

SKB SHUTTERS CORPORATION BERHAD

Registration No.199701014865 (430362 - U)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020**

	(Unaudited) 30 September 2020 RM'000	(Audited) 30 June 2020 RM'000
Assets		
Property, plant and equipment	33,210	32,950
Right-of-use assets	60,079	60,292
Investment properties	1,404	1,406
Total non-current assets	<u>94,693</u>	<u>94,648</u>
Inventories	35,268	36,968
Trade and other receivables	18,770	19,964
Current tax assets	187	141
Cash and cash equivalents	12,343	7,107
Total current assets	<u>66,568</u>	<u>64,180</u>
Total assets	<u><u>161,261</u></u>	<u><u>158,828</u></u>
Equity		
Share capital	41,498	41,498
Reserves	(177)	(189)
Retained earnings	41,677	40,423
Total equity attributable to owners of the Company	<u>82,998</u>	<u>81,732</u>
Liabilities		
Loans and borrowings	39,902	40,170
Lease liabilities	426	465
Deferred tax liabilities	827	827
Total non-current liabilities	<u>41,155</u>	<u>41,462</u>
Loans and borrowings	18,586	16,582
Lease liabilities	154	153
Trade and other payables	18,368	18,899
Total current liabilities	<u>37,108</u>	<u>35,634</u>
Total liabilities	<u>78,263</u>	<u>77,096</u>
Total equity and liabilities	<u><u>161,261</u></u>	<u><u>158,828</u></u>
Net assets per share (RM)	<u><u>2.07</u></u>	<u><u>2.04</u></u>

The notes set out on pages 6 to 11 form an integral part of these condensed interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

	3 months ended			3 months ended		
	30 September 2020 RM'000 Unaudited	30 September 2019 RM'000 Unaudited	Changes (%)	30 September 2020 RM'000 Unaudited	30 September 2019 RM'000 Unaudited	Changes (%)
Continuing operations						
Revenue	17,428	18,880	-8%	17,428	18,880	-8%
Result from operating activities	1,965	1,564	26%	1,965	1,564	26%
Interest income	26	22	18%	26	22	18%
Interest expense	(516)	(692)	-25%	(516)	(692)	-25%
Profit before taxation	1,475	894	65%	1,475	894	65%
Tax expense	(221)	(244)	-9%	(221)	(244)	-9%
Profit for the period	1,254	650	93%	1,254	650	93%
Other comprehensive income, net of tax Item that is or may be reclassified subsequently to profit or loss Foreign currency transaction differences for foreign operation	12	8		12	8	
Total comprehensive income for the year attributable to owners of the company	1,266	658		1,266	658	
Basic earnings per share (sen)	3.14	1.62		3.14	1.62	

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

	Current Quarter 30 September 2020 RM'000 Unaudited	Immediate Preceding Quarter 30 June 2020 RM'000 Audited	Changes (%)
Continuing operations			
Revenue	17,428	10,188	71%
Result from operating activities	1,965	(2,152)	191%
Interest income	26	18	44%
Interest expense	(516)	(557)	-7%
Profit before taxation	1,475	(2,691)	155%
Tax expense	(221)	(216)	2%
Profit for the period	1,254	(2,907)	143%
Other comprehensive income/(expense),net of tax Item that is or may reclassified subsequently to profit or loss			
Foreign currency transaction differences for foreign operation	12	(3)	
Total comprehensive income/(expense) for the period attributable to owners of the company	1,266	(2,910)	
Basic earnings/(loss) per share (sen)	3.14	(7.27)	

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AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

	----- Non-distributable -----		Distributable	Total equity RM'000
	Share capital RM'000	Reserves RM'000	Retained earnings RM'000	
At 1 July 2020	41,498	(189)	40,423	81,732
Other comprehensive income for the year	-	12	-	12
Profit for the year	-	-	1,254	1,254
Comprehensive income for the year	-	12	1,254	1,266
At 30 September 2020	41,498	(177)	41,677	82,998

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019 (UNAUDITED)**

	----- Non-distributable -----		Distributable	Total equity RM'000
	Share capital RM'000	Reserves RM'000	Retained earnings RM'000	
At 1 July 2019	41,498	(186)	41,382	82,694
Other comprehensive income for the year	-	8	-	8
Profit for the year	-	-	650	650
Comprehensive income for the year	-	8	650	658
At 30 September 2019	41,498	(178)	42,032	83,352

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	3 months ended 30 September	
	2020 RM'000 (Unaudited)	2019 RM'000 (Audited)
Profit before tax from continuing operations	1,475	894
Adjustments for :		
Depreciation of property, plant & equipment	939	1,066
Depreciation of investment properties	2	2
Depreciation of right-of-use assets	40	-
Gain/(Loss) on disposal of plant and equipment	(112)	-
Interest expense	516	692
Interest income	(26)	(22)
Operating profit before changes in working capital	<u>2,834</u>	<u>2,632</u>
Changes in working capital:		
Inventories	1,700	(1,765)
Trade and other receivables	1,123	(2,430)
Trade and other payables	(447)	773
Cash generated from/(used in) operations	<u>5,210</u>	<u>(790)</u>
Tax paid	(268)	203
Net cash from/(used in) operating activities	<u>4,942</u>	<u>(587)</u>
Cash flows from investing activities		
Purchase of plant and equipment	(680)	(84)
Proceeds from disposal of plant and equipment	341	-
Interest received	26	22
Net cash used in investing activities	<u>(313)</u>	<u>(62)</u>
Cash flows from financing activities		
Repayment of hire purchase creditors	(654)	(517)
Repayment of term loan	-	(865)
Repayment of lease liabilities	(38)	-
Borrowings, net	1,244	1,906
Interest paid	(516)	(692)
Net cash from/(used in) financing activities	<u>36</u>	<u>(168)</u>
Net increase/(decrease) in cash and cash equivalents	<u>4,665</u>	<u>(817)</u>
Cash and cash equivalents at 1 July	5,520	2,136
Cash and cash equivalents at 30 September	<u><u>10,185</u></u>	<u><u>1,319</u></u>
Note :		
<u>Purchase of plant and equipment</u>		
Purchase of plant and equipment	1,256	392
Less: Acquired through finance lease liabilities	(576)	(308)
	<u>680</u>	<u>84</u>
<u>Cash and cash equivalents</u>		
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following :		
Cash and bank balances	12,343	5,248
Bank overdrafts	(2,158)	(3,929)
	<u>10,185</u>	<u>1,319</u>

