

SKB SHUTTERS CORPORATION BERHAD

Registration No. 199701014865 (430362 - U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	(Unaudited) 30 June 2023 RM'000	(Audited) 30 June 2022 RM'000
Assets		
Property, plant and equipment	68,394	32,376
Right-of-use assets	58,313	58,696
Investment properties	253	260
Trade receivables	5,470	2,344
Total non-current assets	<u>132,430</u>	<u>93,676</u>
Inventories	51,238	52,812
Trade and other receivables	18,489	15,968
Current tax assets	20	242
Cash and cash equivalents	24,417	16,760
Total current assets	<u>94,164</u>	<u>85,782</u>
Total assets	<u>226,594</u>	<u>179,458</u>
Equity		
Share capital	45,818	45,818
Reserves	(303)	(219)
Retained earnings	70,038	55,043
Total equity attributable to owners of the Company	<u>115,553</u>	<u>100,642</u>
Liabilities		
Loans and borrowings	63,778	36,896
Lease liabilities	536	247
Deferred tax liabilities	626	1,558
Total non-current liabilities	<u>64,940</u>	<u>38,701</u>
Loans and borrowings	16,315	13,041
Lease liabilities	174	165
Trade and other payables	28,627	26,587
Current tax liabilities	985	322
Total current liabilities	<u>46,101</u>	<u>40,115</u>
Total liabilities	<u>111,041</u>	<u>78,816</u>
Total equity and liabilities	<u>226,594</u>	<u>179,458</u>
Net assets per share (RM)	<u>0.88</u>	<u>0.76</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 30 JUNE 2023**

	3 months ended			12 months ended		
	30 June 2023 RM'000 Unaudited	30 June 2022 RM'000 Unaudited	Changes (%)	30 June 2023 RM'000 Unaudited	30 June 2022 RM'000 Audited	Changes (%)
Continuing operations						
Revenue	34,467	24,515	41%	112,136	74,490	51%
Result from operating activities	6,265	6,135	2%	20,192	13,804	46%
Interest income	132	74	78%	408	248	65%
Interest expense	(591)	(438)	35%	(2,237)	(1,761)	27%
Profit before taxation	5,806	5,771	1%	18,363	12,291	49%
Tax expense	(857)	(1,622)	-47%	(3,368)	(2,695)	25%
Profit for the period/year	4,949	4,149	19%	14,995	9,596	56%
Other comprehensive loss, net of tax						
Item that is or may reclassified subsequently to profit or loss						
Foreign currency transaction differences for foreign operation	(84)	(26)	223%	(84)	(26)	223%
Total comprehensive income for the period attributable to owners of the Company	4,865	4,123		14,911	9,570	
Basic earnings per share (sen)	3.75	3.14		11.36	7.27	
Diluted earnings per share (sen)	N/A	N/A		N/A	6.81	

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 June 2023**

	Current Quarter 30 June 2023 RM'000 Unaudited	Immediate Preceding Quarter 31 March 2023 RM'000 Unaudited	Changes (%)
Continuing operations			
Revenue	34,467	25,975	33%
Result from operating activities	6,265	5,442	15%
Interest income	132	117	13%
Interest expense	(591)	(578)	2%
Profit for the period	5,806	4,981	17%
Tax expense	(857)	(1,862)	-54%
Profit for the period	4,949	3,119	59%
Other comprehensive expense, net of tax Item that is or may reclassified subsequently to profit or loss			
Foreign currency transaction differences for foreign operation	(84)	(48)	75%
Total comprehensive income for the period attributable to owners of the Company	4,865	3,071	
Basic earnings per share (sen)	3.75	2.36	
Diluted earnings per share (sen)	N/A	N/A	

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023 (UNAUDITED)**

	----- Non-distributable -----		Distributable	Total
	Share capital	Reserves	Retained earnings	equity
	RM'000	RM'000	RM'000	RM'000
At 1 July 2022	45,818	(219)	55,043	100,642
Other comprehensive expense for the year	-	(84)	-	(84)
Profit for the year	-	-	14,995	14,995
Total comprehensive (expense)/income for the year	-	(84)	14,995	14,911
At 30 June 2023	45,818	(303)	70,038	115,553

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022 (AUDITED)**

	----- Non-distributable -----		Distributable	Total
	Share capital	Reserves	Retained earnings	equity
	RM'000	RM'000	RM'000	RM'000
At 1 July 2021	45,818	(193)	45,447	91,072
Other comprehensive expense for the year	-	(26)	-	(26)
Profit for the year	-	-	9,596	9,596
Total comprehensive (expense)/income for the year	-	(26)	9,596	9,570
At 30 June 2022	45,818	(219)	55,043	100,642

