other receivables		466,885	414,869
Trade and other payables		(733,763)	3,923,076
Cash generated from operations		3,030,539	6,325,313
Income tax (paid)/refunded		(379,732)	185,884
Dividend received from an associate		875,000	247,500
Net cash from operating activities		3,525,807	6,758,697
Cash flows from investing activities			
Purchase of plant and equipment	A	(277,356)	(1,356,087)
Proceeds from issuance of shares to minority interest		-	49
Proceeds from disposal of plant and equipment		15,000	219,684
Proceeds from disposal of investment properties		-	240,000
Interest received		107,657	136,627
Net cash used in investing activities		(154,699)	(759,727)

Consolidated statement of cash flows

for the year ended 30 June 2011 (Cont'd)

	Note	2011 RM	2010 RM
Cash flows from financing activities			
Repayment of term loans		(4,288,511)	(463,637)
Repayment of finance lease liabilities		(1,574,197)	(1,539,331)
Drawdown of borrowings, net		905,429	997,809
Interest paid		(1,168,653)	(1,182,672)
Dividend paid		-	(1,200,000)
Net cash used in financing activities		(6,125,932)	(3,387,831)
Net (decrease)/increase in cash and cash equivalents		(2,754,824)	2,611,139
Cash and cash equivalents at 1 July		6,708,222	4,097,083
Cash and cash equivalents at 30 June	B	3,953,398	6,708,222

NOTES

A. *Purchase of plant and equipment*

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

	Note	2011 RM	2010 RM
Purchase of plant and equipment	3	2,200,708	3,325,303
Less : Acquired through finance lease		(1,923,352)	(1,969,216)
		277,356	1,356,087

B. *Cash and cash equivalents*

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

	Note	2011 RM	2010 RM
Short term deposits with licensed banks	10	3,210,180	3,828,545
Cash and bank balances	10	1,824,138	3,548,440
Bank overdrafts	13	(1,080,920)	(668,763)
		3,953,398	6,708,222

The notes on pages 32 to 70 are an integral part of these financial statements.

Statement of financial position
as at 30 June 2011

	Note	2011 RM	2010 RM
Assets			
Investment in subsidiaries	6	17,814,745	17,814,796
Investment in an associate	7	347,961	347,961
Total non-current assets		18,162,706	18,162,757
Other receivables	9	21,175,389	19,584,705
Current tax assets		70,914	31,399
Cash and cash equivalents	10	3,272,641	4,194,921
Total current assets		24,518,944	23,811,025
Total assets		42,681,650	41,973,782
Equity			
Share capital	11	40,000,000	40,000,000
Reserves	12	2,493,272	1,771,467
Total equity attributable to owners of the Company		42,493,272	41,771,467
Liability			
Other payables	15	188,378	202,315
Total current liability		188,378	202,315
Total equity and liability		42,681,650	41,973,782

The notes on pages 32 to 70 are an integral part of these financial statements.

Statement of comprehensive income
for the year ended 30 June 2011

	Note	2011 RM	2010 RM
Continuing operations			
Revenue	16	875,000	247,500
Other operating income		105,636	52,545
Administrative expenses		(283,130)	(306,933)
Other operating expenses		(10,788)	-
Profit/(Loss) before tax	18	686,718	(6,888)
Income tax expense	20	35,087	(247,390)
Profit/(Loss) for the year and total comprehensive income/(expense) for the year attributable to owners of the Company		721,805	(254,278)

The notes on pages 32 to 70 are an integral part of these financial statements.

Statement of changes in equity

for the year ended 30 June 2011

		Non-distributable	*Distributable*	
	Share capital RM	**Share premium RM**	**Retained earnings RM**	**Total equity RM**
At 1 July 2009	40,000,000	1,498,324	1,727,421	43,225,745
Total comprehensive expense for the year	-	-	(254,278)	(254,278)
Dividend (Note 21)	-	-	(1,200,000)	(1,200,000)
At 30 June 2010/1 July 2010	40,000,000	1,498,324	273,143	41,771,467
Total comprehensive income for the year	-	-	721,805	721,805
At 30 June 2011	40,000,000	1,498,324	994,948	42,493,272
	Note 11	Note 12	Note 12	

The notes on pages 32 to 70 are an integral part of these financial statements.

Statement of cash flows
for the year ended 30 June 2011

	Note	2011 RM	2010 RM
Cash flows from operating activities			
Profit/(Loss) before tax from continuing operations		686,718	(6,888)
Adjustments for :			
Dividend income	16	(875,000)	(247,500)
Interest income	18	(81,636)	(28,545)
Loss on strike-off of a subsidiary	18	51	-
Operating loss before changes in working capital		(269,867)	(282,933)
Changes in working capital :			
Other receivables		(1,590,684)	5,408,492
Other payables		(13,937)	(5,875)
Cash (used in)/generated from operations		(1,874,488)	5,119,684
Income tax paid		(4,428)	(121,057)
Dividend received		875,000	247,500
Net cash from operating activities		(1,003,916)	5,246,127
Cash flows from investing activities			
Interest received		81,636	28,545
Subscription of shares in a subsidiary		-	(51)
Net cash from investing activities		81,636	28,494
Cash flows from financing activity			
Dividend paid	21	-	(1,200,000)
Net cash used in financing activity		-	(1,200,000)
Net (decrease)/increase in cash and cash equivalents		(922,280)	4,074,621
Cash and cash equivalents at 1 July		4,194,921	120,300
Cash and cash equivalents at 30 June		3,272,641	4,194,921

NOTE

Cash and cash equivalents included in the statement of cash flows comprise cash and cash equivalents balances as shown in Note 10 to the financial statements.

The notes on pages 32 to 70 are an integral part of these financial statements.

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

Registered office

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

Principal place of business

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

The consolidated financial statements of the Company as at and for the year ended 30 June 2011 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in an associate. The financial statements of the Company as at and for the year ended 30 June 2011 do not include other entities.

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

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

The financial statements were authorised for issue by the Board of Directors on 21 October 2011.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRSs), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

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

FRS, interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
  - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
  - Additional Exemptions for First-time Adopters
- Amendments to FRS 2, Group Cash-settled Share Based Payment Transactions *
- Amendments to FRS 7, Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments
- IC Interpretation 4, Determining whether an Arrangement contains a Lease
- IC Interpretation 18, Transfers of Assets from Customers *
- Improvements to FRSs (2010)

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Interpretation and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement *

FRS and Interpretation effective for annual periods beginning on or after 1 January 2012

- FRS 124, Related Party Disclosures (revised)
- IC Interpretation 15, Agreements for the Construction of Real Estate #

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

- from the annual period beginning 1 July 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 January 2011 and 1 July 2011 except for those marked with " * " which are not applicable to the Group and to the Company; and

- from the annual period beginning 1 July 2012 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 January 2012, except for that marked with " # " which is not applicable to the Group and to the Company.

