



SKB SHUTTERS CORPORATION BERHAD (430362-U)



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

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

ANNUAL REPORT 2008



Vision-7S Transparent Roller Shutters



Vision-7 Transparent Roller Shutters



MH-361-KM Casement Windows



MH-361-KM Casement Windows



HS-110 Heavy Duty Straight Sliding Door



Staircase Security Shutters



Fire Resistance Roller Shutters



SW-80 Pivot Windows

Annual Report 2008



BUILDING SECURITIES & SAFETY

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





SKB Shutters Corporation Berhad

(Company No. : 430362-U)

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SECURITY



FIRE ESCAPE SAFETY



HIGH SPEED DOOR



OVERHEAD DOOR




**OVERHEAD DOOR
Formula 1, Sepang**



**BLAST RESISTANCE
STEEL DOOR**

Chairman's Statement



 On behalf of
the Board of
Directors of SKB
Shutters Corporation
Berhad (“SKBC”), I am
pleased to present the
Annual Report and the
financial statements of
the Group and the
Company for the
financial year ended
30 June 2008

FINANCIAL RESULTS

For the financial years ended 30 June 2008, the Group registered a higher revenue of RM62.74 million, representing an increase of 25.32% from RM50.06 million in the previous financial year mainly due to the improvement in both local and export markets. The Group recorded a pre-tax profit of RM4.11 million as compared to a pre-tax profit of RM1.35 million in the preceding financial year. The increase in the profit before taxation was mainly contributed by the increase in revenue, improved cost controls and decrease in operating expenses.

PROSPECTS

Barring unforeseen circumstances, the Directors anticipate that the Group will continue to strive to enhance the financial performance by practicing prudent cost management and continue to concentrate on the group's core activities which are the manufacturing and dealing of roller shutters, racking and storage systems. Furthermore, the management is actively on the look out for opportunities to expand and diversify its present business. Also, the Group continuously strives to improve the quality of its products and develop new innovative products to increase its market share, revenue and profitability.

DIVIDEND

In line with the favorable results, the Board of Directors is pleased to recommend a first and final dividend of 3% less 25% tax for the financial year ended 30 June 2008. The proposed final dividend is subject to the shareholders' approval in the forthcoming Eleventh Annual General Meeting.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my gratitude and appreciation to the Management and staff of the Group for their continued loyalty, hard work and dedication. To our shareholders, customers, suppliers, bankers and all business associates, I would also like to express my gratitude for their strong and continued support. Special thank is also extended to the former Board member, Mr. Sin Kheng Hong, who had vacated from the Board of SKBC since 1 July 2008.

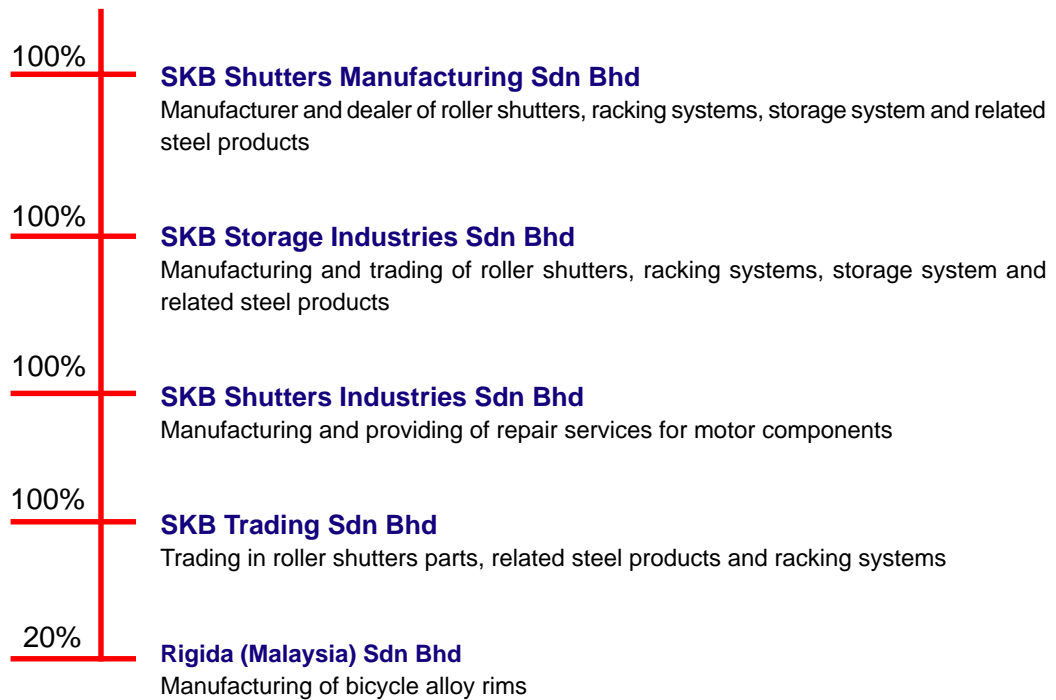
SIN KHENG LEE
Executive Chairman

10 October 2008

Corporate Structure



Shutters Corporation Berhad Investment Holding



Corporate Information

BOARD OF DIRECTORS

Sin Kheng Lee

(Executive Chairman and Group Managing Director)

Dato' Moehamad Izat bin Achmad Habechi Emir

(Deputy Chairman, Non-Independent Non-Executive Director)

Sin Ching San

(Executive Director)

Chou Lee Sin

(Executive Director)

Lee Lam Keiong

(Non-Independent Non-Executive Director)

Lai Lan Man @ Lai Shuk Mee

(Independent Non-Executive Director)

You Tong Lioung @ Yew Tong Leong

(Independent Non-Executive Director)

Mohd Arif Bin Mastol

(Independent Non-Executive Director)

Yap Khong

(Independent Non-Executive Director)

COMPANY SECRETARY:

Lam Voon Kean
(MIA 4793)

REGISTERED OFFICE:

Suite 2-1, 2nd Floor
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah, 10050 Penang
Tel : (604) 229 4390
Fax : (604) 226 5860

PRINCIPAL BANKERS:

Alliance Bank Malaysia Berhad (88103-W)
Malayan Banking Berhad (3813-K)
Standard Chartered Bank Malaysia Berhad (115793-P)
Bank Pembangunan & Infrastruktur Malaysia Berhad
(16562-K)

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
(578473T)
2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang.
Tel : (604) 228 2321
Fax : (604) 227 2391

AUDITORS:

KPMG (Firm No. AF 0758)
Chartered Accountants
1st Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang.

PRINCIPAL PLACE OF BUSINESS:

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

STOCK EXCHANGE LISTING:

Second Board of Bursa Malaysia Securities Berhad

SIN KHENG LEE

Executive Chairman and Group Managing Director, age 51

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

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

He is currently responsible for the overall developments of products and businesses of SKBM, which include managing and controlling of various manufacturing, administrative and operating functions of the company. With his vast experience of 29 years in the roller shutters business, he has successfully brought about the rapid expansion, modernization and diversification of the company's manufacturing activities and hence provided the necessary guidance and contribution towards the management activities of the Group. He also sits on the Board of several other private companies.

He was appointed as a permanent committee member of the National Board of Malaysia Standard from 1 January 2006 to 31 December 2008 by the Ministry of Science, Technology and Innovation on 17 April 2006.

DATO' MOEHAMAD IZAT BIN ACHMAD HABECHI EMIR

Deputy Chairman, Non-Independent & Non-Executive Director, age 70

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 experience.

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

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

Directors' Profile

SIN CHING SAN

Executive Director, age 40

He was appointed to the Board of SKBC on 10 February 2001. He started work after completing his secondary education. He has over 19 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 49

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. On May 1992 she joined SKBM as the General Manager and was responsible for the overall administration and financial matters. She was subsequently appointed as a Director of SKBM on 26 June 1997. She is currently holding the position of General Manager in SKBT and is responsible for its finance and administration. She has accumulated over 25 years of experience in the roller shutters and metal based industry. She also sits on the Board of several other private companies.

LEE LAM KEIONG

Non-Independent, Non-Executive Director, aged 55

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

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

LAI LAN MAN @ LAI SHUK MEE

Independent Non-Executive Director, age 53

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 72

He was appointed to the Board of SKBC on 10 February 2001. He graduated in 1960 from Nanyang University in Singapore with a Bachelor of Commerce Degree in Banking. Upon his graduation, he joined United Malayan Banking Corporation Berhad (now known as RHB Bank Berhad), Kuala Lumpur as an officer in the Bill Department. He was responsible for handling import and export operations. After one and a half years, he was transferred to work as branch manager at various branches throughout Malaysia. After working for about 25 years, Mr. Yew left UMBC in 1985 to join Malaysian French Bank Berhad (now known as Alliance Bank Malaysia Berhad) and worked as branch Manager until his retirement in 1996.

