



SMTRACK BERHAD

Reg No.: 200401000918 (639421-X)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT

FOR THE QUARTER ENDED 30 JUNE 2023

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIXTH QUARTER ENDED 30 JUNE 2023**

	----- Individual Quarter ----		---- Cumulative Quarter ----	
	Current Year Quarter Ended 30/06/2023 RM'000	*Preceding Year Corresponding Quarter Ended 30/06/2022 RM'000	Current Year- To Date 30/06/2023 RM'000	*Preceding Year Corresponding Period 30/06/2022 RM'000
Revenue	3,436	53	15,970	81
Cost of sales	(725)	(5)	(9,265)	(15)
Gross Profit	2,711	48	6,705	66
Other income	70	16	1,585	27
Administrative expenses	(7,006)	(634)	(21,822)	(1,821)
Operating Profit/(Loss)	(4,225)	(570)	(13,532)	(1,728)
Finance cost	(208)	-	(586)	-
Profit/(Loss) Before Taxation	(4,433)	(570)	(14,118)	(1,728)
Taxation	(379)	-	(423)	-
Net Profit/(Loss) After Taxation	(4,812)	(570)	(14,541)	(1,728)
Other comprehensive loss, net of tax	-	-	-	-
Total Comprehensive Profit/(Loss)	(4,812)	(570)	(14,541)	(1,728)
Net profit/(loss) attributable to :				
- Owners of the Company	(4,705)	(533)	(14,742)	(1,641)
- Non-controlling interests	(107)	(37)	201	(87)
Net Profit/(Loss)	(4,812)	(570)	(14,541)	(1,728)
Total comprehensive income/(loss) attributable to :				
- Owners of the Company	(4,705)	(533)	(14,742)	(1,641)
- Non-controlling interests	(107)	(37)	201	(87)
Total Comprehensive Income/(Loss)	(4,812)	(570)	(14,541)	(1,728)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIXTH QUARTER ENDED 30 JUNE 2023**

	----- Individual Quarter ----		---- Cumulative Quarter ----	
	Current Year	*Preceding Year	Current Year-	*Preceding Year
	Quarter Ended	Corresponding Quarter Ended	To Date	Corresponding Period
	30/06/2023 RM'000	30/06/2022 RM'000	30/06/2023 RM'000	30/06/2022 RM'000
Weighted average no. of ordinary shares in issue ('000)	926,765	731,714	926,765	731,714
in issue adjusted for the effect of dilutive potential ordinary shares('000)	926,765	731,714	926,765	731,714
Earnings/(loss) per ordinary share (sen):				
Basic earnings/(loss) per share (sen)	(0.51)	(0.07)	(1.59)	(0.22)
Diluted earnings/(loss) per share (sen)	(0.51)	(0.07)	(1.59)	(0.22)

Notes:

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial period ended ("FPE") 31 December 2021 and the accompanying notes attached to this interim financial report.

* The Group changed the financial year end from 31 December to 30 June, consequently year-to-date comparative figures for the preceding year corresponding quarter are not comparable.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE SIXTH QUARTER ENDED 30 JUNE 2023**

	(Unaudited) As at 30/06/2023 RM'000	(Audited) As at 31/12/2021 RM'000
ASSETS		
Non-current assets		
Aircraft, plant and equipment	62,921	38,741
Intangible asset	9,240	-
Goodwill on consolidation	10,864	2,777
	<u>83,025</u>	<u>41,518</u>
Current assets		
Inventories	7,449	-
Trade receivables	8,779	2,022
Other receivables, deposits and prepayments	15,526	1,040
Tax recoverable	-	1
Cash and bank balances	574	2,157
	<u>32,328</u>	<u>5,220</u>
Total Assets	115,353	46,738
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	110,574	63,890
Reserves	566	2,990
Accumulated losses	(36,586)	(23,382)
Shareholders' funds	<u>74,554</u>	<u>43,498</u>
Non-controlling interests	5,695	(315)
Total Equity	<u>80,249</u>	<u>43,183</u>
LIABILITIES		
Non-current liabilities		
Bank borrowings	10,268	-
Lease liabilities	903	-
Deferred tax liabilities	155	-
	<u>11,326</u>	<u>-</u>
Current liabilities		
Trade payables	4,250	188
Other payables and accruals	7,605	3,334
Amount due to directors	735	-
Other borrowings	7,000	-
Lease liabilities	263	-
Tax payable	3,925	33
	<u>23,778</u>	<u>3,555</u>
Total Liabilities	35,104	3,555
Total Equity and Liabilities	115,353	46,738
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.08	0.12

