

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 2023

	(Unaudited) 31 March 2023 RM'000	(Audited) 30 June 2022 RM'000
Assets		
Property, plant and equipment	32,126	32,376
Right-of-use assets	58,043	58,696
Investment properties	255	260
Total non-current assets	<u>90,424</u>	<u>91,332</u>
Inventories	56,746	52,812
Trade and other receivables	22,965	18,312
Current tax assets	20	242
Cash and cash equivalents	22,383	16,760
Total current assets	<u>102,114</u>	<u>88,126</u>
Total assets	<u><u>192,538</u></u>	<u><u>179,458</u></u>
Equity		
Share capital	45,818	45,818
Reserves	(267)	(219)
Retained earnings	65,089	55,043
Total equity attributable to owners of the Company	<u>110,640</u>	<u>100,642</u>
Liabilities		
Loans and borrowings	35,786	36,896
Lease liabilities	94	247
Deferred tax liabilities	1,558	1,558
Total non-current liabilities	<u>37,438</u>	<u>38,701</u>
Loans and borrowings	17,933	13,041
Current tax liabilities	1,191	322
Lease liabilities	179	165
Trade and other payables	25,157	26,587
Total current liabilities	<u>44,460</u>	<u>40,115</u>
Total liabilities	<u>81,898</u>	<u>78,816</u>
Total equity and liabilities	<u><u>192,538</u></u>	<u><u>179,458</u></u>
Net assets per share (RM)	<u><u>0.84</u></u>	<u><u>0.76</u></u>

The notes on pages 6 to 12 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 2023**

	3 months ended			09 months ended		
	31 March 2023 RM'000 Unaudited	31 March 2022 RM'000 Unaudited	Changes (%)	31 March 2023 RM'000 Unaudited	31 March 2022 RM'000 Unaudited	Changes (%)
Continuing operations						
Revenue	25,975	16,229	60%	77,669	49,975	55%
Result from operating activities	5,442	4,095	33%	13,927	7,666	82%
Interest income	117	53	121%	276	177	56%
Interest expense	(578)	(422)	37%	(1,646)	(1,323)	24%
Profit before taxation	4,981	3,726	34%	12,557	6,520	93%
Tax expense	(1,862)	(628)	196%	(2,511)	(1,073)	134%
Profit for the period/year	3,119	3,098	1%	10,046	5,447	84%
Other comprehensive loss, net of tax Item that is or may reclassified subsequently to profit or loss Foreign currency transaction differences for foreign operation	(48)	(6)	700%	(48)	(6)	700%
Total comprehensive income for the period attributable to owners of the company	3,071	3,092		9,998	5,441	
Basic earnings per share (sen)	2.36	2.35		7.61	4.13	
Diluted earnings per share (sen)	N/A	2.12		N/A	3.73	

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 March 2023**

	Current Quarter 31 March 2023 RM'000 Unaudited	Immediate Preceding Quarter 31 December 2022 RM'000 Unaudited	Changes (%)
Continuing operations			
Revenue	25,975	29,489	-12%
Result from operating activities	5,442	5,310	2%
Interest income	117	85	38%
Interest expense	(578)	(557)	4%
Profit for the period	4,981	4,838	3%
Tax expense	(1,862)	(384)	385%
Profit for the period	3,119	4,454	-30%
Other comprehensive expense, net of tax Item that is or may reclassified subsequently to profit or loss			
Foreign currency transaction differences for foreign operation	(48)	(34)	41%
Total comprehensive income for the period attributable to owners of the company	3,071	4,421	
Basic earnings per share (sen)	2.36	3.37	
Diluted earnings per share (sen)	N/A	N/A	

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023 (UNAUDITED)**

	----- Non-distributable -----		Distributable	Total equity RM'000
	Share capital RM'000	Reserves RM'000	Retained earnings RM'000	
At 1 July 2022	45,818	(219)	55,043	100,642
Other comprehensive expense for the year	-	(48)	-	(48)
Profit for the year	-	-	10,046	10,046
Total comprehensive (expense)/income for the year	-	(48)	10,046	9,998
At 31 March 2023	45,818	(267)	65,089	110,640

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR 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 income 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

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

	09 months ended 31 March	
	2023	2022
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Profit before tax from continuing operations	12,557	6,520
Adjustments for :		
Depreciation of property, plant & equipment	2,466	3,051
Depreciation of investment properties	6	7
Depreciation of right-of-use assets	654	119
Effect movement of forex exchange	-	49
(Gain)/Loss on disposal of plant and equipment	-	(2,983)
Interest expense	1,646	1,323
Interest income	(276)	(177)
Unrealised (gain)/loss on foreign exchange	(117)	(91)
Operating profit before changes in working capital	<u>16,936</u>	<u>7,818</u>
Changes in working capital:		
Inventories	(3,934)	(12,941)
Trade and other receivables	(4,428)	(3,527)
Trade and other payables	(1,587)	8,486
Cash generated from operations	<u>6,987</u>	<u>(164)</u>
Tax paid	(1,421)	(954)
Net cash from/(used in) operating activities	<u>5,566</u>	<u>(1,118)</u>
Cash flows from investing activities		
Purchase of plant and equipment	(797)	(1,247)
Proceeds from disposal of plant and equipment	-	4,067
Interest received	276	177
Net cash (used in)/from investing activities	<u>(521)</u>	<u>2,997</u>
Cash flows from financing activities		
Repayment of hire purchase creditors	(718)	(959)
Repayment of term loan	(1,610)	(2,596)
Repayment of lease liabilities	(138)	(118)
Changes in other borrowings, net	3,486	3,220
Interest paid	(1,646)	(1,323)
Net cash used in financing activities	<u>(626)</u>	<u>(1,776)</u>
Net increase/(decrease) in cash and cash equivalents	<u>4,419</u>	<u>103</u>
Cash and cash equivalents at 1 July 2022/2021	15,330	15,044
Cash and cash equivalents at 31 March	<u><u>19,749</u></u>	<u><u>15,147</u></u>
Note :		
<u>Purchase of plant and equipment</u>		
Purchase of plant and equipment	2,216	1,247
Less: Acquired by means of hire purchase arrangements	(1,419)	-
	<u>797</u>	<u>1,247</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	22,383	16,533
Bank overdrafts	(2,634)	(1,386)
	<u>19,749</u>	<u>15,147</u>