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

The initial applications of the remaining standards, amendments and interpretations is not expected to have any significant impact on the Group's and the Company's financial statements.

Following the announcement by the MASB on 1 August 2008, the Group's financial statements will be prepared in accordance with International Financial Reporting Standards (IFRS) framework for annual periods beginning on 1 July 2012. The change of the financial reporting framework is not expected to have any significant impact on the financial position and performance of the Group.

(b) Basis of measurement

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

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Group entities, other than those disclosed in Note 2(c) - Financial instruments.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

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

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for business combinations

Business combinations are accounted for using the acquisition method of accounting except for SKB Shutters Manufacturing Sdn. Bhd. and SKB Trading Sdn. Bhd. which are accounted for using the merger method of accounting.

Under the acquisition method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the acquisition date, which is the date on which control is transferred to the Group.

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

The Group has changed its accounting policy with respect to accounting for business combinations.

From 1 July 2010, the Group has applied FRS 3, Business Combinations (revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

Acquisitions on or after 1 July 2010

For acquisitions on or after 1 July 2010, the Group measures goodwill at the acquisition date as :

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(ii) Accounting for business combinations (Cont'd)

Acquisitions on or after 1 July 2010 (Cont'd)

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

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

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

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

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Acquisitions between 1 July 2006 and 1 July 2010

For acquisitions between 1 July 2006 and 1 July 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 July 2006

For acquisitions prior to 1 July 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

(iii) Associates

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

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

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iii) Associates (Cont'd)

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

Investment in an associate is measured in the Company's statement of financial position at cost less any impairment losses. The cost of investments includes transaction costs.

(iv) Transactions eliminated on consolidation

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

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

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

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

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

The assets and liabilities of operations in functional currencies other than RM, including fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of reporting date, except for fair value adjustments arising from business combinations before 1 July 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (FCTR). When the foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

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

2. Significant accounting policies (Cont'd)

(c) Financial instruments

Arising from the adoption of FRS 139, Financial Instruments: Recognition and Measurement, with effect from 1 July 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 July 2010, different accounting policies were applied. Significant changes to the accounting policies are discussed in Note 29.

(i) Initial recognition and measurement

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

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

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows :

Financial assets

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

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

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

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

(b) Loans and receivables

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

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

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

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

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

(b) Loans and receivables (Cont'd)

Financial liabilities

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

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

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

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

(iii) Financial guarantee contracts

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

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

(iv) Regular way purchase or sale of financial assets

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

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

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

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(v) Derecognition

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

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

(d) Property, plant and equipment

(i) Recognition and measurement

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

The Group revalues its 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 profit or loss.

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

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

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

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

2. Significant accounting policies (Cont'd)

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

(ii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

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

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

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

(e) Leased assets

(i) Finance lease

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

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

(ii) Operating lease

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

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred. Leasehold land which in substance is operating lease is classified as prepaid lease payments.

2. Significant accounting policies (Cont'd)

(e) Leased assets (Cont'd)

(ii) Operating lease (Cont'd)

The leasehold land of the Group were revalued in June 2006 and the Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.67A when it first adopted FRS 117, Leases in 2007.

(f) Equity instruments

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

(g) Investment properties

Investment properties carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purpose. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with accounting policy for property, plant and equipment as stated in accounting policy Note 2(d).

Freehold land is not depreciated. Depreciation on buildings is charged to profit or loss on a straight-line basis over the estimated useful lives at annual rates which ranged from 2% to 5%.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is measured based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Receivables

Prior to 1 July 2010, receivables were initially recognised at their costs and subsequently remeasured at cost less allowance for doubtful debts.

Following the adoption of FRS 139, trade and other receivables are categorised and measured as loans and receivables in accordance with Note 2(c)(ii).

2. Significant accounting policies (Cont'd)

(j) Cash and cash equivalents

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

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy Note 2(c)(ii).

(k) Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries and associate) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

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

(ii) Other assets

The carrying amounts of other assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

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

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

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

2. Significant accounting policies (Cont'd)

(l) Borrowing costs

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

Before 1 July 2010, all borrowing costs were recognised in profit or loss using the effective interest method in the period in which they are incurred.

Following the adoption of revised FRS 123, Borrowing Costs, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

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

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

(m) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(n) Provisions

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

Contingent liabilities

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

2. Significant accounting policies (Cont'd)

(n) Provisions (Cont'd)

Contingent liabilities (Cont'd)

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(o) Revenue and other income

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Services

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

(iii) Rental income

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

(iv) Dividend income

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

(v) Interest income

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

(p) Income tax

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

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

2. Significant accounting policies (Cont'd)

(p) Income tax (Cont'd)

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

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

Unutilised reinvestment allowance is treated as tax base of assets and is recognised as a reduction of tax expense as and when they are utilised.

(q) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

(r) Operating segments

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

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

(s) Research and development

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

Expenditure on development activities, whereby 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. Other development expenditure is recognised in profit or loss as an expense as incurred.

Notes to the financial statements (Cont'd)