He later joined Cayman Development (Kedah) Sdn. Bhd. as the Operations Manager in 1997. In July 1998 he joined Kurnia Insurans (Malaysia) Berhad as Head of Credit Control Department. He is currently attached to Kurnia's Head Office as a Senior Manager. Kurnia is now listed on the first board of Bursa Malaysia.

He is also an Independent Non-Executive Director of Toyo Ink Group Berhad which is listed on the 2nd Board of Bursa Malaysia.

MOHD ARIF BIN MASTOL

Independent Non-Executive Director, aged 54

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.

YAP KHONG

Independent Non-Executive Director, aged 63

He was appointed to the Board of SKBC on 13 February 2007. He spent more than 30 years in the banking sector. He has held various senior management positions in 2 local Banks including Senior Vice-President of Branches Operations, Retail Banking, and Senior General Manager of Commercial Banking. The last position held prior to his retirement was as a Senior Banker.

He holds a Bachelor of Economics (Honours) degree and is an Associate Member of the Chartered Institute of Bankers (UK) and Institute of Bankers Malaysia. He is also an Independent Non-Executive Director of Signature International Berhad.

Notes :

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

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

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

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

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, Encik Mohd Arif Bin Mastol and Mr. Yap Khong whose directorship has been shown as above.

Statement Of Internal Control

Introduction

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

Board Responsibility

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

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

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

Control Procedures

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

To ensure that the Group has a sound system of internal control, the Board has put in place the following processes throughout the financial year ended 30 June 2008.

i) Monthly Reporting

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

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

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

ii) Organisational Structure

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

iii) Operating Environment

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

The Managing Director reports to the Board on significant changes in the business and external environment, which affects the operations of the Group at large. The Group Finance Manager 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 10 October 2008.

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 2008, 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 2008 are as follows :-

Directors	Number of Board meetings held during Directors' tenure in office	Number of meetings attended by Directors
Sin Kheng Lee	4	4
Dato' Moehamad Izat Bin Achmad Habechi Emir	4	3
Sin Kheng Hong	4	1
Sin Ching San	4	2
Chou Lee Sin	4	4
Lee Lam Keiong	4	2
Lai Lan Man @ Lai Shuk Mee	4	4
You Tong Lioung @ Yew Tong Leong	4	4
Mohd Arif Bin Mastol	4	2
Yap Khong	4	4

Statement On Corporate Governance

A Board of Directors (Cont'd)

Board Committees

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

Board Balance

The Board consists of ten (10) members, comprising four (4) Independent Non-Executive Directors, four (4) Executive Directors and two (2) Non-Independent, Non-Executive Directors. The Directors, with their different backgrounds and specialisation, collectively bring with them a wide range of experience and expertise in areas such as finance, legal and corporate affairs, marketing and operations. This mix of skill is vital for the successful direction of the Group. The brief profile of each Director is presented on pages 5 to 7 of this annual report.

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

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

Supply of information

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

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

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

Directors' training

All the Directors of the Company have completed the Mandatory Accreditation Programme ("MAP"). The directors continuously receive briefings and updates on the Group's businesses, operations, risk management, internal controls, corporate governance, finance and any new or changes to the Companies and other relevant legislation, rules and regulations.

During the financial year ended 30 June 2008, the directors have attended several seminars and briefing conducted by the government authorities and financial institutions.

Statement On Corporate Governance

A Board of Directors (Cont'd)

Re-election

The Articles of Association provide that at the first Annual General Meeting of the Company, all the Directors shall retire from office, and at the Annual General Meeting in every subsequent year, 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	100	50	150
Salaries	851	–	851
Bonuses	293	–	293
Others	170	–	170
Total	1,414	50	1,464

The remuneration paid or payable to Directors, analysed into bands of RM50,000 for the financial year ended 30 June 2008 are as follows:-

Range of remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	–	6
RM50,001 to RM100,000	–	–
RM100,001 to RM150,000	–	–
RM150,001 to RM200,000	–	–
RM200,001 to RM250,000	1	–
RM250,001 to RM300,000	–	–
RM300,001 to RM350,000	2	–
RM350,001 to RM400,000	–	–
RM400,001 to RM450,000	–	–
RM450,001 to RM500,000	–	–
RM500,001 to RM550,000	1	–

Statement On Corporate Governance

C Shareholders

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

In addition, the Company makes various announcements through the Bursa Securities, in particular the timely release of the quarterly results within two months from the close of a particular quarter. Copies of the full announcement are supplied to the shareholders and members of public upon request. Members of the public can also obtain the full financial results and the Company's announcement from the Bursa Securities'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 recognise 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 16 to 17 of the annual report.

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

E Other information

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

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

Statement On Corporate Governance

E Other information (Cont'd)

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

Material contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors and major shareholders of 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 RM24,500 was paid to KPMG for non-audit services rendered.

Share buybacks

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

Options, warrants or convertible securities

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

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

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

Imposition of sanctions/penalties

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

Profit estimate, forecast or projection

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

Profit guarantee

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

Statement On Corporate Governance

E Other information (Cont'd)

Compliance statement

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

- (a) Appointment of a senior Independent Non-Executive Director to whom concerns may be conveyed has not been made given the strong and independent element on the Board;
- (b) The roles of the Chairman and the Group Chief Executive Officer are not separate as the Board is of the opinion that the check and balance of power is undertaken by the strong presence of Independent Non-Executive Directors who form 40% in number of the Directors. Moreover, it is the practice of the Chairman to encourage participation by all the Directors in the deliberation of issues that concern the Group. Although there is no formal schedule on matters specifically reserved to the Board for decision, it is the practice for the whole Board to deliberate on all significant matters that affect the Group, such matters being those that concern capital expenditure, announcements to the Bursa Malaysia Securities Berhad and policy issues;
- (c) The Board has not developed position descriptions for the Board and the Chief Executive Officer. The Board recognises the importance for a proper identification of the roles and authorisation limits of Management and will consider adopting a Board Charter to delineate the roles and responsibilities of Executive and Non-Executive Directors;
- (d) A Nominating Committee has yet to be formed as currently the Board itself functions as a Nominating Committee in identifying and nominating candidates to the Board. There was no review done on the present members of the Board of Directors as the mix of experience and expertise of the current number of Directors are considered sufficient and optimum in addressing the issues affecting the Group. The Company Secretary will ensure that all appointments are properly made, that all information necessary is obtained, as well as all legal and regulatory obligations are met;

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

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

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

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.

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 2008 are as follows :-

- You Tong Lioung @ Yew Tong Leong - Chairman, Independent Non-Executive Director
- Lai Lan Man @ Lai Shuk Mee - Member, Independent Non-Executive Director
- Mohd. Arif Bin Mastol - Member, Independent Non-Executive Director
- Sin Kheng Lee - Member, Non Independent Executive Chairman and Group Managing Director (Resigned on 28 February 2008)

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

- The Committee must be composed of no fewer than three (3) members and all must be Non-Executive Directors, with a majority being independent;
- 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 Accountants Act 1967; or
 - fulfils such other requirements as prescribed or approved by the Exchange.

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 the 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, who are independent directors.

3. Chairman of Audit Committee

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

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

Audit Committee Report

4. Attendance at Meetings

The committee met on four(4) occasions during the financial year ended 30 June 2008. 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 meeting attended by members
You Tong Lioung @ Yew Tong Leong	4	4
Lai Lan Man @ Lai Shuk Mee	4	4
Sin Kheng Lee (Resigned on 28 February 2008)	3	3
Mohd. Arif Bin Mastol	4	2

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

The Company 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.

The Audit Committee shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company whenever deemed 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; and
 - 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.

6. Terms of Reference (Cont'd)

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

In performing its function, the Committee :

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

7. Activities

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

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

8. Internal Audit Function

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

9. Employees Shares Option Scheme ("ESOS")

There was no share option granted to the employees for the financial year ended 30 June 2008.

Directors' Report

For the year ended 30 June 2008

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 2008.

Principal activities

The Company is an investment holding company.

The principal activities of its subsidiaries are set out in Note 4 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 for the year	<u>2,876,554</u>	<u>1,142,869</u>
Reserves and provisions		

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

Dividend

Since the end of the previous financial year, the Company paid a first and final dividend of 3% per ordinary share less 27% tax totalling RM876,000 in respect of the financial year ended 30 June 2007 on 24 January 2008.

A first and final dividend of 3% per ordinary share less 25% tax totalling RM900,000 in respect of the financial year ended 30 June 2008 will be proposed for shareholders' approval at the forthcoming Annual General Meeting.