Notes:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial period ended ("FPE") 31 December 2021 and the accompanying notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIXTH QUARTER ENDED 30 JUNE 2023**

	Share Capital	Non-distributable Employee Share Option Reserve	Distributable Accumulated Losses	Shareholders' Fund	Non- controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 Jan 2022	63,890	2,990	(23,382)	43,498	(315)	43,183
Effect of Employee Share Option surrendered	-	-	1,239	1,239	-	1,239
Effect of adjustment for other payables	-	-	787	787	166	953
Effect of adjustment for allowance for impairment	-	-	710	710	-	710
Effect of impairment of trade receivables	-	-	(1,217)	(1,217)	-	(1,217)
At 1 Jan 2022, as restated	63,890	2,990	(21,863)	45,017	(149)	44,868
Transactions with owners:						
Issuance of shares	20,500	-	-	20,500	-	20,500
Share issuance expenses	(1,361)	-	-	(1,361)	-	(1,361)
	19,139	-	-	19,139	-	19,139
Net loss for the financial period	-	-	(1,108)	(1,108)	(50)	(1,158)
	-	-	(1,108)	(1,108)	(50)	(1,158)
At 31 Mar 2022	83,029	2,990	(22,971)	63,048	(199)	62,849
Transactions with owners:						
Exercise of Share Issuance Scheme ("SIS") options	3,500	-	-	3,500	-	3,500
Share issuance expenses	1,755	(1,755)	-	-	-	-
	5,255	(1,755)	-	3,500	-	3,500
Net loss for the financial period	-	-	(533)	(533)	(37)	(570)
	-	-	(533)	(533)	(37)	(570)
At 30 Jun 2022	88,284	1,235	(23,504)	66,015	(236)	65,779
Transactions with owners:						
Exercise of Share Issuance Scheme ("SIS") options	2,677	-	-	2,677	-	2,677
Grant of Share Issuance Scheme ("SIS") options	-	2,584	-	2,584	-	2,584
Surrender of Share Issuance Scheme ("SIS") options	-	(1,235)	-	(1,235)	-	(1,235)
Share issuance expenses	1,286	(1,286)	-	-	-	-
	3,963	63	-	4,026	-	4,026
Net loss for the financial period	-	-	(1,869)	(1,869)	(25)	(1,894)
	-	-	(1,869)	(1,869)	(25)	(1,894)
At 30 Sep 2022	92,247	1,298	(25,373)	68,172	(261)	67,911

Transactions with owners:

Exercise of Share Issuance Scheme ("SIS") options	3,021	-	-	3,021	-	3,021
Issuance of new shares pursuant to acquisition of an associate	12,706	-	-	12,706	-	12,706
Non-controlling interest arising from acquisition of a subsidiary company	-	-	18	18	207	225
Non-controlling interest arising from acquisition of an associate company	-	-	-	-	7,547	7,547
Share issuance expenses	1,441	(1,298)	-	143	-	143
	17,168	(1,298)	18	15,888	7,754	23,642

Net loss for the financial period	-	-	(7,197)	(7,197)	(25)	(7,222)
	-	-	(7,197)	(7,197)	(25)	(7,222)

At 31 Dec 2022	109,415	-	(32,552)	76,863	7,468	84,331
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Transactions with owners:

Non-controlling interest arising from acquisition of an associate company	-	-	-	-	(1,854)	(1,854)
	-	-	-	-	(1,854)	(1,854)

