

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 2022**

	(Unaudited) 31 March 2022 RM'000	(Audited) 30 June 2021 RM'000
Assets		
Property, plant and equipment	31,234	32,519
Right-of-use assets	58,804	59,441
Investment properties	307	1,398
Deferred tax assets	627	627
Total non-current assets	<u>90,972</u>	<u>93,985</u>
Inventories	50,448	37,507
Trade and other receivables	19,928	16,519
Current tax assets	107	227
Cash and cash equivalents	16,533	17,848
Total current assets	<u>87,016</u>	<u>72,101</u>
Total assets	<u><u>177,988</u></u>	<u><u>166,086</u></u>
Equity		
Share capital	45,818	45,818
Reserves	(199)	(193)
Retained earnings	50,894	45,447
Total equity attributable to owners of the Company	<u>96,513</u>	<u>91,072</u>
Liabilities		
Loans and borrowings	35,762	38,072
Lease liabilities	184	307
Deferred tax liabilities	1,191	1,191
Total non-current liabilities	<u>37,137</u>	<u>39,570</u>
Loans and borrowings	15,856	14,606
Lease liabilities	163	159
Trade and other payables	28,319	20,679
Total current liabilities	<u>44,338</u>	<u>35,444</u>
Total liabilities	<u>81,475</u>	<u>75,014</u>
Total equity and liabilities	<u><u>177,988</u></u>	<u><u>165,086</u></u>
Net assets per share (RM)	<u><u>0.73</u></u>	<u><u>0.69</u></u>

The notes on pages 6 to 11 are 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 2022**

	3 months ended			9 months ended		
	31 March 2022 RM'000 Unaudited	31 March 2021 RM'000 Unaudited	Changes (%)	31 March 2022 RM'000 Unaudited	31 March 2021 RM'000 Unaudited	Changes (%)
Continuing operations						
Revenue	16,229	13,264	22%	49,975	49,394	1%
Result from operating activities	4,095	1,406	191%	7,666	5,326	44%
Interest income	53	36	47%	177	90	97%
Interest expense	(422)	(449)	-6%	(1,323)	(1,461)	-9%
Profit before taxation	3,726	993	275%	6,520	3,955	65%
Tax expense	(628)	(231)	172%	(1,073)	(691)	55%
Profit for the period/year	3,098	762	307%	5,447	3,264	67%
Other comprehensive income/(loss), net of tax Item that is or may reclassified subsequently to profit or loss						
Foreign currency transaction differences for foreign operation	(6)	(3)	100%	(6)	(3)	100%
Total comprehensive income for the period/year attributable to owners of the company	3,092	759		5,441	3,261	
Basic earnings per share (sen)	2.35	0.63		4.13	2.72	
Diluted earnings per share (sen)	2.12	N/A		3.73	N/A	

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 March 2022**

	Current Quarter 31 March 2022 RM'000 Unaudited	Immediate Preceding Quarter 31 December 2021 RM'000 Unaudited	Changes (Amount)	Changes (%)
Continuing operations				
Revenue	<u>16,229</u>	<u>18,411</u>	(2,183)	-12%
Result from operating activities	4,095	2,140	1,955	91%
Interest income	53	62	(9)	-15%
Interest expense	(422)	(438)	(16)	-4%
Profit for the period	<u>3,726</u>	<u>1,764</u>	1,962	111%
Tax expense	(628)	(208)	420	202%
Profit for the period	<u>3,098</u>	<u>1,556</u>	1,542	99%
Other comprehensive income, net of tax Item that is or may reclassified subsequently to profit or loss				
Foreign currency transaction differences for foreign operation	(6)	1	(7)	-700%
Total comprehensive income for the period attributable to owners of the company	<u>3,092</u>	<u>1,557</u>		
Basic earnings per share (sen)	<u>2.35</u>	<u>1.18</u>		
Diluted earnings per share (sen)	<u>2.12</u>	<u>N/A</u>		

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

	----- Non-distributable -----		Distributable	Total equity RM'000
	Share capital RM'000	Reserves RM'000	Retained earnings RM'000	
At 1 July 2021	45,818	(193)	45,447	91,072
Other comprehensive loss for the year	-	(6)	-	(6)
Profit for the year	-	-	5,447	5,447
Total comprehensive income for the year	-	(6)	5,447	5,441
At 31 March 2022	45,818	(199)	50,894	96,513

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 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

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2022**

	9 months ended 31 March	
	2022	2021
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Profit before tax from continuing operations	6,520	3,955
Adjustments for :		
Depreciation of property, plant & equipment	3,051	2,898
Depreciation of investment properties	7	7
Depreciation of right-of-use assets	119	119
Effect movement of forex exchange	49	-
(Gain)/Loss on disposal of plant and equipment	(2,983)	(246)
Interest expense	1,323	1,461
Interest income	(177)	(90)
Unrealised loss/(gain) on foreign exchange	(91)	-
Operating profit before changes in working capital	7,818	8,104
Changes in working capital:		
Inventories	(12,941)	5,280
Trade and other receivables	(3,527)	3,647
Trade and other payables	8,486	(2,660)
Cash generated (used in)/from operations	(164)	14,371
Tax paid	(954)	(770)
Net cash (used in)/from operating activities	(1,118)	13,601
Cash flows from investing activities		
Purchase of plant and equipment	(1,247)	(1,458)
Proceeds from disposal of plant and equipment	4,067	1,031
Interest received	177	90
Net cash from/(used in) investing activities	2,997	(337)
Cash flows from financing activities		
Repayment of hire purchase creditors	(959)	(1,604)
Repayment of term loan	(2,596)	(1,730)
Repayment of lease liabilities	(118)	(114)
Changes in other borrowings, net	3,220	(2,836)
Interest paid	(1,323)	(1,461)
Net cash (used in) financing activities	(1,776)	(7,745)
Net increase in cash and cash equivalents	103	5,519
Cash and cash equivalents at 1 July 2021/2020	15,044	5,520
Cash and cash equivalents at 31 March	15,147	11,039
Note :		
<u>Purchase of plant and equipment</u>		
Purchase of plant and equipment	1,247	3,246
Less: Acquired by means of hire purchase arrangements	-	(1,788)
	1,247	1,458
<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	16,533	12,806
Bank overdrafts	(1,386)	(1,767)
	15,147	11,039

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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 2021.

