

**SKB SHUTTERS CORPORATION BERHAD**

Registration No.199701014865 (430362 - U)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 MARCH 2021

	(Unaudited) 31 March 2021 RM'000	(Audited) 30 June 2020 RM'000
<b>Assets</b>		
Property, plant and equipment	33,030	32,950
Right-of-use assets	59,654	60,292
Investment properties	1,400	1,406
<b>Total non-current assets</b>	<u>94,084</u>	<u>94,648</u>
Inventories	31,689	36,968
Trade and other receivables	16,245	19,964
Current tax assets	220	141
Cash and cash equivalents	12,806	7,107
<b>Total current assets</b>	<u>60,960</u>	<u>64,180</u>
<b>Total assets</b>	<u><u>155,044</u></u>	<u><u>158,828</u></u>
<b>Equity</b>		
Share capital	41,498	41,498
Reserves	(192)	(189)
Retained earnings	43,687	40,423
<b>Total equity attributable to owners of the Company</b>	<u>84,993</u>	<u>81,732</u>
<b>Liabilities</b>		
Loans and borrowings	38,668	40,170
Lease liabilities	347	465
Deferred tax liabilities	827	827
<b>Total non-current liabilities</b>	<u>39,842</u>	<u>41,462</u>
Loans and borrowings	13,882	16,582
Lease liabilities	157	153
Trade and other payables	16,170	18,899
<b>Total current liabilities</b>	<u>30,209</u>	<u>35,634</u>
<b>Total liabilities</b>	<u>70,051</u>	<u>77,096</u>
<b>Total equity and liabilities</b>	<u><u>155,044</u></u>	<u><u>158,828</u></u>
<b>Net assets per share (RM)</b>	<u><u>2.12</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 31 MARCH 2021**

	3 months ended			9 months ended		
	31 March 2021 RM'000 Unaudited	31 March 2020 RM'000 Unaudited	Changes (%)	31 March 2021 RM'000 Unaudited	31 March 2020 RM'000 Unaudited	Changes (%)
<b>Continuing operations</b>						
Revenue	13,264	16,558	-20%	49,394	56,370	-12%
Result from operating activities	1,406	972	45%	5,326	4,659	14%
Interest income	36	21	69%	90	65	38%
Interest expense	(449)	(630)	-29%	(1,461)	(2,009)	-27%
Profit before taxation	993	363	174%	3,955	2,715	46%
Tax expense	(231)	(279)	-17%	(691)	(768)	-10%
Profit for the period	762	84	807%	3,264	1,947	68%
Other comprehensive (loss)/income, net of tax Item that is or may be reclassified subsequently to profit or loss						
Foreign currency transaction differences for foreign operation	(3)	7		(3)	7	
Total comprehensive income for the year attributable to owners of the company	759	91		3,261	1,954	
Basic earnings per share (sen)	1.90	0.21		8.16	4.87	

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these condensed interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2021**

	<b>Current Quarter 31 March 2021 RM'000 Unaudited</b>	<b>Immediate Preceding Quarter 31 December 2020 RM'000 Unaudited</b>	<b>Changes (%)</b>
<b>Continuing operations</b>			
Revenue	<u>13,264</u>	<u>18,702</u>	-29%
Result from operating activities	1,406	1,955	-28%
Interest income	36	28	25%
Interest expense	(449)	(496)	-9%
Profit before taxation	<u>993</u>	<u>1,487</u>	-33%
Tax expense	(231)	(238)	-3%
Profit for the period	<u>762</u>	<u>1,249</u>	-39%
Other comprehensive (loss)/income, net of tax Item that is or may be reclassified subsequently to profit or loss			
Foreign currency transaction differences for foreign operation	(3)	8	
Total comprehensive income for the period attributable to owners of the company	<u>759</u>	<u>1,257</u>	
Basic earnings per share (sen)	<u>1.90</u>	<u>3.12</u>	

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2021 (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 loss for the year	-	(3)	-	(3)
Profit for the year	-	-	3,264	3,264
Comprehensive income for the year	-	(3)	3,264	3,261
At 31 March 2021	41,498	(192)	43,687	84,993

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020 (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	-	7	-	7
Profit for the year	-	-	1,947	1,947
Comprehensive income for the year	-	7	1,947	1,954
At 31 March 2020	41,498	(179)	43,329	84,648