3. Property, plant and equipment - Group

	At valuation	←	At cost		→	
	Buildings RM	Plant and machinery RM	Furniture, fittings, fixtures and equipment RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Valuation/Cost						
At 1 July 2009	31,563,000	32,078,742	9,774,520	5,281,407	-	78,697,669
Additions	-	2,142,332	472,805	428,794	281,372	3,325,303
Disposals	-	-	(3,719)	(293,475)	-	(297,194)
Write-off	-	-	(158,934)	-	-	(158,934)
At 30 June 2010/1 July 2010	31,563,000	34,221,074	10,084,672	5,416,726	281,372	81,566,844
Additions	-	373,000	245,777	1,581,931	-	2,200,708
Disposals	-	(72,000)	-	-	-	(72,000)
Reclassification	-	281,372	-	-	(281,372)	-
Revaluation	1,439,000	-	-	-	-	1,439,000
Write-off	-	-	-	(2,909)	-	(2,909)
At 30 June 2011	33,002,000	34,803,446	10,330,449	6,995,748	-	85,131,643
Depreciation						
At 1 July 2009	3,763,702	22,919,745	6,202,181	2,566,043	-	35,451,671
Depreciation for the year	1,254,420	2,364,834	776,209	854,068	-	5,249,531
Disposals	-	-	(2,710)	(125,254)	-	(127,964)
Write-off	-	-	(158,831)	-	-	(158,831)
At 30 June 2010/1 July 2010	5,018,122	25,284,579	6,816,849	3,294,857	-	40,414,407
Depreciation for the year	1,254,348	2,158,218	756,516	895,153	-	5,064,235
Disposals	-	(52,200)	-	-	-	(52,200)
Revaluation	(6,272,470)	-	-	-	-	(6,272,470)
Write-off	-	-	-	(432)	-	(432)
At 30 June 2011	-	27,390,597	7,573,365	4,189,578	-	39,153,540
Carrying amounts						
At 1 July 2009	27,799,298	9,158,997	3,572,339	2,715,364	-	43,245,998
At 30 June 2010/1 July 2010	26,544,878	8,936,495	3,267,823	2,121,869	281,372	41,152,437
At 30 June 2011	33,002,000	7,412,849	2,757,084	2,806,170	-	45,978,103

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

3.1 Buildings under revaluation model

The buildings are shown at Directors' valuation based on professional valuations carried out by a firm of professional valuers on an open market value basis conducted in June 2011. The revaluation was effected on 30 June 2011.

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

Had the buildings been carried at historical cost less accumulated depreciation, the carrying amount of the buildings that would have been included in the financial statements at the end of the financial year is RM23,348,000 (2010 : RM24,507,000).

3.2 Assets under finance lease

Included in the carrying amounts of plant and machinery and motor vehicles are amounts of RM2,810,603 (2010 : RM2,481,411) and RM2,790,957 (2010 : RM2,047,150) respectively being assets acquired under finance lease.

3.3 Security

The buildings of the Group with an aggregate carrying amount of RM32,792,000 (2010 : RM26,374,230) are charged to banks as securities for term loan granted to a subsidiary (Note 13).

4. Investment properties - Group

	Note	RM
Cost		
At 1 July 2009		2,585,969
Disposal		(230,000)
At 30 June 2010/1 July 2010/30 June 2011		2,355,969
Depreciation and impairment losses		
At 1 July 2009		
- Accumulated depreciation		185,827
- Accumulated impairment losses		407,367
		593,194
Depreciation for the year	18	15,766
Disposal		(45,569)
At 30 June 2010		
- Accumulated depreciation		156,024
- Accumulated impairment losses		407,367
		563,391

4. Investment properties - Group (Cont'd)

	Note	RM
At 1 July 2010		
- Accumulated depreciation		156,024
- Accumulated impairment losses		407,367
		563,391
Depreciation for the year	18	12,468
At 30 June 2011		
- Accumulated depreciation		168,492
- Accumulated impairment losses		407,367
		575,859
Carrying amounts		
At 1 July 2009		1,992,775
At 30 June 2010/1 July 2010		1,792,578
At 30 June 2011		1,780,110

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

	2011 RM	2010 RM
Freehold land	1,084,000	1,084,000
Factory building, apartments and shop office	696,110	708,578
	1,780,110	1,792,578

The fair value of the investment properties is estimated at approximately RM2.14 million (2010 : RM2.03 million) based on Directors' valuation using the latest available market information.

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

	Note	2011 RM	2010 RM
Rental income	18	215,322	64,000
Direct operating expenses :			
- income generating investment properties		1,292	1,292
- non-income generating investment properties		1,306	1,516

5. Prepaid lease payments - Group

	Note	Unexpired period of less than 50 years RM
Cost		
At 1 July 2009/30 June 2010/30 June 2011		9,958,396
Amortisation		
At 1 July 2009		1,190,072
Amortisation for the year	18	397,056
At 30 June 2010/1 July 2010		1,587,128
Amortisation for the year	18	397,056
At 30 June 2011		1,984,184
Carrying amounts		
At 1 July 2009		8,768,324
At 30 June 2010/1 July 2010		8,371,268
At 30 June 2011		7,974,212

The prepaid lease payments comprising short term leasehold land that was previously shown at Directors' valuation based on a professional valuation carried out by a firm of professional valuers on an open market value basis conducted in June 2006. The revaluation was effected on 30 June 2006. Upon the initial adoption of FRS 117, Leases, in year 2007, the unamortised revalued amount of the short term leasehold land was retained as the surrogate carrying amount.

The title deed to the short term leasehold land is still in the process of being transferred from the relevant authorities to the subsidiary and are charged as security for term loan granted to a subsidiary (Note 13).

The option to renew the lease of the short term leasehold land 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 subsidiary concerned and Perbadanan Kemajuan Negeri Selangor.

6. Investment in subsidiaries - Company

	2011 RM	2010 RM
Unquoted shares, at cost	17,814,745	17,814,796

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

Details of the subsidiaries are as follows :

Name of subsidiary	Effective ownership interest 2011 %	2010 %	Principal activities
SKB Shutters Manufacturing Sdn. Bhd.	100	100	Manufacture and sale of roller shutters, racking systems, storage system and related steel products
SKB Trading Sdn. Bhd.	100	100	Trading in roller shutters parts, related steel products and racking systems
SKB Shutters Industries Sdn. Bhd.	100	100	Manufacturing and providing of repair services for motor components
SKB Storage Industries Sdn. Bhd.	100	100	Manufacture and sale of roller shutters, racking systems, storage system and related steel products
SKB Shutters (S) Pte. Ltd. #	100	100	Yet to commence operations. The intended principal activity is trading of roller shutters, racking systems and storage systems
SKB Diversified Sdn. Bhd.	-	51	Strike-off during the financial year

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

Not audited by KPMG. The unaudited management financial statements were consolidated in the Group's financial statements as the subsidiary was not required by its local legislation to have its financial statements audited.