Directors of the Company

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

Sin Kheng Lee - *Chairman and Managing Director*

Sin Ching San

Dato' Moehamad Izat bin Achmad Habechi Emir

Chou Lee Sin

Lee Lam Keiong

Lai Lan Man @ Lai Shuk Mee

You Tong Lioung @ Yew Tong Leong

Mohd. Arif Bin Mastol

Yap Khong

Sin Kheng Hong (*Vacated office on 1.7.2008*)

Directors' interests

The direct 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 30.6.2008
	Balance at 1.7.2007*	Bought	(Sold)	
Direct Interest				
<u>The Company</u>				
Sin Kheng Lee	10,000	-	-	10,000
Sin Kheng Hong - own	10,000	-	-	10,000
- others *	10,000	-	-	10,000
Sin Ching San - own	10,000	-	-	10,000
- others *	10,000	-	-	10,000
Dato' Moehamad Izat bin Achmad Habechi Emir	3,221,697	58,900	-	3,280,597
Chou Lee Sin	10,000	-	-	10,000
Lee Lam Keiong	1,410,000	-	-	1,410,000
Lai Lan Man @ Lai Shuk Mee	15,000	-	-	15,000
You Tong Lioung @ Yew Tong Leong	10,000	-	-	10,000
<u>Ultimate holding company</u>				
- SKB Glory Sdn. Bhd.				
Sin Kheng Lee	554,999	416,250	-	971,249
Sin Kheng Hong	416,251	-	(416,250)	1
Sin Ching San	416,250	-	-	416,250
Deemed Interest				
<u>The Company</u>				
Sin Kheng Lee	22,847,607	-	-	22,847,607
Sin Kheng Hong	22,847,607	-	(22,847,607)	-
Sin Ching San	22,847,607	-	-	22,847,607
<u>Ultimate holding company</u>				
- SKB Glory Sdn. Bhd.				
Sin Kheng Lee	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 with effect from 15 August 2007.

By virtue of their interests 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 2008 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' Report

For the year ended 30 June 2008 (Cont'd)

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except as disclosed in Note 26.2 to the financial statements.

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

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company 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 balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that :

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

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

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

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, and
- 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 results of the operations of the Group and of the Company for the financial year ended 30 June 2008 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

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

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

.....
Sin Kheng Lee

.....
Sin Ching San

Penang,

Date : 10 October 2008

Consolidated Balance Sheet

At 30 June 2008

	Note	2008 RM	2007 RM
Assets			
Property, plant and equipment	3	45,015,395	48,606,104
Investment in an associate	5	936,610	686,290
Investment properties	6	2,009,443	2,026,375
Prepaid lease payments	7	9,165,380	9,536,040
Other investments	8	-	-
Total non-current assets		57,126,828	60,854,809
Inventories	10	33,142,131	25,163,678
Receivables, deposits and prepayments	11	17,312,442	12,871,218
Current tax assets		669,990	1,550,877
Assets classified as held for sale	12	-	16,863,076
Cash and cash equivalents	13	2,589,660	681,742
Total current assets		53,714,223	57,130,591
Total assets		110,841,051	117,985,400
Equity			
Share capital	14	40,000,000	40,000,000
Reserves	15	28,297,086	25,967,787
Total equity attributable to shareholders of the Company		68,297,086	65,967,787
Liabilities			
Borrowings	16	17,025,657	21,530,052
Deferred tax liabilities	17	2,820,073	2,518,088
Total non-current liabilities		19,845,730	24,048,140
Payables and accruals	18	8,401,617	10,624,697
Borrowings	16	14,295,852	17,339,191
Current tax liabilities		766	5,585
Total current liabilities		22,698,235	27,969,473
Total liabilities		42,543,965	52,017,613
Total equity and liabilities		110,841,051	117,985,400

The notes on pages 31 to 62 are an integral part of these financial statements.

Consolidated Income Statement

For the year ended 30 June 2008

	Note	2008 RM	2007 RM
Continuing operations			
Revenue	19	62,737,700	50,058,519
Cost of sales		(47,549,201)	(38,643,553)
Gross profit		15,188,499	11,414,966
Distribution costs		(1,404,408)	(950,748)
Administration expenses		(7,546,348)	(7,937,710)
Other operating expenses		(2,414,727)	(2,029,990)
Other operating income		1,965,239	2,985,649
Results from operating activities		5,788,255	3,482,167
Finance costs	22	(2,318,253)	(2,635,462)
Interest income		225,675	225,673
Operating profit	20	3,695,677	1,072,378
Share of profit after tax of an equity accounted associate		413,120	273,421
Profit before tax		4,108,797	1,345,799
Tax expense	23	(1,232,243)	(657,427)
Profit for the year		2,876,554	688,372
Profit attributable to shareholders of the Company		2,876,554	688,372
Dividend per ordinary share (sen) - net	24	2.25	2.19
Basic earnings per ordinary share (sen)	25	7.19	1.72

The notes on pages 31 to 62 are an integral part of these financial statements.

Consolidated Statement Of Changes In Equity

For the year ended 30 June 2008

	← Non-distributable →				Distributable	Total Equity RM
	Share Capital RM	Share Premium RM	Revaluation Reserve RM	Capital Redemption Reserve RM	Retained Earnings RM	
At 1 July 2006	40,000,000	1,498,324	5,391,230	30,000	17,979,353	64,898,907
Adjustment of deferred tax on revaluation surplus (Note 17)	-	-	380,508	-	-	380,508
Profit for the year	-	-	-	-	688,372	688,372
At 30 June 2007	40,000,000	1,498,324	5,771,738	30,000	18,667,725	65,967,787
Adjustment of deferred tax on disposal of revalued properties (Note 17)	-	-	328,745	-	-	328,745
Reversal of revaluation reserve on disposal of revalued properties	-	-	(3,680,405)	-	3,680,405	-
Profit for the year	-	-	-	-	2,876,554	2,876,554
Dividend (Note 24)	-	-	-	-	(876,000)	(876,000)
At 30 June 2008	40,000,000	1,498,324	2,420,078	30,000	24,348,684	68,297,086

Note 14 ←————— Note 15 —————→

The notes on pages 31 to 62 are an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 30 June 2008

	Note	2008 RM	2007 RM
Cash flows from operating activities			
Profit before tax from continuing operations		4,108,797	1,345,799
<i>Adjustments for :</i>			
Depreciation of property, plant and equipment	3	5,319,356	5,481,771
Depreciation of investment properties	6	16,932	16,056
Amortisation of prepaid lease payments	7	397,056	395,960
Gain on disposal of plant and equipment	20	(124)	(206,461)
Interest income	20	(225,675)	(225,673)
Share of profit of an associate		(413,120)	(273,421)
Gain on disposal of assets classified as held for sale	20	(1,370,269)	-
Interest expense	22	2,318,253	2,635,462
Operating profit before changes in working capital		10,151,206	9,169,493
Changes in working capital :			
Inventories		(7,978,453)	(5,466,317)
Receivables, deposits and prepayments		(4,441,224)	(2,317,815)
Payables and accruals		(2,223,080)	2,926,382
Cash (used in)/generated from operations		(4,491,551)	4,311,743
Tax refunded/(paid)		274,555	(147,864)
Dividend received from an associate		162,800	144,540
Net cash (used in)/generated from operating activities		(4,054,196)	4,308,419
Cash flows from investing activities			
Purchase of plant and equipment	A	(648,617)	(1,275,053)
Addition to prepaid lease payments		(26,396)	-
Proceeds from disposal of plant and equipment		354,920	286,301
Proceeds from disposal of assets classified as held for sale		18,233,345	-
Interest received		225,675	225,673
Net cash generated from/(used in) investing activities		18,138,927	(763,079)
Cash flows from financing activities			
Repayment of term loans		(3,804,057)	(3,782,618)
Repayment of finance lease obligations		(1,912,184)	(1,456,084)
(Repayment)/Drawdown of borrowings, net		(2,610,000)	5,992,500
Interest paid		(2,318,253)	(2,635,462)
Dividend paid	24	(876,000)	-
Net cash used in financing activities		(11,520,494)	(1,881,664)
Net increase in cash and cash equivalents		2,564,237	1,663,676
Cash and cash equivalents at 1 July		(355,137)	(2,018,813)
Cash and cash equivalents at 30 June	B	2,209,100	(355,137)

Consolidated Cash Flow Statement

For the year ended 30 June 2008 (Cont'd)

Notes

A. Purchase of plant and equipment

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

	Note	2008 RM	2007 RM
Purchase of plant and equipment	3	2,083,443	2,471,635
Less : Acquired through finance lease		(1,434,826)	(1,196,582)
		<u>648,617</u>	<u>1,275,053</u>

B. Cash and cash equivalents

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

	Note	2008 RM	2007 RM
Short term deposits with licensed banks	13	1,687,933	-
Cash and bank balances	13	901,727	681,742
Bank overdrafts	16	(380,560)	(1,036,879)
		<u>2,209,100</u>	<u>(355,137)</u>

The notes on pages 31 to 62 are an integral part of these financial statements.

