



MMIS BERHAD

(Registration No.: 201901006068 (1315395-W))
(Incorporated in Malaysia under the Companies Act, 2016)

UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 2ND HALF-YEAR ENDED 30 JUNE 2022

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) (“LEAP MARKET”)

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET AND MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY US. SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN US AND SHOULD MAKE THEIR DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

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Unaudited Consolidated Statement of Financial Position as at 30 June 2022

	Unaudited as at 30.06.2022 RM	Audited as at 30.06.2021 RM
Assets		
Property, plant and equipment	19,988,625	15,835,127
Investment property	1,059,196	1,072,937
Total non-current assets	<u>21,047,821</u>	<u>16,908,064</u>
Inventories	6,033,250	4,543,185
Trade receivables	8,673,853	8,384,558
Other receivables	231,183	1,307,970
Contract assets	-	1,386,493
Tax recoverable	901,061	1,869,421
Deposits, bank and cash balances	12,237,155	2,435,068
Total current assets	<u>28,076,502</u>	<u>19,926,695</u>
Total assets	<u>49,124,323</u>	<u>36,834,759</u>
Equity		
Share capital	14,768,002	14,768,002
Merger deficit	(8,850,000)	(8,850,000)
Retained earnings	22,835,660	14,989,793
Total equity	<u>28,753,662</u>	<u>20,907,795</u>
Liabilities		
Lease liabilities	688,549	1,237,380
Loan and borrowings	7,739,095	6,259,492
Deferred income	150,000	180,000
Deferred tax liabilities	1,780,000	972,000
Total non-current liabilities	<u>10,357,644</u>	<u>8,648,872</u>
Lease liabilities	973,748	834,145
Loan and borrowings	5,196,399	2,975,339
Trade payables	2,966,001	2,541,485
Other payables	876,869	927,123
Total current liabilities	<u>10,013,017</u>	<u>7,278,092</u>
Total liabilities	<u>20,370,661</u>	<u>15,926,964</u>
Total equity and liabilities	<u>49,124,323</u>	<u>36,834,759</u>
Net assets per share (sen)⁽¹⁾	<u>4.80</u>	<u>3.48</u>

Note: -

(1) Net assets per share is calculated based on the Company's total issued shares of 600,000,000 ordinary shares.

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Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income for the 2nd Half-Year Ended 30 June 2022

	Individual 6 months ended		Cumulative 12 months ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	RM	RM	RM	RM
Revenue	18,264,142	14,241,775	39,425,904	23,757,262
Cost of sales	(10,859,004)	(9,723,978)	(25,200,457)	(15,062,685)
Gross profit (“GP”)	<u>7,405,138</u>	<u>4,517,797</u>	<u>14,225,447</u>	<u>8,694,577</u>
GP margin	40.54%	31.72%	36.08%	36.60%
Other income	149,657	80,179	249,535	150,918
Administrative expenses	(2,189,778)	(1,331,034)	(3,521,344)	(2,369,787)
Selling and distribution expenses	(187,726)	(148,069)	(385,414)	(283,506)
Other expenses	(68,930)	-	(68,930)	-
Profit from operation	<u>5,108,361</u>	<u>3,118,873</u>	<u>10,499,294</u>	<u>6,192,202</u>
Finance costs	(263,338)	(201,257)	(466,944)	(332,200)
Profit before tax (“PBT”)	<u>4,845,023</u>	<u>2,917,616</u>	<u>10,032,350</u>	<u>5,860,002</u>
PBT margin	26.53%	20.49%	25.45%	24.67%
Taxation	(1,036,376)	(396,253)	(2,186,483)	(823,208)
Effective tax rate	<u>21.39%</u>	<u>13.58%</u>	<u>21.79%</u>	<u>14.05%</u>
Profit for the period/year	<u>3,808,647</u>	<u>2,521,363</u>	<u>7,845,867</u>	<u>5,036,794</u>
Other comprehensive income	-	-	-	-
Total comprehensive income	<u><u>3,808,647</u></u>	<u><u>2,521,363</u></u>	<u><u>7,845,867</u></u>	<u><u>5,036,794</u></u>
Earnings per share (“EPS”) (sen)				
Basic ⁽¹⁾	0.63	0.42	1.31	0.84
Diluted ⁽²⁾	N/A	N/A	N/A	N/A

Notes: -

- (1) Basic EPS is calculated based on the Company’s weighted average number of ordinary shares. Please refer to note C3 for the computation.
- (2) There are no equity instruments in issue that would give a dilutive effect to the basic EPS.