Net profit for the financial period	-	-	671	671	444	1,115
	-	-	671	671	444	1,115

At 31 Mar 2023	109,415	-	(31,881)	77,534	6,058	83,592
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Transactions with owners:

Exercise of Share Issuance Scheme ("SIS") options	735	-	-	735	-	735
Grant of Share Issuance Scheme ("SIS") options	-	655	-	655	-	655
Non-controlling interest arising from acquisition of an associate company	-	-	-	-	(256)	(256)
Share issuance expenses	424	(89)	-	335	-	335
	1,159	566	-	1,725	(256)	1,469

Net profit for the financial period	-	-	(4,705)	(4,705)	(107)	(4,812)
	-	-	(4,705)	(4,705)	(107)	(4,812)

At 30 Jun 2023	110,574	566	(36,586)	74,554	5,695	80,249
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At 1 Aug 2020

- as previously reported	23,655	-	(6,665)	16,990	174	17,164
- prior year adjustments	-	-	(9,261)	(9,261)	(151)	(9,412)
- as restated	23,655	-	(15,926)	7,729	23	7,752

Transactions with owners:

Issuance of shares	40,235	-	-	40,235	-	40,235
Grant of Share Issuance Scheme ("SIS") options	-	2,990	-	2,990	-	2,990
Issuance of shares in subsidiary	-	-	-	-	-	-
	40,235	2,990	-	43,225	-	43,225

Net loss for the financial period

	-	-	(7,456)	(7,456)	(338)	(7,794)
	-	-	(7,456)	(7,456)	(338)	(7,794)

At 31 Dec 2021

	63,890	2,990	(23,382)	43,498	(315)	43,183
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Note:

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the FPE 31 December 2021 and the accompanying notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIXTH QUARTER ENDED 30 JUNE 2023**

	15 Months Ended 30/06/2023 RM'000	Audited 17 Months Ended 31/12/2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	(14,118)	(7,761)
Adjustments for:		
Allowance for expected credit losses	-	665
Impairment of trade receivables	4,667	-
Impairment of goodwill	2,767	-
Reversal on impairment of trade receivables	(1,546)	-
Deposit written off	31	-
Depreciation	1,325	55
Plant & equipment written off	-	58
Interest income	(2)	-
Interest expense	586	-
Share option expense	3,721	2,990
Operating profit/(loss) before working capital changes	<u>(2,569)</u>	<u>(3,993)</u>
Changes in working capital		
Inventories	(3,755)	-
(Increase)/decrease in trade and other receivables	(12,172)	3,556
Increase/(decrease) in trade and other payables	3,445	1,054
(Increase)/decrease in amount due from related parties	2,341	-
Increase/(decrease) in amount due to director	638	-
Cash generated from/(used in) operations	<u>(12,072)</u>	<u>617</u>
Income tax paid	(5)	(1)
Interest received	2	-
Interest paid	(586)	-
Net cash generated from/(used in) operating activities	<u>(12,661)</u>	<u>616</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of aircraft, plant and equipment	(16,131)	(38,722)
Addition in intangible asset	(9,240)	-
Net cash inflow/(outflow) from acquisition of a subsidiary company	(461)	-
Net cash inflow/(outflow) from acquisition of an associate company	1,099	-
Net cash flows from/(used in) investing activities	<u>(24,733)</u>	<u>(38,722)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares - net	-	14,770
Proceeds/(repayment) of bank borrowings	(448)	-
Proceeds/(repayment) of other borrowings	7,000	-
Proceeds/(repayment) of lease liability	187	-
Proceeds from issuance of redeemable convertible notes - net	19,139	25,465
Proceeds from exercise of Share Issuance Scheme Options	9,933	-
Net cash from/(used in) financing activities	<u>35,811</u>	<u>40,235</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,583)	2,129
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	2,157	28
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	<u>574</u>	<u>2,157</u>
Cash and cash equivalents at end of the financial period/year comprise the following:		
Cash and bank balances	<u>574</u>	<u>2,157</u>
	<u>574</u>	<u>2,157</u>

Note:

The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements of the Group for the FPE 31 December 2021 and the accompanying notes attached to this interim financial report.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SIXTH QUARTER ENDED 30 JUNE 2023**

A: EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS ("FRS") 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). These interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2021. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2021.