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SKB SHUTTERS CORPORATION BERHAD
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Notes to the condensed consolidated interim financial statements

1. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and *MFRS 134, Interim Financial Reporting* in Malaysia. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 June 2019.

(b) Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 30 June 2019, except for the adoption of MFRS 16, *Leases*, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. The impacts arising from the changes are disclosed in Note 26.

For the adoption of new and revised MFRSs and IC Interpretations below that are relevant and came into effect for accounting periods beginning on or after 1 January, 2019 did not have any significant impact to the unaudited consolidated financial statements upon their initial application other than MFRS 16 as disclosed in Note 26:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

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

2. Estimates

The preparation of interim 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 expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 30 June 2019.

There were no changes in estimates of amounts reported in the prior financial periods that have a material effect in the current quarter.

3. Seasonality or cyclical nature of operations

The business of the Group was not affected by any significant seasonal or cyclical factors.

4. Exceptional and extraordinary items

There were no material exceptional and extraordinary items for the quarter/year under review.

5. Change in debt and equity securities

There were no issuance, cancellations, repurchase, resale and repayments of debt and equity securities for the quarter ended 30 September 2020.

6. Dividend

No dividend has been recommended or paid for the current quarter ended 30 September 2020.

7. Operating segments

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

8. Valuation of property, plant and equipment

The carrying amount of land and buildings has been brought forward without amendments from the previous annual report.

9. Changes in Group's composition

There were no changes in the composition of the Group during the quarter under review.

10. Changes in contingent liabilities and assets

There were no contingent liabilities and assets for the Group as at 20 November 2020 (being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

11. Review of Group performance

Group revenue for the quarter ended 30 September 2020 decrease by 7.69% or RM1.452 million as compared to the corresponding quarter in 2019. The decrease in revenue was mainly due to decrease in sales of shutters and racking products.

Group profit before tax of RM1.475 million increased 64.98% as compared to corresponding quarter in the previous year was mainly due to decrease in distribution and other operating expenses and finance costs.

12. Variation of results against preceding quarter

Group revenue increase from RM10.188 million to RM17.428 million as compared to the immediate preceding quarter. Group profit before tax of RM1.475 million as compared to Group loss before tax of RM2.691 million in the immediate preceding quarter was mainly due to increase in revenue, decrease in factory overhead and other operating expense.

13. Current year 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 to continue to concentrate on the Group's core activities which are the manufacturing and dealing of roller shutters, steel doors, racking and storage systems. Also, the Group will continuously strive to improve quality of products and developing new innovative products to increase its market share, sales revenue and profitability.

14. Variance of actual profit from profit forecast

The Group has not announced or disclosed any profit forecast in a public document that relates to this interim reporting period.

15. Profit before taxation

	3 months ended 30 September 2020 RM'000	
Profit before tax is arrived at :		
Depreciation and amortisation	981	
Impairment loss on trade receivables	1	
Loss on foreign currency exchange		
- realised	26	
- unrealised	72	
Gain on disposal of plant and equipment	112	
Interest income	26	

16. Tax expense

	3 months ended 30 September	
	2020 RM'000	2019 RM'000
Current tax expense		
Current year	221	244
Prior year	-	-
	221	244
Deferred tax expense		
Current year	-	-
Prior year	-	-
	-	-
	221	244

The disproportionate tax charge for the quarter ended 30 September 2020 was mainly due to certain non-deductible expenses and reversal of deferred tax liabilities on.

17. Unquoted investments and properties

There were no disposals of unquoted investments and properties for the quarter under review and the financial period to-date.

18. Quoted investments

There were no purchases of quoted shares for the quarter under review and the financial period to-date.

19. Status of corporate proposals

Not applicable.

20. Loans and borrowings

	30 September 2020 RM'000
Current	
Secured	
-Term loan	1,780
-Finance lease liabilities	1,419
Unsecured	
-Bank overdrafts	2,158
-Bankers' acceptances	10,720
-Foreign currency loan("FCL")	509
-Revolving credit	2,000
	<hr/> <hr/> 18,586
Non-current	
Secured	
-Term loan	38,479
-Finance lease liabilities	1,423
	<hr/> <hr/> 39,902

The above borrowings are denominated in Ringgit Malaysia other than FCL which is denominated in United States Dollar.

21. Off balance sheet financial instruments

The Group did not have any financial instruments with off balance sheet risk as at 20 November 2020 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report).

22. Basic earnings per share

The calculation of basic earnings per share for the quarter end is based on the net profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the quarter/year end of 40,000,000.

23. Related parties

There were no non-recurring related party transactions during the quarter under review and financial year to-date.

24. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors.

25. Capital commitments

	30 September 2020 RM'000
Property, plant and equipment Contracted but not provided	<u>244</u>

26. Material post balance sheet events

There were no material events subsequent to the end of the period under review which have not been reflected in this interim financial report.

BY ORDER OF THE BOARD

Sin Kheng Lee
Executive Chairman and Group Managing Director
Dated: 27th November 2020