Balance Sheet

At 30 June 2008

	Note	2008 RM	2007 RM
Assets			
Investment in subsidiaries	4	17,814,743	17,814,743
Investment in an associate	5	347,961	347,961
Amount due from a subsidiary	9	23,859,954	23,571,287
Total non-current assets		42,022,658	41,733,991
Receivables, deposits and prepayments	11	1,201,000	1,201,000
Current tax assets		124,909	87,611
Cash and bank balances	13	12,777	53,768
Total current assets		1,338,686	1,342,379
Total assets		43,361,344	43,076,370
Equity			
Share capital	14	40,000,000	40,000,000
Reserves	15	3,159,977	2,893,108
Total equity		43,159,977	42,893,108
Liability			
Payables and accruals	18	201,367	183,262
Total current liability		201,367	183,262
Total equity and liability		43,361,344	43,076,370

The notes on pages 31 to 62 are an integral part of these financial statements.

Income Statement

For the year ended 30 June 2008

	Note	2008 RM	2007 RM
Continuing operations			
Revenue	19	1,420,000	1,398,000
Administration expenses		(284,577)	(241,818)
Other operating income		24,000	24,000
Profit before tax	20	1,159,423	1,180,182
Tax expense	23	(16,554)	29,853
Profit for the year		1,142,869	1,210,035
Dividend per ordinary share (sen) - net	24	2.25	2.19

The notes on pages 31 to 62 are an integral part of these financial statements.

Statement Of Changes In Equity

For the year ended 30 June 2008

	Share Capital RM	Non-distributable Share Premium RM	Distributable Retained Earnings RM	Total Equity RM
At 1 July 2006	40,000,000	1,498,324	184,749	41,683,073
Profit for the year	-	-	1,210,035	1,210,035
At 30 June 2007	40,000,000	1,498,324	1,394,784	42,893,108
Profit for the year	-	-	1,142,869	1,142,869
Dividend (Note 24)	-	-	(876,000)	(876,000)
At 30 June 2008	40,000,000	1,498,324	1,661,653	43,159,977

Note 14 <————— Note 15 —————>

The notes on pages 31 to 62 are an integral part of these financial statements.

Cash Flow Statement

For the year ended 30 June 2008

	Note	2008 RM	2007 RM
Cash flows from operating activities			
Profit before tax from continuing operations		1,159,423	1,180,182
Adjustment for :			
Dividend income	20	(1,420,000)	(1,398,000)
Operating loss before changes in working capital		(260,577)	(217,818)
Changes in working capital :			
Payables and accruals		18,105	6,625
Cash used in operations		(242,472)	(211,193)
Tax refunded/(paid)		3,348	(1,575)
Dividend received		1,362,800	144,540
Net cash generated from/(used in) operating activities		1,123,676	(68,228)
Cash flows from financing activities			
(Advance to)/Repayment from a subsidiary		(288,667)	86,396
Dividend paid to shareholders of the Company	24	(876,000)	-
Net cash (used in)/generated from financing activities		(1,164,667)	86,396
Net (decrease)/increase in cash and cash equivalents		(40,991)	18,168
Cash and cash equivalents at 1 July		53,768	35,600
Cash and cash equivalents at 30 June		12,777	53,768

Note

Cash and cash equivalents

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

The notes on pages 31 to 62 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 Second Board 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
10500 Penang

Principal place of business

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

The Company is an investment holding company.

The consolidated financial statements as at and for the year ended 30 June 2008 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in an associate.

The principal activities of its subsidiaries are set out in Note 4 to the financial statements.

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

The financial statements were approved by the Board of Directors on 10 October 2008.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board ("MASB"), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965.

During the financial year, the Group and the Company adopted the following revised FRSs issued by the MASB which are effective for financial periods beginning on or after 1 October 2006 and 1 July 2007 respectively :

FRS 107, Cash Flow Statements
FRS 112, Income Taxes
FRS 118, Revenue
FRS 124, Related Party Disclosures
FRS 134, Interim Financial Reporting
FRS 137, Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above revised FRSs does not have any significant impact on the financial statements of the Group and of the Company.

Notes To The Financial Statements

30 June 2008 (Cont'd)

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

The Malaysian Accounting Standards Board announced that FRS 139, Financial Instruments: Recognition and Measurement will be effective for annual periods beginning on or after, 1 January 2010.

The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in FRS 139.103AB.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for property, plant and equipment and assets classified as held for sale as explained in Note 2(c)(i) and 2(i) respectively.

(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 financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and 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 all periods presented in these financial statements, and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the 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.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Subsidiaries are consolidated using the purchase method of accounting except for SKB Shutters Manufacturing Sdn. Bhd. and SKB Trading Sdn. Bhd. which are accounted for using the pooling-of-interests method of accounting.

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) *Subsidiaries*

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

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

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) *Associates*

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

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the income and expenses of the equity accounted associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil 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.

Investments in associates are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(iii) *Transactions eliminated on consolidation*

Intra-group balances, 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 investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes To The Financial Statements

30 June 2008 (Cont'd)

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statement.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition accounting method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(b) 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 transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies 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 the income statements.

(c) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

2. Significant accounting policies (Cont'd)

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

(i) Recognition and measurement (Cont'd)

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is reclassified as investment property.

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property.

Investment properties are stated at cost less accumulated depreciation and impairment losses (see Note 2(g)).

(iii) Subsequent costs

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

(iv) Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Lease 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. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The straight line method is used to write off the cost/valuation of the other assets over the term of their estimated useful lives at the following principal annual rates :

Buildings	4.16%
Plant and machinery	10% - 20%
Furniture, fittings, fixtures and equipment	20%
Motor vehicles	20%

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

Notes To The Financial Statements

30 June 2008 (Cont'd)

2. Significant accounting policies (Cont'd)

(d) 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

Other leases are operating leases and the leased assets are not recognised on the Group's balance sheets. 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.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments, except for leasehold land classified as investment property.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(e) Investments in equity securities

Investments in equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition, investments in non-current equity securities, other than investment in subsidiaries and associate, are stated at cost less allowance for diminution in value.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

- a) the recognition of an asset on the day it is received by the entity, and
- b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

2. Significant accounting policies (Cont'd)

(f) Investment properties

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land (other than leasehold land) held for a currently undetermined future use. 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.

Freehold land is not depreciated. The straight-line method is used to write-off the cost of other investment properties over the term of their estimated useful lives at annual rates which ranged from 2% to 5%.

Determination of fair value

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.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statements. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the income statements.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and 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 necessary to make the sale.

(h) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

Notes To The Financial Statements

30 June 2008 (Cont'd)

2. Significant accounting policies (Cont'd)

(i) Assets classified as held for sale

Assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

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

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

(j) Cash and cash equivalents

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

(k) Impairment of assets

The carrying amounts of assets except for inventories and financial assets (other than investment in subsidiaries and associate and assets classified as held for sale) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill that has indefinite useful lives, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

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. 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").

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date 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. 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 the income statement in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statement.

2. Significant accounting policies (Cont'd)

(l) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the loans and borrowings using the effective interest method.

(m) Employee benefits

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 provision 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.

The Group's contributions to statutory pension funds are charged to the income statements 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.

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.

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) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(p) Income recognition

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.

Notes To The Financial Statements

30 June 2008 (Cont'd)

2. Significant accounting policies (Cont'd)

(p) Income recognition (Cont'd)

ii) *Services*

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

iii) *Rental income*

Rental income from investment properties is recognised in the income statement 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 when the right to receive payment is established.

(q) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred.

(r) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

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

(s) 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 ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

2. Significant accounting policies (Cont'd)

(t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(u) Research and development

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

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

Notes To The Financial Statements

30 June 2008 (Cont'd)

3. Property, plant and equipment - Group

Valuation/Cost	← At valuation →		← At cost →				Total RM
	Freehold land RM	Buildings RM	Plant and machinery RM	Furniture, fixtures and equipment RM	Motor vehicles RM	Capital work-in- progress RM	
At 1 July 2006	9,616,000	38,958,000	29,504,106	7,748,518	2,824,760	321,673	88,973,057
Additions	-	-	1,492,423	177,631	801,581	-	2,471,635
Disposal	-	-	-	-	(663,086)	-	(663,086)
Reclassified to assets classified as held for sale (Note 12)	(9,616,000)	(7,395,000)	-	-	-	-	(17,011,000)
Reclassification	-	-	321,673	-	-	(321,673)	-
At 30 June 2007/1 July 2007	-	31,563,000	31,318,202	7,926,149	2,963,255	-	73,770,606
Additions	-	-	114,950	364,374	1,604,119	-	2,083,443
Disposal	-	-	-	-	(659,125)	-	(659,125)
At 30 June 2008	-	31,563,000	31,433,152	8,290,523	3,908,249	-	75,194,924

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

	← At valuation →	← At cost →						
		Freehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings, fixtures and equipment RM	Motor vehicles RM	Capital work-in- progress RM	Total RM
Depreciation								
At 1 July 2006		-	-	15,728,658	3,013,285	1,671,958	-	20,413,901
Depreciation for the year		-	1,402,570	2,618,214	996,323	464,664	-	5,481,771
Disposal		-	-	-	-	(583,246)	-	(583,246)
Reclassified to assets classified as held for sale (Note 12)		-	(147,924)	-	-	-	-	(147,924)
At 30 June 2007/1 July 2007		-	1,254,646	18,346,872	4,009,608	1,553,376	-	25,164,502
Depreciation for the year		-	1,254,564	2,459,494	995,227	610,071	-	5,319,356
Disposal		-	-	-	-	(304,329)	-	(304,329)
At 30 June 2008		-	2,509,210	20,806,366	5,004,835	1,859,118	-	30,179,529
Carrying amounts								
At 1 July 2006		9,616,000	38,958,000	13,775,448	4,735,233	1,152,802	321,673	68,559,156
At 30 June 2007/1 July 2007		-	30,308,354	12,971,330	3,916,541	1,409,879	-	48,606,104
At 30 June 2008		-	29,053,790	10,626,786	3,285,688	2,049,131	-	45,015,395

Notes To The Financial Statements

30 June 2008 (Cont'd)

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

Revaluation

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 2006. The revaluation was effected on 30 June 2006.