A2. Auditors' Report of preceding period financial statements

The auditor report on financial statements for the year ended 31 December 2021 of the Group were no qualified by the external auditor.

A3. Seasonal or cyclical factors

The Group's operations are not materially affected by seasonal and/or cyclical factors.

A4. Unusual Items affecting assets, liabilities, equity, net income or cash flows

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the quarter under review.

A5. Material changes in estimates

There were no material changes in estimates in the quarter under review and financial year-to-date.

A6. Debts and equity securities

Saved as disclosed below, there were no issuance of debts and equity securities for the quarter under review:-

(a) 21,857,443 new ordinary shares pursuant to the Shares Issuance Scheme

A7. Dividends

There were no dividends paid or declared for the quarter under review.

A8. Segmental Information

In 2022, SMTrack diversified of the existing business of the group to include providing consultancy services for oil and gas ("O&G") businesses, food and beverage ("F&B") services and trading in F&B businesses and property management and property development businesses.

Further information on the Group's revenue is discussed in Section B1.

A9. Valuation of property, plant and equipment

The Company has not carried out valuation on its property, plant and equipment in the current financial quarter under review. However, the Company may carry out valuation for certain plant and equipment to ascertain their fair value.

A10. Capital commitments

There were no material capital commitments in respect of property, plant and equipment as at the current financial quarter under review.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SIXTH QUARTER ENDED 30 JUNE 2023**

A: EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134 (CONT'D)

A11. Other commitments

There were no material other commitments as at the current financial quarter under review.

A12. Changes in the composition of the Group

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

A13. Contingent assets or liabilities

Save as disclosed in the quarterly reports, the Directors are of the opinion that the Group has no other contingent liabilities which, upon crystallisation would have material impact on the financial position and business performance of the Group as at reporting date.

A14. Material events pending completion

There were no material events pending completion as at the current financial quarter under review.

A15. Material events subsequent to the end of the quarter

There were no material events subsequent as at the current financial quarter under review.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SIXTH QUARTER ENDED 30 JUNE 2023**

B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of the performance of the Group

For the quarter ended 30 June 2023, the Group recorded revenue of RM3.436 million and a loss before taxation of RM4.433 million. The Group changed the financial year end from 31 December to 30 June, consequently no comparative figures available for the preceding year corresponding quarter/period ended 30 June 2022.

B2. Comparison to the Results of the Preceding Quarter

	Current Quarter Ended 30/06/2023 RM'000	Preceding Corresponding Quarter Ended 30/06/2022 RM'000
Revenue	3,436	53
Loss before tax	(4,433)	(570)

* The Group changed the financial year end from 31 December to 30 June, consequently year-to-date comparative figures for the preceding year corresponding quarter are not comparable.

B3. Prospects

The Group will be focusing on its new potential track and traceability software solution systems. In this respect, the Group strives to team-up with other overseas companies to explore the market opportunities for Logistics Information Platforms both locally and overseas, which will augur well for the Group and the Company in the near future. In the same time, the Group is exploring vibrant opportunities presented in the civil engineering and construction projects as well as food chain business.

In view of the uncertain domestic economic conditions, the Group is anticipating a challenging year ahead and will continue its efforts to diversify in various lucrative and sustainable businesses in order to boost the Group's revenue base and income streams.

B4. Profit forecast and profit guarantee

The Group did not issue any profit forecast or profit guarantee for the current quarter under review or in any public documents.

B5. Taxation

	Current Quarter Ended 30/06/2023 RM'000	*Preceding Year Corresponding Quarter Ended 30/06/2022 RM'000
Current Tax Expenses	379	-

* The Group changed the financial year end from 31 December to 30 June, consequently year-to-date comparative figures for the preceding year corresponding quarter are not comparable.

B6. Status of Corporate Proposal

There were no status of corporate proposal as at the current financial quarter under review.

B7. Group borrowings and debt securities

As at the report date, the Group does not have any borrowings and debt securities.