7. Investment in an associate

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Unquoted shares, at cost	347,961	347,961	347,961	347,961
Share of post-acquisition reserves and results	821,837	1,251,709	-	-
	1,169,798	1,599,670	347,961	347,961

Summary financial information on associate :

	Country of incorporation	Effective ownership interest	Revenue (100%) RM	Profit for the year (100%) RM	Total assets (100%) RM	Total liabilities (100%) RM
2011						
Rigida (Malaysia) Sdn. Bhd.	Malaysia	20%	11,742,639	2,225,638	8,250,787	2,401,795
2010						
Rigida (Malaysia) Sdn. Bhd.	Malaysia	20%	13,954,980	2,677,886	9,978,434	1,980,079

8. Inventories - Group

	2011 RM	2010 RM
At cost		
Raw materials	19,459,416	19,916,234
Work-in-progress	5,760,124	1,953,811
Manufactured inventories	11,729,534	10,435,324
	36,949,074	32,305,369

9. Trade and other receivables

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Trade					
Trade receivables		15,445,961	16,180,645	-	-
Non-trade					
Amount due from subsidiaries	9.1	-	-	21,174,389	19,583,705
Other receivables	9.2	752,035	529,253	-	-
Deposits		372,982	286,790	1,000	1,000
Prepayments		431,775	473,050	-	-
		1,556,792	1,289,093	21,175,389	19,584,705
		17,002,753	17,469,738	21,175,389	19,584,705

9.1 Amount due from subsidiaries

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

9.2 Other receivables

Included herein is an amount of RM332,659 (2010 : RM Nil) paid in advance to certain suppliers for the purchase of raw materials.

10. Cash and cash equivalents

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Short term deposits with licensed banks	3,210,180	3,828,545	3,210,180	3,828,545
Cash and bank balances	1,824,138	3,548,440	62,461	366,376
	5,034,318	7,376,985	3,272,641	4,194,921

11. Share capital - Group/Company

	2011		2010	
	Amount RM	Number of shares	Amount RM	Number of shares
Ordinary shares of RM1 each :				
Authorised	50,000,000	50,000,000	50,000,000	50,000,000
Issued and fully paid	40,000,000	40,000,000	40,000,000	40,000,000

12. Reserves

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Distributable					
Retained earnings		26,330,196	25,319,677	994,948	273,143
Non-distributable					
Share premium		1,498,324	1,498,324	1,498,324	1,498,324
Capital redemption reserve	12.1	30,000	30,000	-	-
Revaluation reserve	12.2	8,203,681	2,420,078	-	-
		9,732,005	3,948,402	1,498,324	1,498,324
		36,062,201	29,268,079	2,493,272	1,771,467

12.1 Capital redemption reserve

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

12.2 Revaluation reserve

Revaluation reserve represents surplus on revaluation of land and buildings.

12.3 Retained earnings

Subject to agreement with the Inland Revenue Board, the Company has sufficient tax exempt income to distribute approximately RM1,372,000 of its distributable reserves if paid out as dividends.

Movements in reserves are shown in the Statements of Changes in Equity.

13. Loans and borrowings - Group

	Note	2011 RM	2010 RM
Current			
Secured			
Term loan		4,453,827	4,323,560
Finance lease liabilities	13.1	1,759,974	1,406,578
		6,213,801	5,730,138
Unsecured			
Bank overdrafts		1,080,920	668,763
Bankers' acceptances		5,436,000	3,170,000
Revolving credits		2,000,000	2,000,000
Foreign currency loans		802,238	2,162,809
		9,319,158	8,001,572
		15,532,959	13,731,710
Non-current			
Secured			
Term loan		6,068,258	10,487,036
Finance lease liabilities	13.1	2,304,106	2,308,347
		8,372,364	12,795,383

13.1 Finance lease liabilities

Finance lease liabilities are payable as follows :

	2011			2010		
	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM
Within one year	1,934,961	174,987	1,759,974	1,576,971	170,393	1,406,578
Between one and five years	2,447,034	142,928	2,304,106	2,435,001	126,654	2,308,347
	4,381,995	317,915	4,064,080	4,011,972	297,047	3,714,925

13.2 Securities

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

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

14. Deferred tax liabilities - Group

	2011 RM	2010 RM
Property, plant and equipment		
- capital allowances	2,741,810	2,313,758
- revaluation	2,934,210	1,006,343
Provisions	(542,810)	-
	5,133,210	3,320,101

The component and movements of deferred tax liabilities during the financial year are as follows :

	At 1.7.2009 RM	Recognised in profit or loss (Note 20) RM	At 30.6.2010 RM	Revaluation reserve RM	Recognised in profit or loss (Note 20) RM	At 30.6.2011 RM
Property, plant and equipment						
- capital allowance	2,756,721	(442,963)	2,313,758	-	428,052	2,741,810
- revaluation	1,006,343	-	1,006,343	1,927,867	-	2,934,210
Provisions	(258,000)	258,000	-	-	(542,810)	(542,810)
	3,505,064	(184,963)	3,320,101	1,927,867	(114,758)	5,133,210

15. Trade and other payables

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Trade					
Trade payables		7,146,667	7,873,274	-	-
Non-trade					
Other payables	15.1	2,000,310	2,230,833	2,650	2,204
Accruals		1,741,510	1,518,143	185,728	200,111
		3,741,820	3,748,976	188,378	202,315
		10,888,487	11,622,250	188,378	202,315

15.1 Other payables

Included in other payables of the Group is an amount of RM1,604,997 (2010 : RM1,785,611) representing advance payments from customers.

16. Revenue

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Sales	51,740,212	48,609,445	-	-
Gross dividend from an associate	-	-	875,000	247,500
	51,740,212	48,609,445	875,000	247,500

17. Finance costs - Group

	2011	2010
	RM	RM
Interest expense on :		
Foreign currency loans	40,047	25,219
Bank overdrafts	79,977	33,327
Bankers' acceptances	207,907	195,976
Revolving credit	85,916	71,893
Finance lease liabilities	218,756	214,340
Term loan	536,050	641,917
	1,168,653	1,182,672

18. Operating profit/Profit/(Loss) before tax

Operating profit/Profit/(Loss) before tax is arrived at :

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
After charging :				
Auditors' remuneration				
Audit fees				
- KPMG Malaysia	70,000	59,000	20,000	15,000
Non-audit fees				
- KPMG Malaysia				
- Current year	20,200	21,700	2,000	2,000
- Prior year	534	-	-	-
Directors' emoluments				
- fees	160,000	160,000	160,000	160,000
- others	1,273,575	1,356,569	-	-