(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 2021.,

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 2022 and 1 January 2023 did not have any significant impact to the unaudited consolidated financial statements upon their initial application:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

1. Basis of preparation (continued)

(b) Significant accounting policies (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts - Initial application of MFRS 17 and MFRS 9 - Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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 2021.

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 cyclicity 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 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 31 March 2022.

6. Dividend

No dividend was paid for the current quarter and period to-date.

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 and financial period to-date.

10. Changes in contingent liabilities and assets

The Company has issued corporate guarantees to financial institutions for banking facilities, customers and suppliers of certain subsidiaries up to a limit of RM71.1 million of which RM54.6 million has been utilized as at 31 March 2022, no material changes as compared to 31 March 2021.

11. Review of Group performance

The Group registered a revenue of RM16.229 million for the current quarter under review as compared to RM13.264 million for the corresponding quarter in the preceding year, representing a increase of RM2.965 million of 22.35% due to increase in sales of shutters and racking products.

The Group's profit before tax for the quarter ended 31 March 2022 is RM3.726 million against RM0.993 million for the corresponding quarter in the preceding year, representing a increase of 275.46% was mainly due to the increase in revenue and other operating income.

12. Variation of results against preceding quarter

For the current quarter ended 31 March 2022, the Group registered a revenue of RM16.229 million as compared to the immediate preceding quarter of RM18.411 million, representing a decrease of RM2.183 million or 11.86%. The decrease is mainly due to decrease in sales recorded.

During the current quarter, the Group recorded group profit before tax of RM3.726 million as compared to RM1.764 million in the immediate preceding quarter, representing a increase of RM1.962 million or 111.22%. The increase is mainly due to increase in other operating income.

13. Current year prospects

The Group takes cautious approach in view of the volatile raw material costs and freight costs. 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

	3 months ended 31 March 2022 RM'000	9 months ended 31 March 2022 RM'000
Profit before tax is arrived at :		
Depreciation and amortisation	1,047	3,177
Profit/(Loss) on foreign currency exchange		
- realised	(5)	(149)
- unrealised	(8)	91
Gain on disposal of asset	2,983	2,983
Interest income	53	177

16. Tax expense

	3 months ended 31 March		9 months ended 31 March	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current tax expense				
Current	614	228	1,061	688
Prior	14	3	12	3
	628	231	1,073	691
Deferred tax expense				
Current	-	-	-	-
Prior	-	-	-	-
	-	-	-	-
	628	231	1,073	691

The disproportionate tax charge for the quarter ended 31 March 2022 was mainly due to utilization of tax incentive by the subsidiaries.

17. Unquoted investments and properties

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

18. Quoted investments

There were no purchase 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

	31 March 2022 RM'000
Current	
<i>Secured</i>	
- Term loan	2,312
- Hire purchase creditors	820
<i>Unsecured</i>	
- Bank overdrafts	1,386
- Bankers' acceptances	8,834
- Foreign currency loan ("FCL")	504
- Revolving credits	2,000
	<hr/> <hr/> 15,856
Non-current	
<i>Secured</i>	
- Term loan	34,603
- Hire purchase creditors	1,159
	<hr/> <hr/> 35,762

The above borrowings are denominated in Ringgit Malaysia other than FCL which is denominated in U.S. Dollar.

21. Off balance sheet financial instruments

The Group did not have any financial instruments with off balance sheet risk as at 24 May 2022 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report).

22. Earnings per share

Basic earnings per ordinary share

The calculation of basic earnings per share for the quarter end was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows :

	3 months ended 31 March		9 months ended 31 March	
	2022	2021	2022	2021
	RM	RM	RM	RM
Profit for the period attributable to ordinary shareholders	3,097,833	761,380	5,446,433	3,263,605
			2022	2021
Issued ordinary shares at beginning of the year			44,000,000	40,000,000
Effect of bonus issue			88,000,000	80,000,000
Weighted average number of ordinary shares			132,000,000	120,000,000
			2022	2021
			2022	2021
Basic earnings per ordinary share (sen)	2.35	0.63	4.13	2.72

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share was based on earnings attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows :

	3 months ended 31 March		9 months ended 31 March	
	2022	2021	2022	2021
	RM	RM	RM	RM
Profit for the period attributable to ordinary shareholders	3,097,833	761,380	5,446,433	3,263,605

22. Earnings per share (continued)

Diluted earnings per ordinary share (continued)

	2022	2021		
Weighted average number of ordinary shares	132,000,000	120,000,000		
Effect of warrants	14,181,191	-		
Weighted average number of ordinary shares (diluted)	<u>146,181,191</u>	<u>120,000,000</u>		
	3 months ended 31 March	9 months ended 31 March		
	2022	2021	2022	2021
Fully diluted earnings per ordinary share (sen)	<u>2.12</u>	<u>N/A</u>	<u>3.73</u>	<u>N/A</u>

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

	31 March 2022 RM'000
Property, plant and equipment Contracted but not provided	<u>66</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
Date: 31 May 2022