B8. Off balance sheet financial instruments

As at the report date, the Group does not have any off balance sheet financial instruments.

FOR THE SIXTH QUARTER ENDED 30 JUNE 2023

B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**B9. Material Litigations****(i) Shah Alam High Court, Suit No: BA-23NCNC-22-05/2022
SMTrack Berhad ("SMT") vs Badrul Hisham Shaharin**

On 18 May 2022, SMT commenced an action against the Defendant for the defamatory statement published against SMTrack in the Defendant's Facebook account which has 44,000 followers.

The impugned and libel words published by the Defendant against SMT was that SMT managed to have some privilege and monopoly in the RFID toll operating system in the highways of Malaysia due to the Director's family and acquaintance relationship with the political leader in Malaysia where the relationship has caused the Company and the directors to be involved in an abuse of power, cronyism and nepotism. Such defamatory words had led to SMTrack's reputation being badly damaged in the eyes of the society.

As such, SMTrack has pleaded amongst others, for the following claims:-

- (i) General damages in the amount exceeding RM100 million;
- (ii) Compensatory damages;
- (iii) Aggravated damages;
- (iv) Exemplary damages;
- (v) Injunction;
- (vi) An apology by the defendant in the Defendant's Facebook and printed medias; and
- (vii) Interest and costs

SMT was filed two (2) applications before this as per the following:-

- a) Enclosure 9 is the application for a judgement on admission of facts; and
- b) Enclosure 11 is the application to strike out the Defendant's amended Statement of Defence.

Both of the application was dismissed by the Hight Court. The Court has directed SMT to to file in the Reply Statement of Defence on 20.02.2023. SMT have filed in an application to amend the Writ Summon and Statement of Claim on 26.01.2023 (Enclosure 29). SMT also in the midst of preparing to file an interim injunction application to stop the Defendant from expressing and/or publishing ny statement regarding this case.

SMT, represented by Mr. Azmi Bin Osman had on 7 July 2023, attended mediation session with the Defendant before the High Court Judge, Yang Arif Hakim Puan Zaharah Binti Hussain of the High Court of Shah Alam to try to settle the defamation claim brought by SMT against the Defendant.

The next mediation session fixed by the Court will be on the 11 September 2023.

B10. Dividends

The Board of Directors does not recommend any dividends for the current financial quarter under review.

B11. Earnings / (loss) per share**a) Basic earnings/ (loss) per share**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended	Preceding Corresponding Quarter Ended	Current Year To Date	*Preceding Year Corresponding Period
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	(4,705)	(533)	(14,742)	(1,641)
Weighted average number of ordinary shares in issue ('000)	926,765	731,714	926,765	731,714
Basic earnings/(loss) per share (sen)	(0.51)	(0.07)	(1.59)	(0.22)

* The Group changed the financial year end from 31 December to 30 June, consequently year-to-date comparative figures for the preceding year corresponding quarter are not comparable.

b) Diluted earnings/ (loss) per share

No diluted earnings/ (loss) per share is disclosed as all potential ordinary shares are anti-dilutive.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SIXTH QUARTER ENDED 30 JUNE 2023**

**B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA
SECURITIES (CONT'D)**

B12. Disclosure of realised and unrealised profits or losses

	Current Year Quarter Ended 30/06/2023	Preceding Corresponding Quarter Ended 30/06/2022
	RM'000	RM'000
Total accumulated profit / (losses) of the Company and its subsidiaries		
- Realised	(36,586)	(25,023)
- Unrealised	-	-
	(36,586)	(25,023)
Total share of accumulated profit/(losses) of a jointly controlled entity		
- Realised	-	-
- Unrealised	-	-
	(36,586)	(25,023)
Add: Consolidation adjustments	-	-
Total Accumulated profit / (losses)	(36,586)	(25,023)

* The Group changed the financial year end from 31 December to 30 June, consequently year-to-date comparative figures for the preceding year corresponding quarter are not comparable.

B13. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 30 August 2023.

SMTRACK BERHAD

BY ORDER OF THE BOARD