18. Operating profit/Profit/(Loss) before tax (Cont'd)

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Depreciation of property, plant and equipment (Note 3)	5,064,235	5,249,531	-	-
Depreciation of investment properties (Note 4)	12,468	15,766	-	-
Amortisation of prepaid lease payments (Note 5)	397,056	397,056	-	-
Rental of equipment	32,056	19,150	-	-
Research and development expenses	489,783	701,123	-	-
Loss on foreign exchange				
- realised	-	3,682	-	-
- unrealised	74,478	-	-	-
Impairment loss on trade receivables	763,330	175,696	-	-
Rental of premises	23,000	33,000	-	-
Inventories written off	950,798	-	-	-
Bad debts written off	567,096	113,252	10,737	-
Plant and equipment written off	2,477	103	-	-
Loss on strike-off of a subsidiary	100	-	51	-
Loss on disposal of plant and equipment	4,800	-	-	-
And after crediting :				
Interest income	107,657	136,627	81,636	28,545
Gain on disposal of plant and equipment	-	50,454	-	-
Gain on disposal of investment properties	-	55,569	-	-
Realised gain on foreign exchange	28,330	-	-	-
Reversal of impairment loss on trade receivables	152,258	392,311	-	-
Rental income from investment properties (Note 4)	215,322	64,000	-	-

i) The estimated monetary value of benefits receivable by certain Directors otherwise than in cash amounted to RM27,975 (2010 : RM26,400).

ii) Included in research and development expenses is an amount of RM367,200 (2010 : RM398,309) representing Director's emoluments.

19. Employee information

	Group	
	2011	**2010**
	RM	**RM**
Staff costs (including Executive Directors' remuneration)	7,922,929	8,303,363

Staff costs of the Group include contributions to the Employees' Provident Fund of RM355,556 (2010 : RM415,199).

19. Employee information (Cont'd)

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Directors' fee	160,000	120,000	160,000	120,000
Directors' remuneration	1,440,000	1,566,826	-	-
Contributions to Employees' Provident Fund	172,800	188,052	-	-
Estimated monetary value of benefits-in-kind	27,975	26,400	-	-
	1,800,775	1,901,278	160,000	120,000

20. Income tax expense

Recognised in profit or loss

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Income tax expense on continuing operations	833,599	337,649	(35,087)	247,390
Share of tax of an equity accounted associate	125,060	141,071	-	-
Total income tax expense	958,659	478,720	(35,087)	247,390

Major components of income tax expense include :

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current tax expense				
- Current year	881,998	319,267	-	1,843
- Prior years	66,359	203,345	(35,087)	245,547
Total current tax recognised in profit or loss	948,357	522,612	(35,087)	247,390
Deferred tax expense				
- Current year	(514,000)	(398,273)	-	-
- Prior years	399,242	213,310	-	-
Total deferred tax recognised in profit or loss	(114,758)	(184,963)	-	-
Share of tax of an equity accounted associate	125,060	141,071	-	-
Total income tax expense	958,659	478,720	(35,087)	247,390

20. Income tax expense (Cont'd)

Reconciliation of effective income tax expense

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Profit/(Loss) for the year	1,010,519	562,411	721,805	(254,278)
Total income tax expense	958,659	478,720	(35,087)	247,390
Profit/(Loss) excluding tax	1,969,178	1,041,131	686,718	(6,888)
Income tax calculated using Malaysian tax rate of 25%	492,295	260,283	171,680	(1,722)
Tax exempt income	(239,159)	(69,011)	(239,159)	(69,011)
Non-deductible expenses	737,694	219,894	67,479	72,576
Tax incentive	(465,325)	(349,954)	-	-
Others	(32,447)	853	-	-
	493,058	62,065	-	1,843
Under/(Over) provision	465,601	416,655	(35,087)	245,547
Total income tax expense	958,659	478,720	(35,087)	247,390

21. Dividend – Group/Company

	Sen per share (net of tax)	Total amount RM	Date of payment
Dividend paid :			
2010 : First and final tax exempt dividend of 3% per ordinary share for financial year 2009	3.00	1,200,000	19 March 2010

22. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 30 June 2011 was based on the profit attributable to owners of the Company of RM1,010,519 (2010 : RM562,460) and on the weighted average number of ordinary shares outstanding during the year of 40,000,000 (2010 : 40,000,000).

Diluted earnings per ordinary share

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

23. Related parties - Group/Company

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

i) The Group also has a related party relationship with the following :

- Sin Kean Boon (KL) Sdn. Bhd., a company in which Messrs Sin Kheng Lee and Sin Ching San are deemed to have substantial financial interests;

- Lembah Segar Sdn. Bhd. a company in which Messrs Sin Kheng Lee and Chou Lee Sin are deemed to have substantial financial interests; and

- Livsolution International Sdn. Bhd., a company in which Messrs Chou Lee Sin and Sin Siew Huey are deemed to have substantial financial interests.

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

23.2 Significant related party transactions of the Group and of the Company are as follows :

i) Transactions with an associate

	Group/Company	
	2011	**2010**
	RM	**RM**
Management fee income	24,000	24,000
Dividend income	875,000	247,500

ii) Transactions with a related party

	Group	
	2011	**2010**
	RM	**RM**
Rental of premise	15,000	-

23.3 Transactions with Directors and key management personnel

There were no transactions with the Directors and key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed in Note 19 to the financial statements.

23.4 The non-trade balances outstanding at end of reporting period of the Company with related parties are disclosed in Note 9 to the financial statements. All the amounts outstanding are unsecured and are expected to be settled with cash.

24. Operating segments - Group

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

Geographical information

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

	Revenue RM	Non-current assets RM
2011		
Malaysia	32,464,290	55,732,425
Asia (excluding Malaysia)	8,561,316	-
Middle East	7,610,874	-
Europe	2,371,576	-
Others	732,156	-
	51,740,212	55,732,425
2010		
Malaysia	32,876,576	51,316,283
Asia (excluding Malaysia)	8,276,752	-
Middle East	5,207,285	-
Europe	552,106	-
Others	1,696,726	-
	48,609,445	51,316,283

25. Capital commitment - Group

	2011 RM'000	2010 RM'000
Plant and equipment		
Contracted but not provided for	20	57

26. Contingent liabilities, unsecured - Company

The Company has given corporate guarantees to certain financial institutions for banking facilities granted to its subsidiaries for a limit of up to RM42.85 million (2010 : RM42.28 million) of which RM21.55 million (2010 : RM25.13 million) were utilised at reporting date.

27. Financial instruments

Certain comparative figures have not been presented for 30 June 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

27.1 Categories of financial instruments

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

(a) Loans and receivables (L&R); and
(b) Other financial liabilities measured at amortised cost (OL).