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 amounts of the revalued assets that would have been included in the financial statements at the end of the year are RM26,826,151 (2007 : RM27,985,502).

Assets under finance lease

Included in the carrying amounts of plant and machinery and motor vehicles of the Group are amounts of RM3,297,937 (2007 : RM3,889,801) and RM1,988,195 (2007 : RM1,312,942) respectively representing assets acquired under finance lease.

Security

Property, plant and equipment with carrying amount of RM28,876,110 (2007 : RM30,127,050) are pledged as securities for term loans granted to a subsidiary (Note 16).

4. Investment in subsidiaries - Company

	2008 RM	2007 RM
Unquoted shares, at cost	<u>17,814,743</u>	<u>17,814,743</u>

Details of subsidiaries are as follows :

Name of Company	Effective equity interest		Principal activities
	2008 %	2007 %	
SKB Shutters Manufacturing Sdn. Bhd.	100	100	Manufacturer and dealer of roller shutters, racking systems, storage system and related steel products
SKB Trading Sdn. Bhd.	100	100	Trading in roller shutters parts, related steel products and 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	Manufacturing and trading of roller shutters, racking systems, storage system and related steel products

All the above subsidiaries are incorporated in Malaysia.

Notes To The Financial Statements

30 June 2008 (Cont'd)

5. Investment in an associate

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Unquoted shares, at cost	347,961	347,961	347,961	347,961
Share of post-acquisition reserves	588,649	338,329	-	-
	936,610	686,290	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
2008						
Rigida (Malaysia) Sdn. Bhd.	Malaysia	20%	15,064,272	2,065,598	8,311,632	3,628,580
2007						
Rigida (Malaysia) Sdn. Bhd.	Malaysia	20%	12,040,693	1,367,106	6,338,246	2,906,793

6. Investment properties - Group

	Note	RM
Cost		
At 1 July 2006/30 June 2007		2,585,969
At 1 July 2007/30 June 2008		2,585,969
Depreciation and impairment losses		
At 1 July 2006		
- Accumulated depreciation		136,171
- Accumulated impairment losses		407,367
		543,538
Depreciation for the year	20	16,056
At 30 June 2007/1 July 2007		
- Accumulated depreciation		152,227
- Accumulated impairment losses		407,367
		559,594

Notes To The Financial Statements

30 June 2008 (Cont'd)

6. Investment properties - Group (Cont'd)

	Note	RM
Depreciation for the year	20	16,932
At 30 June 2008		
- Accumulated depreciation		169,159
- Accumulated impairment losses		407,367
		576,526
Carrying amounts		
At 1 July 2006		2,042,431
At 30 June 2007/1 July 2007		2,026,375
At 30 June 2008		2,009,443

Investment properties consist of a freehold land and factory building, apartments and a shop office that are either leased to third parties or vacant. The fair value of the investment properties is estimated at approximately RM2.01 (2007 : RM2.02) million based on Directors' valuation using the latest available market information.

7. Prepaid lease payments - Group

Short term leasehold land, unexpired period of less than 50 years

	Note	RM
Cost		
At 1 July 2006/30 June 2007		9,932,000
At 1 July 2007		9,932,000
Addition		26,396
At 30 June 2008		9,958,396
Amortisation		
At 1 July 2006		-
Amortisation for the year	20	395,960
At 30 June 2007/1 July 2007		395,960
Amortisation for the year	20	397,056
At 30 June 2008		793,016
Carrying amounts		
At 1 July 2006		9,932,000
At 30 June 2007/1 July 2007		9,536,040
At 30 June 2008		9,165,380

Notes To The Financial Statements

30 June 2008 (Cont'd)

7. Prepaid lease payments - Group (Cont'd)

The short term leasehold land were previously 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 2006. Upon the adoption of FRS 117, Leases, the unamortised revalued amount of the short term leasehold land was retained as the surrogate carrying amount of the prepaid lease payments and are amortised over the lease term.

The title deed to the short term leasehold land is still in the process of being transferred from the relevant authorities and are pledged as securities for term loan granted to a subsidiary.

The option to renew the lease of the short term leasehold land by Perbadanan Kemajuan Negeri Selangor ("PKNS") 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 PKNS.

8. Other investments - Group

	2008 RM	2007 RM
Unquoted shares in Malaysia, at cost	27,150	27,150
Less : Allowance for diminution in value	(27,150)	(27,150)
	<u>-</u>	<u>-</u>

9. Amount due from a subsidiary - Company

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

10. Inventories - Group

	2008 RM	2007 RM
At cost :		
Raw materials	23,564,368	17,415,406
Work-in-progress	1,875,782	868,842
Manufactured inventories	7,701,981	6,879,430
	<u>33,142,131</u>	<u>25,163,678</u>

Notes To The Financial Statements

30 June 2008 (Cont'd)

11. Receivables, deposits and prepayments

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Trade					
Trade receivables	11.1	20,082,214	15,524,389	-	-
Less : Allowance for doubtful debts		(4,496,155)	(3,937,803)	-	-
		15,586,059	11,586,586	-	-
Non-Trade					
Dividend receivable from a subsidiary		-	-	1,200,000	1,200,000
Other receivables		296,676	323,641	-	-
Deposits		394,439	434,156	1,000	1,000
Prepayments	11.2	1,035,268	526,835	-	-
		1,726,383	1,284,632	1,201,000	1,201,000
		17,312,442	12,871,218	1,201,000	1,201,000

11.1 Analysis of foreign currency exposure for significant receivables

Significant receivables outstanding at year end that are not in the functional currency of the Group entities comprise RM2,203,343 (2007 : RM630,970) that are denominated in US Dollar.

11.2 Prepayments

Included in prepayments is an amount of RM475,508 (2007 : RM Nil) in respect of advance payments made to certain suppliers for the purchase of raw materials.

12. Assets classified as held for sale - Group

	2008 RM	2007 RM
At 1 July	17,011,000	-
Reclassified from property, plant and equipment (Note 3)	-	17,011,000
Disposal	(17,011,000)	-
At 30 June	-	17,011,000
Depreciation		
At 1 July	147,924	-
Reclassified from property, plant and equipment (Note 3)	-	147,924
Disposal	(147,924)	-
At 30 June	-	147,924
Carrying value		
At 30 June	-	16,863,076

Notes To The Financial Statements

30 June 2008 (Cont'd)

12. Assets classified as held for sale - Group (Cont'd)

The freehold land and buildings of a subsidiary are presented as assets classified as held for sale following the commitment of the Board of Directors to sell the properties during the previous financial year.

13. Cash and cash equivalents

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Short term deposits with licensed banks	1,687,933	-	-	-
Cash and bank balances	901,727	681,742	12,777	53,768
	2,589,660	681,742	12,777	53,768

Cash and bank balances outstanding at year end that are not in the functional currency of the Group entities comprise RM17,441 (2007 : RM96,715) denominated in US Dollar.

14. Share capital

	2008		2007	
	RM	Number of shares	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

15. Reserves

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Distributable					
Retained earnings		24,348,684	18,667,725	1,661,653	1,394,784
Non-distributable					
Share premium		1,498,324	1,498,324	1,498,324	1,498,324
Capital redemption reserve	15.1	30,000	30,000	-	-
Revaluation reserve	15.2	2,420,078	5,771,738	-	-
		3,948,402	7,300,062	1,498,324	1,498,324
		28,297,086	25,967,787	3,159,977	2,893,108

Notes To The Financial Statements

30 June 2008 (Cont'd)

15. Reserves (Cont'd)

15.1 Capital redemption reserve

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

15.2 Revaluation reserve

Revaluation reserve represents surplus on revaluation of land and buildings.