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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 2022.

(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 2022.

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. Auditors' qualification

The auditors' report on the audited financial statements for the year ended 30 June 2022 was not qualified.

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 period-to-date under review.

5. Changes in 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 2022.

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

6. Debt and equity securities

There were no issuance, cancellations, repurchase, resale and repayments of debt and equity securities for the period ended 31 March 2023.

7. Dividend

No dividend was paid and/or declared/proposed for the current quarter and period to-date.

8. Operating segments

The Group is principally engaged in the manufacture and sale of roller shutters, racking systems, storage system and related steel products 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.

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 and changes in material litigation

There were no contingent liabilities and assets at the end of the reporting period.

Neither the Company nor any subsidiaries is engaged in any material litigation, either as plaintiff or defendant and the Director are not aware of any proceedings pending or threatened, against the Company or any of its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position or business of the Company or any of its subsidiaries, financially or otherwise.

11. Review of Group performance

The Group registered a revenue of RM77.669 million for period-to-date under review as compared to RM49.975 million for the corresponding financial year, representing an increase of RM27.694 million of 55.42% due to increase in sale of shutters and racking products.

The Group's profit before tax for the period ended 31 March 2023 is RM12.557 million against RM6.520 million for the corresponding period-to-date, representing an increase of 92.60% mainly due to the increase in revenue.

12. Variation of results against preceding quarter

For the current quarter ended 31 March 2023, the Group registered a revenue of RM25.975 million as compared to the immediate preceding quarter of RM29.489 million, representing a decrease of RM3.514 million or 11.92%. The decrease was mainly due to decrease in sale of shutters and racking products.

During the current quarter, the Group recorded profit before tax of RM4.981 million as compared to RM4.838 million in the immediate preceding quarter, representing an increase of RM0.143 million or 2.96%. The increase was mainly due to decrease in cost of sale.

13. Current year prospects

The Group is expected to benefit from the continued recovery of the domestic construction sector and services sector, especially within the logistics and digital economy segment.

However, with the increase in raw material prices and operational costs, the Group shall continue to place strong emphasis on operational efficiency and cost rationalization to improve profitability and sustainable business growth.

The Group remain cautious on the business outlook and financial performance of the Group for the remaining quarters for FYE 30 June 2023.

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 2023 RM'000	9 months ended 31 March 2023 Rm'000
Profit before tax is arrived at :		
Depreciation and amortisation	1,068	3,126
Gain/(Loss) on foreign currency exchange		
- realised	303	(316)
- unrealised	(180)	117
Interest income	117	276

16. Tax expense

	3 months ended 31 March		9 months ended 31 March	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current tax expense				
Current period	1,643	614	2,292	1,061
Prior period	219	14	219	12
	1,862	628	2,511	1,073
Deferred tax expense				
Current period	-	-	-	-
Prior period	-	-	-	-
	-	-	-	-
	1,862	628	2,511	1,073

17. Quoted investments

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

18. Status of corporate proposals

Not applicable.

19. Loans and borrowings

	31 March 2023 RM'000
Current	
<i>Secured</i>	
- Term loan	2,176
- Hire purchase creditors	974
<i>Unsecured</i>	
- Bank overdrafts	2,634
- Bankers' acceptances	9,304
- Foreign currency loan ("FCL")	845
- Revolving credits	2,000
	<hr/> <hr/> 17,933
Non-current	
<i>Secured</i>	
- Term loan	34,329
- Hire purchase creditors	1,457
	<hr/> <hr/> 35,786

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

20. 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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Profit for the period attributable to ordinary shareholders	3,119,255	3,097,831	10,045,512	5,446,433

20. Earnings per share (continued)

Diluted earnings per ordinary share (continued)

	3 months ended		9 months ended	
	31 March		31 March	
	2023	2022	2023	2022
Diluted earnings per ordinary share (sen)	N/A*	2.12	N/A	3.73

* The effect of the assumed exercise of Warrants for the current quarter under review has not been considered as the exercise price of the Warrants is higher than the average market price of the Company's shares.

21. Capital commitments

	31 March 2023 RM'000
Property, plant and equipment - Contracted but not provided for	<u>308</u>

BY ORDER OF THE BOARD

Sin Kheng Lee
Executive Chairman and Group Managing Director
Date: 30 May 2023