	Carrying amount RM	L&R RM
2011		
Financial assets		
Group		
Trade and other receivables	16,570,978	16,570,978
Cash and cash equivalents	5,034,318	5,034,318
	21,605,296	21,605,296
Company		
Other receivables	21,175,389	21,175,389
Cash and cash equivalents	3,272,641	3,272,641
	24,448,030	24,448,030
2011		
Financial liabilities		
Group		
Loans and borrowings	23,905,323	23,905,323
Trade and other payables	10,888,487	10,888,487
	34,793,810	34,793,810
Company		
Other payables	188,378	188,378

27.2 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

27. Financial instruments (Cont'd)

27.3 Credit risk

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

Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

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

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

	2011 RM	2010 RM
Group		
Domestic	13,743,450	14,312,629
Asia (excluding Malaysia)	361,761	515,414
Middle East	1,205,046	1,251,658
Others	135,704	100,944
	15,445,961	16,180,645

Impairment losses

The ageing of trade receivables as at the end of the reporting period was :

Group	Gross RM	Individual impairment RM	Net RM
2011			
Not past due	6,741,172	-	6,741,172
Past due 1 - 90 days	3,281,182	-	3,281,182
Past due 91 - 180 days	825,321	(4,121)	821,200
Past due 181 - 270 days	520,118	(103,835)	416,283
Past due more than 270 days	5,740,311	(1,554,187)	4,186,124
	17,108,104	(1,662,143)	15,445,961

27. Financial instruments (Cont'd)

27.3 Credit risk (Cont'd)

Receivables (Cont'd)

Impairment losses (Cont'd)

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

	Group 2011 RM
At 1 July	1,051,808
Impairment loss recognised	762,593
Impairment loss reversed	(152,258)
At 30 June	1,662,143

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

Financial guarantees

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM21,550,310 (2010: RM25,129,841) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

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

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

Inter company balances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

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

27. Financial instruments (Cont'd)

27.3 Credit risk (Cont'd)

Inter company balances (Cont'd)

Impairment losses

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

27.4 Liquidity risk

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

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

Maturity analysis

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

	Carrying amount RM	Contractual interest rates %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Non-derivative financial liabilities							
Group							
2011							
Term loan	10,522,085	4.60	11,082,173	4,828,620	4,828,620	1,424,933	-
Finance lease liabilities	4,064,080	2.23 - 4.18	4,381,995	1,934,961	1,317,334	1,129,700	-
Revolving credits	2,000,000	4.65 - 4.70	2,030,565	2,030,565	-	-	-
Bank overdrafts	1,080,920	7.85	1,080,920	1,080,920	-	-	-
Bankers' acceptances	5,436,000	3.15 - 4.37	5,436,000	5,436,000	-	-	-
Foreign currency loans	802,238	2.47 - 2.70	807,586	807,586	-	-	-
Trade and other payables	10,888,487	-	10,888,487	10,888,487	-	-	-
	34,793,810		35,707,726	27,007,139	6,145,954	2,554,633	-
Company							
2011							
Other payables	188,378	-	188,378	188,378	-	-	-

27. Financial instruments (Cont'd)

27.5 Market risk

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

27.5.1 Currency risk

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

Risk management objectives, policies and processes for managing the risk

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

Exposure to foreign currency risk

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

	Denominated in			
	USD RM	**SGD RM**	**YEN RM**	**NZD RM**
Group				
2011				
Foreign currency loans	(802,238)	-	-	-
Trade and other receivables	1,702,512	-	-	-
Cash and bank balances	813,777	-	-	-
Trade and other payables	(3,315,608)	(31,295)	(8,662)	(6,493)
Net exposure	(1,601,557)	(31,295)	(8,662)	(6,493)
	USD RM	**YEN RM**	**AUD RM**	**EURO RM**
2010				
Foreign currency loans	(2,162,809)	-	-	-
Trade and other receivables	1,588,670	-	-	-
Cash and bank balances	1,868,016	-	-	-
Trade and other payables	(4,495,999)	(4,344)	(68,373)	(7,850)
Net exposure	(3,202,122)	(4,344)	(68,373)	(7,850)

27. Financial instruments (Cont'd)

27.5.1 Currency risk (Cont'd)

Currency risk sensitivity analysis

A 10% strengthening of the Ringgit Malaysia (RM) against the following currencies at the end of the reporting period would have increased/(decreased) pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	2011	**2010**
	RM	**RM**
Group		
USD	158,544	344,904
SGD	3,139	-
YEN	863	73
NZD	673	-
AUD	-	6,323
EURO	-	772

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

27.5.2 Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

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

Exposure to interest rate risk

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Fixed rate instruments				
Financial assets	3,210,180	3,828,545	3,210,180	3,828,545
Financial liabilities	(4,064,080)	(3,714,925)	-	-
	(853,900)	113,620	3,210,180	3,828,545
Floating rate instrument				
Financial liabilities	19,841,243	22,812,168	-	-

27. Financial instruments (Cont'd)

27.5.2 Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

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

(b) Cash flow sensitivity analysis for variable rate instruments

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

	Profit or loss	
	50 bp increase RM	50 bp decrease RM
2011		
Group		
Floating rate instruments	(99,206)	99,206

27.6 Fair value of financial instruments

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

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows :

	2011		2010	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Financial liability				
Finance lease liabilities	4,064,080	4,064,000	3,714,925	3,715,000

Non- derivative financial liabilities

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

28. Capital management

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

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

29. Significant changes in accounting policies

29.1 FRS 139, Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in several changes to accounting policies relating to recognition and measurement of financial instruments. Significant changes in accounting policies are as follows :

Financial guarantee contracts

Prior to the adoption of FRS 139, financial guarantee contracts were not recognised in the statements of financial position unless it becomes probable that the guarantee may be called upon. With the adoption of FRS 139, financial guarantee contracts are now recognised initially at their fair values and subsequently measured at their initially measured amount less cumulative amortisation. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made.

Impairment of trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

The adoption of FRS 139 in regards to the impairment of trade and other receivables did not have a significant impact on the financial statements of the Group and no adjustments arising from remeasuring the financial instruments at the beginning of the financial year were necessary to be adjusted against the opening balance of retained earnings or another appropriate reserve.

29.2 FRS 123, Borrowing Costs

Before 1 July 2010, borrowing costs were all expensed to profit or loss as and when they were incurred. With the adoption of FRS 123, the Group capitalises borrowing costs that are directly attributable to the acquisition, construction and production of a qualifying asset as part of the cost of the asset for which the commencement date of capitalisation is on or after 1 July 2010.