15.3 Section 108 tax credit

Subject to agreement with the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income account to frank/distribute approximately RM462,000 and RM1,372,000 respectively of its retained earnings as at 30 June 2008 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

16. Borrowings - Group

	2008 RM	2007 RM
Current :		
Secured		
Term loans	3,879,231	3,664,649
Finance lease obligations	1,545,561	1,375,164
	5,424,792	5,039,813
Unsecured		
Bank overdrafts	380,560	1,036,879
Bankers' acceptances	4,861,000	5,646,000
Revolving credit	3,629,500	5,454,500
Term loans	-	161,999
	8,871,060	12,299,378
	14,295,852	17,339,191
Non-current :		
Secured		
Term loans	15,305,519	19,162,159
Finance lease obligations	1,720,138	2,367,893
	17,025,657	21,530,052

Notes To The Financial Statements

30 June 2008 (Cont'd)

16. Borrowings - Group (Cont'd)

Interest on the bank overdrafts is charged at 1.25% to 2.00% (2007 : 1.25% to 2.00%) per annum above the respective bankers' base lending rates. The bankers' acceptances and revolving credit bear interest at rates ranging from 3.61% to 5.60% (2007 : 3.65% to 4.00%) and 4.50% to 5.17% (2007 : 5.30% to 7.37%) per annum respectively.

	Year of maturity	Carrying amount	Under 1 year	1 - 2 years	2 - 5 years	More than 5 years
	RM	RM	RM	RM	RM	RM
2008						
Bank overdrafts (RM)		380,560	380,560	-	-	-
Bankers' acceptances (RM)	2009	4,861,000	4,861,000	-	-	-
Revolving credit						
- RM	2009	2,000,000	2,000,000	-	-	-
- US Dollar	2009	1,629,500	1,629,500	-	-	-
Term loans (RM)	2009 - 2013	19,184,750	3,879,231	4,192,271	11,113,248	-
Finance lease obligations (RM)	2009 - 2013	3,265,699	1,545,561	800,909	919,229	-
		31,321,509	14,295,852	4,993,180	12,032,477	-
2007						
Bank overdrafts (RM)		1,036,879	1,036,879	-	-	-
Bankers' acceptances (RM)	2008	5,646,000	5,646,000	-	-	-
Revolving credit						
- RM	2008	2,000,000	2,000,000	-	-	-
- US Dollar	2008	3,454,500	3,454,500	-	-	-
Term loans (RM)	2008 - 2013	22,988,807	3,826,648	4,619,469	11,334,105	3,208,585
Finance lease obligations (RM)	2008 - 2013	3,743,057	1,375,164	1,379,784	960,057	28,052
		38,869,243	17,339,191	5,999,253	12,294,162	3,236,637

The secured borrowings are secured by way of certain property, plant and equipment and prepaid lease payment of the Group (see Note 3 and Note 7) and are guaranteed by the Company. The term loans are subject to interest at rates ranging from 1.00% to 1.50% (2007 : 1.50%) per annum above the bankers' base lending rates. For the previous financial year, certain term loans were subject to fixed interest rates ranging from 5.00% to 7.50% per annum

Finance lease obligations are repayable as follows :

	← 2008 →			← 2007 →		
	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
	RM	RM	RM	RM	RM	RM
Within 1 year	1,681,896	136,335	1,545,561	1,561,779	186,615	1,375,164
Between 1 and 5 years	1,827,713	107,575	1,720,138	2,517,839	149,946	2,367,893
	3,509,609	243,910	3,265,699	4,079,618	336,561	3,743,057

Notes To The Financial Statements

30 June 2008 (Cont'd)

16. Borrowings - Group (Cont'd)

Finance lease obligations are subject to fixed interest rates ranging from 2.23% to 4.18% (2007 : 2.50% to 4.05%) per annum.

17. Deferred tax liabilities - Group

	2008 RM	2007 RM
Property, plant and equipment		
- capital allowances	3,072,730	3,431,000
- revaluation surplus	1,006,343	1,335,088
Unabsorbed capital allowances	(754,000)	(1,902,000)
Provisions	(505,000)	(346,000)
	2,820,073	2,518,088

Movements in temporary differences during the year are as follows :

	At 1.7.2006 RM	Income statement (Note 23) RM	Revaluation reserve RM	At 30.6.2007 RM	Income statement (Note 23) RM	Revaluation reserve RM	At 30.6.2008 RM
Property, plant and equipment							
- capital allowance	3,916,652	(485,652)	-	3,431,000	(358,270)	-	3,072,730
- revaluation surplus	1,715,596	-	(380,508)	1,335,088	-	(328,745)	1,006,343
Unabsorbed capital allowance	(2,722,040)	820,040	-	(1,902,000)	1,148,000	-	(754,000)
Provisions	(442,519)	96,519	-	(346,000)	(159,000)	-	(505,000)
	2,467,689	430,907	(380,508)	2,518,088	630,730	(328,745)	2,820,073

Deferred tax liabilities and assets are offset when there are legally enforceable rights to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authorities.

Notes To The Financial Statements

30 June 2008 (Cont'd)

18. Payables and accruals

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Trade payables	18.1	6,635,060	6,118,764	-	-
Non-trade					
Ultimate holding company	18.2	500,000	-	-	-
Other payables		669,181	3,827,455	18,231	4,913
Accrued expenses		597,376	678,478	183,136	178,349
		1,766,557	4,505,933	201,367	183,262
		8,401,617	10,624,697	201,367	183,262

18.1 Analysis of foreign currency exposure for significant payables

Significant payables outstanding at year end that are not in the functional currency of the Group entities are as follows :

	2008 RM	2007 RM
US Dollar	490,382	687,497
Singapore Dollar	1,200	13,974
Japanese Yen	5,498	50,902
New Zealand Dollar	-	10,499

18.2 Amount due to ultimate holding company

The non-trade amount due to ultimate holding company is unsecured, interest-free and payable on demand.

19. Revenue

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Invoiced value of goods sold less discounts and returns	62,737,700	50,058,519	-	-
Gross dividend from:				
- a subsidiary	-	-	1,200,000	1,200,000
- an associate	-	-	220,000	198,000
	62,737,700	50,058,519	1,420,000	1,398,000

Notes To The Financial Statements

30 June 2008 (Cont'd)

20. Operating profit/Profit before tax

Operating profit/Profit before tax is arrived at :

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
After charging :				
Directors' emoluments				
- fees	150,000	150,000	150,000	150,000
- others	957,113	887,745	-	-
Auditors' remuneration				
Audit service	58,500	56,500	15,000	15,000
Non-audit services				
- current year	24,800	18,350	5,100	3,900
- prior year	1,800	3,000	-	-
Depreciation of property, plant and equipment (Note 3)	5,319,356	5,481,771	-	-
Depreciation of investment properties (Note 6)	16,932	16,056	-	-
Amortisation of prepaid lease payments (Note 7)	397,056	395,960	-	-
Bad debts written off	-	196,761	-	-
Rental of equipment	14,602	21,590	-	-
Research and development expenses	244,094	512,129	-	-
Loss on foreign exchange - realised	283,828	-	-	-
Direct operating expenses of investment properties				
- Did not generate income	6,621	4,646	-	-
- Generated rental income	4,985	7,507	-	-
Allowance for doubtful debts	670,035	-	-	-
Rental of premises	31,500	16,500	-	-
And crediting :				
Interest income	225,675	225,673	-	-
Dividend income from				
- subsidiary	-	-	1,200,000	1,200,000
- an associate	-	-	220,000	198,000
Rental income from letting of properties	199,700	1,256,431	-	-
Gain on disposal of plant and equipment	124	206,461	-	-
Gain on disposal of assets classified as held for sale	1,370,269	-	-	-
Gain on foreign exchange				
- realised (net)	-	138,108	-	-
- unrealised (net)	97,750	245,500	-	-
Reversal of allowance for doubtful debts, net	-	288,995	-	-
Bad debts recovered	85,827	-	-	-

- i) The estimated monetary value of benefits receivable by certain Directors otherwise than in cash amounted to RM32,700 (2007 : RM43,800).
- ii) Included in research and development is an amount of RM323,734 (2007 : RM305,074) representing Director's emoluments.

Notes To The Financial Statements

30 June 2008 (Cont'd)

21. Employee information

	Group	
	2008 RM	2007 RM
Staff costs (including Executive Directors' remuneration)	7,287,293	6,575,701

Staff costs of the Group include contributions to the Employees' Provident Fund of RM354,492 (2007 : RM271,934).

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Directors				
- fee	150,000	150,000	150,000	150,000
- remuneration	1,280,847	1,192,819	-	-
- other short term employee benefits (including estimated monetary value of benefits-in-kind)	32,700	43,800	-	-
	1,463,547	1,386,619	150,000	150,000

Key management personnel are defined as those personnel of the Group and of the Company having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly. The key management personnel includes all Executive Directors of the Group and of the Company.