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	12 months ended 30 June	
	2023	2022
	RM'000 (Unaudited)	RM'000 (Audited)
Profit before tax from continuing operations	18,363	12,291
Adjustments for :		
Depreciation of property, plant & equipment	3,346	3,312
Depreciation of investment properties	7	9
Depreciation of right-of-use assets	877	855
Plant and equipment written off	53	-
Gain on disposal of plant and equipment	(76)	(1)
Gain on disposal of investment properties	-	(3,027)
Interest expense	2,237	1,761
Interest income	(408)	(247)
Unrealised (gain)/loss on foreign exchange	(285)	(188)
Reversal of inventories written down	(73)	(596)
Net impairment loss/(gain) on financial assets	125	(90)
Gain on forfeiture of non-refundable deposits received	-	(2,787)
Operating profit before changes in working capital	<u>24,166</u>	<u>11,292</u>
Changes in working capital:		
Inventories	1,647	(14,709)
Trade and other receivables	(5,772)	(1,705)
Trade and other payables	2,227	8,614
Cash generated from operations	<u>22,268</u>	<u>3,492</u>
Tax paid	(3,415)	(1,395)
Net cash from operating activities	<u>18,853</u>	<u>2,097</u>
Cash flows from investing activities		
Purchase of plant and equipment	(37,190)	(3,169)
Proceeds from disposal of plant and equipment	76	1
Proceeds from disposal of investment properties	-	4,156
Interest received	408	247
Net cash (used in)/from investing activities	<u>(36,706)</u>	<u>1,235</u>
Cash flows from financing activities		
Drawdown of term loan	29,977	1,758
Repayment of hire purchase creditors	(986)	(1,207)
Repayment of term loan	(2,134)	(2,248)
Repayment of lease liabilities	(196)	(164)
Changes in other borrowings, net	1,996	(362)
Interest paid	(2,237)	(1,760)
Uplift of pledged deposits	-	49
Net cash from/(used in) financing activities	<u>26,420</u>	<u>(3,934)</u>
Net increase/(decrease) in cash and cash equivalents	<u>8,567</u>	<u>(602)</u>
Effect of exchange rate fluctuation on cash and cash equivalents	14	246
Cash and cash equivalents at 1 July 2022/2021	15,330	15,686
Cash and cash equivalents at 30 June	<u><u>23,911</u></u>	<u><u>15,330</u></u>
Note :		
<u>Purchase of plant and equipment</u>		
Purchase of plant and equipment	39,417	3,169
Less: Acquired by means of hire purchase arrangements	(2,227)	-
	<u><u>37,190</u></u>	<u><u>3,169</u></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	24,417	16,760
Bank overdrafts	(506)	(1,430)
	<u><u>23,911</u></u>	<u><u>15,330</u></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 2024 did not have any significant impact to the unaudited consolidated financial statements upon their initial application:

MFRSs and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases - Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements - Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendment to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures - Supplier Finance Agreements*

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/year ended 30 June 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 RM112.136 million for period-to-date under review as compared to RM74.490 million for the corresponding financial year, representing an increase of RM37.646 million of 50.54% due to increase in sale of shutters products.

The Group's profit before tax for the year ended 30 June 2023 is RM18.363 million against RM12.291 million for the corresponding financial year, representing an increase of 49.40% mainly due to the increase in revenue.

12. Variation of results against preceding quarter

For the current quarter ended 30 June 2023, the Group registered a revenue of RM34.467 million as compared to the immediate preceding quarter of RM25.975 million, representing a increase of RM8.492 million or 32.69%. The increase was mainly due to increase in sale of shutters products.

During the current quarter, the Group recorded profit before tax of RM5.806 million as compared to RM4.981 million in the immediate preceding quarter, representing an increase of RM0.825 million or 16.56%. The increase was mainly due to increase in revenue.

13. Current year prospects

The Group expects to benefit from the continuous recovery of the domestic construction sector and services sector, especially logistics and digital economy segment.

However, with the volatility in raw materials 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 remains cautious on the business outlook and financial performance of the Group for the next financial year.

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 June 2023 RM'000	12 months ended 30 June 2023 RM'000
Profit before tax is arrived at :		
Depreciation and amortisation	1,105	4,230
Impairment loss on trade receivables	125	125
Gain/(Loss) on foreign currency exchange		
- realised	(69)	(386)
- unrealised	168	285
Gain on disposal of plant and equipment	76	76
Interest income	132	408

16. Tax expense

	3 months ended 30 June		12 months ended 30 June	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current tax expense				
Current period	1,788	628	4,081	1,689
Prior period	-	-	218	12
	1,788	628	4,299	1,701
Deferred tax expense				
Current period	(373)	994	(373)	994
Prior period	(558)	-	(558)	-
	(931)	994	(931)	994
	857	1,622	3,368	2,695

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

	30 June 2023 RM'000
Current	
<i>Secured</i>	
- Term loans	4,109
- Hire purchase creditors	1,042
<i>Unsecured</i>	
- Bank overdrafts	506
- Bankers' acceptances	8,658
- Revolving credits	2,000
	<u>16,315</u>
Non-current	
<i>Secured</i>	
- Term loans	61,849
- Hire purchase creditors	1,929
	<u>63,778</u>

The above borrowings are denominated in Ringgit Malaysia.

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 30 June		12 months ended 30 June	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit for the period/year attributable to ordinary shareholders	4,949	4,149	14,995	9,595
	3 months ended 30 June		12 months ended 30 June	
	2023 '000	2022 '000	2023 '000	2022 '000
Issued ordinary shares at 1 July	132,000	44,000	132,000	44,000
Effect of bonus issue	-	88,000	-	88,000
Weighted average number of ordinary shares at 30 June	132,000	132,000	132,000	132,000
	3 months ended 30 June		12 months ended 30 June	
	2023	2022	2023	2022
Basic earnings per ordinary share (sen)	3.75	3.14	11.36	7.27

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 30 June		12 months ended 30 June	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit for the period/year attributable to ordinary shareholders	4,949	4,149	14,995	9,595

20. Earnings per share (continued)

	3 months ended 30 June		12 months ended 30 June	
	2023 '000	2022 '000	2023 '000	2022 '000
Weighted average number of ordinary shares	132,000	132,000	132,000	132,000
Effect of warrants	*	*	*	8,836
Weighted average number of ordinary shares (diluted)	132,000	132,000	132,000	140,836
	3 months ended 30 June		12 months ended 30 June	
	2023	2022	2023	2022
Diluted earnings per ordinary share (sen)	N/A*	N/A*	N/A*	6.81

* The effect of the assumed exercise of Warrants for the quarters/current year under review have 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

	30 June 2023 RM'000
Property, plant and equipment	
- Contracted but not provided for	300

22. 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
Date: 29 August 2023