The change in accounting policy has been applied prospectively in accordance with the transitional provisions of FRS 123.

Hence, the adoption of FRS 123 does not affect the basic and diluted earnings per ordinary share for prior periods and has no material impact to current year's basic and diluted earnings per ordinary share.

29. Significant changes in accounting policies (Cont'd)

29.3 FRS 101, Presentation of Financial Statements (revised)

The Group applies FRS 101 (revised) which became effective as of 1 July 2010. As a result, the Group presents all non-owner changes in equity in the statements of comprehensive income.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per share.

30. Comparative figures

30.1 Certain comparative figures in the financial statements have been reclassified to conform with current year's presentation.

30.2 *FRS 101, Presentation of Financial Statements (revised)*

Arising from the adoption of FRS 101 (revised), income statements for the year ended 30 June 2010 have been re-presented as statements of comprehensive income. All non-owner changes in equity that were presented in the statement of changes in equity are now included in the statements of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statements of changes in equity.

31. Significant event during the year

SKB Diversified Sdn. Bhd., a wholly-owned subsidiary of the Company was strike-off on 9 May 2011. The striking-off of this subsidiary does not have any significant impact to the financial statements.

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

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at 30 June 2011, into realised and unrealised profits, pursuant to the directive, is as follows :

	2011	
	Group	**Company**
	RM	**RM**
Total retained earnings of the Company and its subsidiaries :		
- realised	32,002,470	994,948
- unrealised	5,207,688	-
	37,210,158	994,948
Total share of retained earnings from associates :		
- realised	813,802	-
- unrealised	8,035	-
	38,031,995	994,948
Less : Consolidation adjustments	(11,701,799)	-
Total retained earnings	26,330,196	994,948

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

Comparative figures are not required in the first financial year of complying with the disclosure.

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 23 to 69 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 30 June 2011 and of their financial performance and cash flows for the financial year ended.

In the opinion of the Directors, the information set out in Note 32 on page 70 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Sin Kheng Lee

Sin Ching San

Penang,

Date : 21 October 2011

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 23 to 70 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 21 October 2011.

Sin Kheng Lee

Before me :

CHEAH BENG SUN (No. P.103)
DJN, AMN, PKT, PJK, PJM, PK
Pesuruhjaya Sumpah
(Commissioner for Oaths)
Penang

Independent auditors' report

to the members of SKB Shutters Corporation Berhad

Report on the Financial Statements

We have audited the financial statements of SKB Shutters Corporation Berhad, which comprise the statements of financial position as at 30 June 2011 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 23 to 69.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2011 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts of the subsidiary of which we have not acted as auditors, which is indicated in Note 6 to the financial statements.

Report on Other Legal and Regulatory Requirements (Cont'd)

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

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 32 on page 70 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not part of the financial statements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

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

KPMG
AF 0758
Chartered Accountants

Ng Swee Weng
1414/03/12 (J/PH)
Chartered Accountant

Date : 21 October 2011

Penang

List of Properties held by the Group

as at 30.06.2011

Nos.	Description/Address	Date Revaluation	Tenure	Area	Existing Use	N.B.V 30.06.11 RM
	LAND					
1	Lot No. 47158 Indahpura Industrial Park Kulai, Johor Bahru	28/6/2006	Freehold	6,102 sq.m.	Vacant	1,084,000
2	Lot 22, Jalan Teknologi Taman Sains Selangor 1 Kota Damansara 47810 Petaling Jaya	28/6/2006	Leasehold - 30 years expiring 2031	523,524 sq.ft.	Factory	7,974,212
	BUILDING					
1	Lot 22, Jalan Teknologi Taman Sains Selangor 1 Kota Damansara 47810 Petaling Jaya	28/6/2011	Leasehold - 30 years expiring 2031	336,263 sq.ft.	Factory	32,792,000
2	Corporate Tower Subang Square CT-01-17, Jalan SS 15/4G 47500 Subang Jaya, Selangor	28/6/2006	Freehold	810 sq.ft.	Rent	256,712
3	Kota Point Shopping Complex, Lot LG-20 Grant No.: 15702, Lot 346 Jalan Lombong Kota Tinggi, Johor	28/6/2006	Freehold	28 sq.m.	Vacant	135,588
4	PD Perdana Condo Resort Parcel No.411, Block M Jalan PD Perdana, Off Jalan Pantai 71050 Sirusa, Port Dickson Negeri Sembilan	28/6/2006	Freehold	746 sq.ft.	Vacant	58,760
5	Endah Ria Condominium Lot S-209, Sapphire Tower No.9, Jalan 3/149E Taman Sri Endah Bandar Baru Seri Petaling 57000 Kuala Lumpur	28/6/2006	Leasehold - 99 years expiring 2083	128.67 sq.m.	Own Use	169,476
6	Kiambang Apartment C-1-12, Jalan Putra Perdana 5F Taman Putra Perdana 47100 Puchong, Selangor	28/6/2006	Leasehold - 99 years expiring 2093	790 sq.ft.	Vacant	75,574
7	Sri Hijauan Condominium B1-01, No.1 Jln Bukit Hijau 26/24 Seksyen 26 40000 Shah Alam, Selangor	28/6/2011	Freehold	95.97 sq.m.	Own Use	210,000
	Total					42,756,322

Analysis of Shareholdings

As at 8 November 2011

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	No. of shareholders	% of shareholders	No. of shares	% of shares
Less than 100	4	0.44	200	0.00
100 - 1,000	487	53.28	464,300	1.16
1,001-10,000	333	36.43	1,399,200	3.50
10,001 - 100,000	73	7.99	1,781,800	4.46
100,001 - 1,999,999	14	1.53	8,180,296	20.45
2,000,000 - 40,000,000	3	0.33	28,174,204	70.44
Total	914	100.00	40,000,000	100.00

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 8 NOVEMBER 2011

	Name	Direct Interest	% of Issued Capital	Indirect Interest	% of Issued Capital
1	SKB Glory Sdn. Bhd.	22,847,607	57.12	-	-
2	Sin Kheng Lee	2,010,000	5.03	22,857,607 *	57.14
3	Dato' Moehamad Izat Bin Achmad Habechi Emir	3,316,597	8.29	-	-
4	Chou Lee Sin	10,000	0.03	24,857,607 #	62.14
5	Sin Ching San	10,000	0.03	22,847,607 ^	57.12

* Deemed interest via SKB Glory Sdn Bhd and spouse
# Deemed interest via spouse
^ Deemed interest via SKB Glory Sdn Bhd