22. Finance costs - Group

	2008 RM	2007 RM
Interest expense :		
Bank overdrafts	22,273	95,747
Bankers' acceptances	198,243	169,067
Revolving credit	351,791	341,406
Finance lease obligations	214,767	257,499
Term loans	1,531,179	1,771,743
	2,318,253	2,635,462

Notes To The Financial Statements

30 June 2008 (Cont'd)

23. Tax expense

Recognised in the income statement

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Tax expense on continuing operations	1,232,243	657,427	16,554	(29,853)
Share of tax of an equity accounted associate	131,044	114,312	-	-
Total tax expense	1,363,287	771,739	16,554	(29,853)

Major components of tax expense include :

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Current tax expense				
Based on results for the year				
- Current	570,381	418,459	15,370	13,906
- Prior years	162,176	(77,627)	1,184	(43,759)
Total current tax recognised in the income statement	732,557	340,832	16,554	(29,853)
Deferred tax expense				
- Current year	771,506	313,000	-	-
- Prior years	(140,776)	117,907	-	-
Total deferred tax recognised in the income statement	630,730	430,907	-	-
Total tax expense	1,363,287	771,739	16,554	(29,853)

Reconciliation of effective tax expense

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit for the year	2,876,554	688,372	1,142,869	1,210,035
Total tax expense	1,363,287	771,739	16,554	(29,853)
Profit excluding tax	4,239,841	1,460,111	1,159,423	1,180,182
Tax calculated using Malaysian tax rate at 26% (2007 : 27%)	1,102,359	394,230	301,450	318,649

Notes To The Financial Statements

30 June 2008 (Cont'd)

23. Tax expense (Cont'd)

Reconciliation of effective tax expense (Cont'd)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Effect of lower tax rate for certain subsidiaries *	(75,653)	(140,581)	-	-
Effect of change in tax rate **	(67,211)	(40,286)	-	-
Non taxable income	-	-	(312,000)	(324,000)
Non-deductible expenses	507,741	758,445	25,920	19,257
Tax incentive	(233,750)	(241,282)	-	-
Other items	108,401	933	-	-
	1,341,887	731,459	15,370	13,906
Under/(Over) provision in prior years	21,400	40,280	1,184	(43,759)
Total tax expense	1,363,287	771,739	16,554	(29,853)

* With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000.

** The corporate tax rates are at 26% for year of assessment 2008 and 25% for the subsequent year of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.

24. Dividend - Company

	Sen per share (net of tax)	Total amount RM	Date of payment
2008			
Dividend paid :			
2007 : Final dividend of 3% per ordinary shares less 27% tax	2.19	876,000	24 January 2008

The proposed first and final dividend of 3% per ordinary share less 25% tax in respect of the financial year ended 30 June 2008 has not been accounted for in the financial statements. The dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting. The net dividend per ordinary share as disclosed in the income statements takes into account of the proposed final dividend for the financial year ended 30 June 2008.

25. Basic earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit for the year attributable to ordinary shareholders of RM2,876,554 (2007 : RM688,372) and on the weighted average number of ordinary shares outstanding during the year of 40,000,000 (2007 : 40,000,000).

Notes To The Financial Statements

30 June 2008 (Cont'd)

26. Related parties - Group/Company

26.1 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 has a controlling related party relationship with its subsidiaries, associate and ultimate holding company as disclosed in the financial statements.
- ii) The Group also has a related party relationship with the following companies in which Messrs Sin Kheng Lee, Sin Kheng Hong, Sin Ching San and Chou Lee Sin are deemed to have a substantial financial interest :
 - SKB Shutters (Johor) Sdn. Bhd.
 - Sin Kean Boon (KL) Sdn. Bhd.
 - Lembah Segar Sdn. Bhd.
 - Gemini Olive Sdn. Bhd.

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

- i) Transaction with a subsidiary

	Company	
	2008 RM	2007 RM
Dividend income	1,200,000	1,200,000

- ii) Transactions with an associate

	Group/Company	
	2008 RM	2007 RM
Management fees receivable	24,000	24,000
Dividend income	220,000	198,000

Non-trade balances with related companies are disclosed in Note 18 to the financial statements. All the amounts outstanding are unsecured and are expected to be settled with cash.

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

26.3 Transactions with the 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 21 to the financial statements.

Notes To The Financial Statements

30 June 2008 (Cont'd)

27. Segmental information

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

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

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

Business segments

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

Geographical segments

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

	Malaysia RM	Singapore RM	United Arab Emirates RM	Others RM	Consolidated RM
2008					
Revenue from external customers by location of customers	41,546,783	3,843,043	10,038,318	7,309,556	62,737,700
Segment assets by location of assets	109,234,451	-	-	-	109,234,451
Capital expenditure by location of assets					
- Property, plant and equipment	2,083,443	-	-	-	2,083,443
- Prepaid lease payments	26,396	-	-	-	26,396
2007					
Revenue from external customers by location of customers	33,510,523	4,687,143	3,368,005	8,492,848	50,058,519
Segment assets by location of assets	115,748,233	-	-	-	115,748,233
Capital expenditure by location of assets					
- Property, plant and equipment	2,471,635	-	-	-	2,471,635

Notes To The Financial Statements

30 June 2008 (Cont'd)

28. Capital commitments - Group

	2008 RM'000	2007 RM'000
Plant and equipment		
Contracted but not provided for in the financial statements	<u>436</u>	<u>540</u>

29. 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 RM53.52 million (2007 : RM54.20 million) of which RM30.34 million (2007 : RM38.42 million) was utilised at balance sheet date.

The Directors are of the opinion that provisions are not required in respect of the above matter as it is not probable that a future sacrifice of economic benefits will be required.

30. Financial instruments

Financial risk management objectives and policies

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

Credit risk

The Group's and the Company's credit risk are monitored on an ongoing basis.

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

Foreign currency risk

The Group incurs foreign currency risk on sales and purchases that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily the US Dollar, Singapore Dollar and Japanese Yen.

The Group ensures that its net exposure to foreign currency risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short term imbalances.

Interest rate risk

The Group's interest rate risk relates to interest-bearing debts that include borrowings as disclosed in Note 16 to the financial statements. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio in order to capitalise on cheaper funding during low interest rate environment.

30. Financial instruments (Cont'd)

Effective interest rates and repricing analysis

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

Group	Effective interest rate per annum %	Total RM	Within 1 year RM	1 - 5 years RM	More than 5 years RM
2008					
Financial asset					
Short term deposits with licensed bank	3.15-3.35	1,687,933	1,687,933	-	-
Financial liabilities					
Secured term loans - variable rate	7.79	19,184,750	19,184,750	-	-
Unsecured overdrafts	8.00	380,560	380,560	-	-
Unsecured bankers' acceptances	4.43	4,861,000	4,861,000	-	-
Unsecured revolving credit	4.87	3,629,500	3,629,500	-	-
Finance lease liabilities	3.08	3,265,699	1,545,561	1,720,138	-
2007					
Financial liabilities					
Secured term loans - fixed rate	7.00	20,882,478	3,059,315	14,614,578	3,208,585
- variable rate	8.25	1,944,330	1,944,330	-	-
Unsecured overdrafts	8.57	1,036,879	1,036,879	-	-
Unsecured bankers' acceptances	3.70	5,646,000	5,646,000	-	-
Unsecured revolving credit	6.64	5,454,500	5,454,500	-	-
Unsecured term loans - fixed rate	5.00	161,999	161,999	-	-
Finance lease liabilities	3.31	3,743,057	1,375,164	2,367,893	-

Notes To The Financial Statements

30 June 2008 (Cont'd)

30. Financial instruments (Cont'd)

Fair values

Recognised financial instruments

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

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

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

	2008		2007	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Financial liabilities				
Term loans - fixed rate	-	-	20,882,478	20,882,000
Finance lease liabilities	3,265,699	3,266,000	3,743,057	3,743,000
Company				
Financial asset				
Amount due from a subsidiary	23,859,954	*	23,571,287	*

* It is not practical to estimate the fair value of the amount due from a subsidiary principally due to the lack of fixed repayment terms entered by the parties involved.

There were no unrecognised financial instruments at balance sheet date.

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 22 to 62 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 30 June 2008 and of the results of their operations and cash flows for the year ended on that date.

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

.....
Sin Kheng Lee

.....
Sin Ching San

Penang,

Date : 10 October 2008

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 22 to 62 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 10 October 2008.

.....
Sin Kheng Lee

Before me : **CHEAH BENG SUN**
DJN, AMN, PKT, PJM, PK (No. P103)
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 balance sheets as at 30 June 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 22 to 62.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 Company's preparation and fair presentation of the financial statements 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 Company'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 2008 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 have been properly kept in accordance with the provisions of the Act.
- b) 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.
- c) Our 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.