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2021**

	<b>9 months ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit before tax from continuing operations</b>	3,955	2,715
Adjustments for :		
Depreciation of property, plant & equipment	2,898	3,033
Depreciation of investment properties	7	7
Depreciation of right-of-use assets	119	-
Gain/(Loss) on disposal of plant and equipment	(246)	2
Plant and equipment written off	-	5
Interest expense	1,461	2,009
Interest income	(90)	(65)
Operating profit before changes in working capital	8,104	7,706
Changes in working capital:		
Inventories	5,280	(2,080)
Trade and other receivables	3,647	1,612
Trade and other payables	(2,660)	(2,497)
Cash generated from operations	14,371	4,741
Tax paid	(770)	(385)
<b>Net cash from operating activities</b>	13,601	4,356
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(1,458)	(745)
Proceeds from disposal of plant and equipment	1,031	104
Interest received	90	65
<b>Net cash (used in) investing activities</b>	(337)	(576)
<b>Cash flows from financing activities</b>		
Repayment of hire purchase creditors	(1,604)	(1,495)
Repayment of term loan	(1,730)	(2,596)
Repayment of lease liabilities	(114)	-
Borrowings, net	(2,836)	2,713
Interest paid	(1,461)	(2,009)
<b>Net cash (used in) financing activities</b>	(7,745)	(3,387)
Net increase in cash and cash equivalents	5,519	393
Cash and cash equivalents at 1 July	5,520	2,136
<b>Cash and cash equivalents at 31 March</b>	11,039	2,529
Note :		
<u>Purchase of plant and equipment</u>		
Purchase of plant and equipment	3,246	1,417
Less: Acquired through finance lease liabilities	(1,788)	(672)
	1,458	745
<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	12,806	4,542
Bank overdrafts	(1,767)	(2,013)
	11,039	2,529

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

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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 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**

The proposed private placement has been approved by Bursa Securities. At the date of this report, placement has yet to be made. The placement exercise is expected to be completed by August 2021.

Save from the above, there was no issuance, cancellations, repurchase, resale and repayments of debt and equity securities for the quarter ended 31 March 2021.

## **6. Dividend**

No dividend has been recommended or paid for the current quarter ended 31 March 2021.

## **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 24 May 2021 (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 31 March 2021 decrease by 19.89% or RM3.294 million as compared to the corresponding quarter in 2020. The decrease in revenue was mainly due to decrease in sales of racking and steel doors products.

Group profit before tax of RM0.993 million increased 172.94% as compared to corresponding quarter in the previous year was mainly due to increase in sundry income, decrease in distribution expense, administrative expense and finance costs.

## **12. Variation of results against preceding quarter**

Group revenue decrease from RM18.702 million to RM13.264 million as compared to the immediate preceding quarter. Group profit before tax of RM0.993 million as compared to Group profit before tax of RM1.487 million in the immediate preceding quarter was mainly due to decrease in revenue .

## **13. Current year prospects**

The current and oncoming quarters will see continuous increase in the prices of raw material, specifically steel, aluminium, and cooper. The Board is expecting profitability to be likely impacted from the situation in the short-term due to the lag time between offer and award of contracts.

Barring unforeseen circumstances, the Directors anticipate that the Group continues to strive to enhance the financial performance by practicing prudent cost management and concentrate on the Group's core activities which are the manufacturing and sale of roller shutters, steel doors, racking and storage systems.

Also, product quality improvement and development of new product innovation is also the key step forward 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**

	<b>3 months ended 31 March 2021 RM'000</b>	<b>9 months ended 31 March 2021 RM'000</b>
Profit before tax is arrived at :		
Depreciation and amortisation	1040	3,024
Impairment loss on trade receivables	-	530
Loss on foreign currency exchange		
- realised	(17)	(98)
- unrealised	166	(59)
Gain on disposal of plant and equipment	76	246
Interest income	36	90

**16. Tax expense**

	<b>3 months ended 31 March</b>		<b>9 months ended 31 March</b>	
	<b>2021 RM'000</b>	<b>2020 RM'000</b>	<b>2021 RM'000</b>	<b>2020 RM'000</b>
Current tax expense				
Current	228	243	688	731
Prior	3	36	3	37
	231	279	691	768
Deferred tax expense				
Current	-	-	-	-
Prior	-	-	-	-
	-	-	-	-
	231	279	691	768

The disproportionate tax charge for the quarter ended 31 March 2021 was mainly due to utilization of tax incentive by the subsidiaries.

**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

	<b>31 March 2021</b> <b>RM'000</b>
Current	
Secured	
-Term loan	2,239
-Finance lease liabilities	1,355
Unsecured	
-Bank overdrafts	1,768
-Bankers' acceptances	5,532
-Foreign currency loan("FCL")	988
-Revolving credit	2,000
	<hr/>
	13,882
	<hr/>
Non-current	
Secured	
-Term loan	36,919
-Finance lease liabilities	1,749
	<hr/>
	38,668
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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 24 May 2021 (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

	<b>31 March 2021</b> <b>RM'000</b>
Property, plant and equipment	
Contracted but not provided	350
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## **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: 31st May 2021