STATEMENT OF DIRECTORS' SHAREHOLDINGS AS AT 8 NOVEMBER 2011

	The Company	Direct Interest	%	Indirect Interest	%
1	Sin Kheng Lee	2,010,000	5.03	22,857,607 *	57.14
2	Dato' Moehamad Izat Bin Achmad Habechi Emir	3,316,597	8.29	-	-
3	Chou Lee Sin	10,000	0.03	24,857,607 #	62.14
4	Sin Ching San	10,000	0.03	22,857,607 *	57.14
5	Sin Siew Huey	-	-	-	-
6	Lai Lan Man @ Lai Shuk Mee	15,000	0.04	-	-
7	You Tong Lioung @ Yew Tong Leong	10,000	0.03	-	-
8	Mohd Arif Bin Mastol	-	-	-	-

Analysis of Shareholdings
As at 8 November 2011 (Cont'd)

STATEMENT OF DIRECTORS' SHAREHOLDINGS (Cont'd) AS AT 8 NOVEMBER 2011

	Holding Company - SKB Glory Sdn Bhd	Direct Interest	%	Indirect Interest	%
1	Sin Kheng Lee	971,250	64.75	112,500	7.50
2	Sin Ching San	416,250	27.75	-	-
3	Chou Lee Sin	-	-	1,083,750 #	72.25

* Deemed interest via SKB Glory Sdn Bhd and spouse
\# Deemed interest via spouse

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

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 8 NOVEMBER 2011

NO	NAME	NO. OF SHARES	% of Shares
1	SKB GLORY SDN BHD	22,847,607	57.119
2	MOEHAMAD IZAT BIN ACHMAD HABECHI EMIR	3,316,597	8.291
3	SIN KHENG LEE	2,000,000	5.000
4	ABBAS BIN MEHAD	1,642,065	4.105
5	ABDUL RAHIM BIN ABDUL RAHMAN	1,313,653	3.284
6	LOOI ENG KEONG	1,056,000	2.640
7	MOHD HAFIZ BIN HASHIM	985,239	2.463
8	DAUD BIN DAROS	985,239	2.463
9	OOI SAY TUAN	700,000	1.750
10	INTEGRO HOLDING SDN BHD	317,100	0.793
11	NIELS JOHN MADSEN	291,200	0.728
12	YONG KIAN SENG @ YOONG TEIN SENG	193,200	0.483
13	NG FONG WAH	155,000	0.388
14	LIM POH BOON	154,000	0.385
15	GOH AH THIAM	115,000	0.288
16	LEE LAM KEIONG	110,000	0.275
17	KWAN CHEE TONG	105,100	0.263
18	TA NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOU, CHUN-SHENG	77,400	0.194
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOO SENG KEAT (473844)	70,000	0.175
20	TAN YEE CHIA	60,000	0.150
21	HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RONNIE LAI TSIN LEE (M08)	59,700	0.149
22	SOO SING HUAT	55,000	0.138
23	KANAI SEIICHI	55,000	0.138
24	HO, JEN-CHIH	54,200	0.136
25	YONG THAIN CHAI	50,000	0.125
26	LEE SIEW YEAN @ LEE SEW YEAN	49,900	0.125
27	LAW WEI HONG	46,200	0.116
28	DZH MANAGEMENT CONSULTANTS SDN BHD	46,000	0.115
29	LIM SEE FOOK	45,000	0.113
30	NG FONG WAH	44,500	0.111
	TOTAL:	36,999,900	92.503

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of the Company will be held at Bayan Room, Lower Level, Hotel Equatorial Penang, 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang, on Friday, 23 December 2011 at 2.00 p.m. to transact the following business: -

1. To receive and adopt the Financial Statements for the year ended 30 June 2011 and the Reports of Directors and Auditors thereon.

2. To re-elect the following directors who retire pursuant to Article 125 of the Company's Articles of Association:-

Mr Sin Kheng Lee	Ordinary Resolution 1
Mr Sin Ching San	Ordinary Resolution 2
Ms Chou Lee Sin	Ordinary Resolution 3
Ms Sin Siew Huey	Ordinary Resolution 4
Ms Lai Lan Man @ Lai Shuk Mee	Ordinary Resolution 5
Encik Mohd Arif Bin Mastol	Ordinary Resolution 6

3. To re-elect the following directors who retire pursuant to Section 129 of the Companies Act, 1965:-

Dato' Moehamad Izat bin Achmad Habechi Emir	Ordinary Resolution 7
Mr You Tong Lioung @ Yew Tong Leong	Ordinary Resolution 8

4. To approve the payment of a sum of RM160,000/- as directors' fees in respect of the year ended 30 June 2011. — Ordinary Resolution 9

5. To re-appoint Messrs KPMG as auditors of the Company and to authorise the directors to fix their remuneration. — Ordinary Resolution 10

As Special Business

6. To consider and if thought fit, to pass the following Resolution:- — Ordinary Resolution 11

   Section 132D of the Companies Act, 1965

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

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

By Order of the Board

Lam Voon Kean (MIA 4793)
Company Secretary

Penang, 1 December 2011.

Notes:

1. A member may appoint at least one (1) proxy to attend on the same occasion. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not, apply to the Company. If a Member appoints 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 11 is for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors of the Company, pursuant to Section 132D of the Companies Act, 1965 to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued and paid-up share capital of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 22 December 2010 and which will lapse at the conclusion of the Fourteenth Annual General Meeting.

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

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Securities)

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

Proxy Form

No. of shares held	CDS account no. of authorized nominee

I/We ____
(Full name and NRIC No./Company No. in BLOCK LETTERS)

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

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

Proxy 1 ____
(Name of Proxy as per NRIC, in BLOCK LETTERS)

Proxy 2 (Optional) ____
(Name of Proxy as per NRIC, in BLOCK LETTERS)

or failing him ______________________ of ______________________

as my/our proxy, to vote for me/us and on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at Bayan Room, Lower Level, Hotel Equatorial Penang, 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang on Friday, 23 December 2011 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		
Ordinary Resolution 9		
Ordinary Resolution 10		
Ordinary Resolution 11		

(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 ________________ 2011.

For appointment of two (2) proxies, no. of shares and percentage of shareholdings to be represented by the proxies: -

	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

____
Signature of Shareholder

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Stamp

To,

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

SKB SHUTTERS CORPORATION BERHAD (430362-U)

Registered Office:

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