Independent Auditors' Report

To The Members Of SKB Shutters Corporation Berhad (*Cont'd*)

Other Matters

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

KPMG
AF 0758
Chartered Accountants

Ooi Kok Seng
2432/05/09 (J)
Chartered Accountant

Date : 10 October 2008

Penang

List Of Properties Held By The Group

As At 30 June 2008

Description/Address	Date of Revaluation	Tenure	Area	Existing Use	Age of Building (Years)	Net Book Value (RM)
LAND						
1. Lot No. 47158, Indahpura Industrial Park Kulai, Johor Bahru	28/06/2006	Freehold	6,102 sq.m.	Vacant	–	1,084,000
2. Lot 22,24,26 Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara, 47810 Petaling Jaya, Selangor D.E.	28/06/2006	Leasehold 30 years expiring 2031	522,720 sq.ft.	Factory	–	9,165,380
BUILDING						
1 Lot 22,24,26 Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara, 47810 Petaling Jaya, Selangor D.E.	28/06/2006	Leasehold 30 years expiring 2031	336,263.00 sq.ft.	Factory	4	28,876,110
2 Sri Hijauan Condominium B1-01, 1 Jalan Bukit Hijau 26/24, Seksyen 26, 40000 Shah Alam, Selangor D.E.	28/06/2006	Freehold	95.97 sq.m.	Vacant	13	177,680
3 H.S. (M) 2726, PTD 3345 Tempat Parit Maimon, Mukim Simpang Kiri, Batu Pahat, Johor.	28/06/2006	Freehold	1,045.00 sq.m.	Vacant	10	191,389
4 Endah Ria Condominium Lot S-209, Sapphire Tower, No.9, Jalan 3/149E, Taman Sri Endah, Bandar Baru Seri Petaling, 57000 Kuala Lumpur.	28/06/2006	Leasehold 99 years expiring 2083	128.67 sq.m.	Vacant	9	176,496
5 Kiambang Apartment C-1-12, Jalan Putra Perdana 5F, Taman Putra Perdana, 47100 Puchong, Selangor D.E.	28/06/2006	Leasehold 99 years expiring 2093	790.00 sq.ft.	Vacant	9	78,310
6 Kota Point Shopping Complex Lot LG-20, Grant No.: 15702 Lot 346 Jalan Lombong, Kota Tinggi Johor.	28/06/2006	Freehold	28.00 sq.m.	Vacant	8	144,060
7 Corporate Tower Subang Square CT-01-17, Jalan SS 15/4G, 47500 Subang Jaya, Selangor D.E.	28/06/2006	Freehold	810.00 sq.ft.	Rented	6	272,756
8 PD Perdana Condo Resort Parcel No.411, Storey No.4 of Building M, Port Dickson, Negeri Sembilan.	28/06/2006	Freehold	746.00 sq.ft.	Vacant	9	62,432
					TOTAL	40,228,613

Analysis Of Shareholdings

As At 17 November 2008

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	Total holdings	% of total holdings
Less than 100	4	0.39	200	0.00
100 - 1,000	569	55.68	542,600	1.36
1,001-10,000	359	35.13	1,491,200	3.73
10,001 - 100,000	72	7.05	1,865,700	4.66
100,001 - 1,999,999	16	1.57	10,176,496	25.44
2,000,000 - 40,000,000	2	0.20	25,923,804	64.81
Total	1,022	100.00	40,000,000	100.00

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

As at 17 November 2008

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	10,000	0.03	22,857,607*	57.14
3 Dato' Moehamad Izat Bin Achmad Habechi Emir	3,280,597	8.20	-	-
4 Chou Lee Sin	10,000	0.03	22,857,607*	57.14
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 SKB Glory Sdn Bhd

STATEMENT OF DIRECTORS' SHAREHOLDINGS

As at 17 November 2008

The Company	Direct Interest	%	Indirect Interest	%
1 Sin Kheng Lee	10,000	0.03	22,857,607 *	57.14
2 Dato' Moehamad Izat Bin Achmad Habechi Emir	3,280,597	8.20	-	-
3 Chou Lee Sin	10,000	0.03	22,857,607*	57.14
4 Sin Ching San	10,000	0.03	22,857,607*	57.14
5 Lee Lam Keiong	1,410,000	3.53	-	-
6 Lai Lan Man @ Lai Shuk Mee	15,000	0.04	-	-
7 You Tong Lioung @ Yew Tong Leong	10,000	0.03	-	-

Holding Company - SKB Glory Sdn Bhd

1 Sin Kheng Lee	971,249	64.75	112,500	7.50
2 Sin Ching San	416,250	27.75	-	-
3 Chou Lee Sin	-	-	1,083,749#	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, Chou Lee Sin and Sin Ching San are also deemed to have interest in the Ordinary Shares of all the subsidiaries to the extent that the Company has an interest.

Analysis Of Shareholdings

As At 17 November 2008 (Cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS

NO	NAME	NORMAL HOLDINGS	HOLDINGS %
1	SKB GLORY SDN BHD	22,847,607	57.119
2	MAJU NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNTS FOR MOEHAMAD IZAT BIN ACHMAD HABECHI EMIR	3,076,197	7.69
3	MAJU NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNTS FOR ABBAS BIN MEHAD	1,642,065	4.105
4	LEE LAM KEIONG	1,410,000	3.525
5	MAJU NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNTS FOR ABDUL RAHIM BIN ABDUL RAHMAN	1,313,653	3.284
6	LOOI ENG KEONG	1,056,000	2.64
7	MAJU NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNTS FOR DUAD BIN DAROS	985,239	2.463
8	MAJU NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNTS FOR MOHD HAFIZ BIN HASHIM	985,239	2.463
9	OOI SAY TUAN	700,000	1.75
10	CHEW HAN MENG	700,000	1.75
11	NIELS JOHN MADSEN	291,200	0.728
12	MOEHAMAD IZAT BIN ACHMAD HABECHI EMIR	208,400	0.521
13	INTEGRO HOLDING SDN BHD	204,500	0.511
14	YONG KIAN SENG @ YOONG TEIN SENG	193,200	0.483
15	LIM POH BOON	154,000	0.385
16	GOH AH THIAM	115,000	0.288
17	LEE SIEW YEAN @ LEE SEW YEAN	105,000	0.263
18	LAW WEI HONG	81,300	0.203
19	TA NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOU, CHUN-SHENG	77,400	0.194
20	LIM KA KIAN	77,000	0.193
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOO SENG KEAT (473844)	70,000	0.175
22	TAN YEE CHIA	60,000	0.15
23	HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RONNIE LAI TSIN LEE (M08)	59,700	0.149
24	NG FONG WAH	56,500	0.141
25	SOO SING HUAT	55,000	0.138
26	KANAI SEIICHI	55,000	0.138
27	HO, JEN-CHIH	54,200	0.136
28	YONG THAIN CHAI	50,000	0.125
29	DZH MANAGEMENT CONSULTANTS SDN BHD	46,000	0.115
30	LIM SEE FOOK	45,000	0.113
		36,774,400	91.938

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eleventh 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 Tuesday, 23 December 2008 at 2.00 p.m. to transact the following business: -

1. To receive the Financial Statements for the year ended 30 June 2008 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
Mr Lee Lam Keiong	Ordinary Resolution 4
Ms Lai Lan Man @ Lai Shuk Mee	Ordinary Resolution 5
Encik Mohd Arif Bin Mastol	Ordinary Resolution 6
Mr Yap Khong	Ordinary Resolution 7
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 8
Mr You Tong Lioung @ Yew Tong Leong	Ordinary Resolution 9
5. To approve a first and final dividend of 3% less 25% tax for the year ended 30 June 2008. **Ordinary Resolution 10**
6. To approve the payment of a sum of RM150,000/- as directors' fees in respect of the year ended 30 June 2008. **Ordinary Resolution 11**
7. To re-appoint Messrs KPMG as auditors of the Company and to authorise the directors to fix their remuneration. **Ordinary Resolution 12**

As Special Business

8. To consider and if thought fit, to pass the following Ordinary Resolution:

<p>"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."</p>	Ordinary Resolution 13
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Notice Of Annual General Meeting

(Cont'd)

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

NOTICE OF DIVIDEND PAYMENT AND BOOK CLOSURE

NOTICE IS ALSO HEREBY GIVEN that a first and final dividend of 3% less 25% tax for the financial year ended 30 June 2008, if approved by the shareholders at the Eleventh Annual General Meeting, will be paid on 12 March 2009 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 20 February 2009.

A depositor shall qualify for entitlement to the dividend only in respect of:-

- a. Shares transferred into the depositor's securities account before 4.00 p.m. on 20 February 2009 in respect of ordinary transfers/conversions; and
- b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

Lam Voon Kean (MIA 4793)

Company Secretary

Penang, 28 November 2008.

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

PROXY FORM

I/We _____
 (Full name and NIRC 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 _____
 (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 Eleventh 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 Tuesday, 23 December 2008 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		
Ordinary Resolution 12		
Ordinary Resolution 13		

(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 _____ 2008.

 Signature of Shareholder

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%

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.
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Fold this flap for sealing

Then fold here

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

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