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Unaudited Consolidated Statement of Changes in Equity for the 2nd Half-Year Ended 30 June 2022

	<---- Non-distributable ---->		Distributable	
	Share capital	Merger deficit	Retained earnings	Total equity
	RM	RM	RM	RM
At 1 July 2020	14,768,002	(8,850,000)	9,988,903	15,906,905
Profit for the financial year, representing total comprehensive income for the financial year	-	-	5,036,794	5,036,794
Transaction with owners:				
Transaction cost related to bonus issue	-	-	(35,904)	(35,904)
At 30 June 2021 / 1 July 2021	14,768,002	(8,850,000)	14,989,793	20,907,795
Profit for the financial period, representing total comprehensive income for the financial year	-	-	7,845,867	7,845,867
At 30 June 2022	<u>14,768,002</u>	<u>(8,850,000)</u>	<u>22,835,660</u>	<u>28,753,662</u>

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Unaudited Consolidated Statement of Cash Flows for the 2nd Half-Year Ended 30 June 2022

	Cumulative 12 months ended	
	30.06.2022	30.06.2021
	RM	RM
Cash flows from operating activities		
PBT	10,032,350	5,860,002
Adjustments for:		
Amortisation of government grant	(30,000)	(30,000)
Depreciation of investment property	13,741	13,741
Depreciation of property, plant and equipment	1,096,962	771,498
Dividend income	-	(14,065)
Gain on disposal of property, plant and equipment	(12,999)	-
Interest expenses	466,944	332,200
Interest income	(31,673)	(36,562)
Property plant and equipment written off	1,765	-
Operating profit before changes in working capital	11,537,090	6,896,814
Changes in working capital:		
Bill payables	308,084	274,672
Contract assets	1,386,493	1,161,623
Inventories	(1,490,065)	(1,438,507)
Receivables	(271,547)	(6,254,398)
Payables	374,262	690,924
Cash from operations	11,844,317	1,331,128
Interest paid	(11,682)	-
Interest received	31,673	36,562
Tax paid	(906,584)	(1,101,901)
Tax refund	496,461	290,018
Net cash from operating activities	11,454,185	555,807
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,073,876)	(1,806,140)
Proceed from disposal of property, plant and equipment	13,000	-
Dividend received	-	14,065
Net cash used in investing activities	(2,060,876)	(1,792,075)

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Unaudited Consolidated Statement of Cash Flows for the 2nd Half-Year Ended 30 June 2022 (Cont'd)

	Cumulative 12 months ended	
	30.06.2022	30.06.2021
	RM	RM
Cash flows from financing activities		
Interest paid	(455,262)	(332,200)
Placement of fixed deposit pledged with a licensed bank	(1,181)	(70,842)
Proceeds from letter of credit	-	2,073,627
Repayments to Directors	-	(2,000,000)
Repayment of lease liabilities	(447,137)	(622,899)
Repayment of letter of credit	(2,073,627)	-
Repayment of term loans	(574,469)	(220,159)
Share issuance expenses	-	(35,904)
Net cash (used in)/from financing activities	(3,551,676)	(1,208,377)
Net increase/(decrease) in cash and cash equivalents	5,841,633	(2,444,645)
Cash and cash equivalents at beginning of the financial year	2,330,310	4,774,955
Cash and cash equivalents at end of the financial year	8,171,943	2,330,310
Cash and cash equivalents at the end of the financial year comprises:		
Cash and bank balances	12,131,216	2,323,100
Fixed deposit with a licensed bank	105,939	104,758
Bank overdrafts	(3,959,273)	-
	8,277,882	2,427,858
Less: Fixed deposit pledged with a licensed bank	(105,939)	(104,758)
	8,171,943	2,323,100

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EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 2nd HALF-YEAR ENDED 30 JUNE 2022

A1 Basis of preparation

The interim financial statements of MMIS Berhad (“MMIS” or “the Company”) and its subsidiary (“the Group”) are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”) 134: Interim Financial Reporting.

This unaudited interim financial report on the Group’s unaudited consolidated financial results for the 2nd half-year ended 30 June 2022 is announced by the Company in compliance with Paragraph 6.12 of the LEAP Market Listing Requirements of Bursa Securities (“Listing Requirements”).

The unaudited interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to this unaudited interim financial report.

A2 Significant accounting policies

The significant accounting policies and method of computation applied in the preparation of this unaudited interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the financial year ended 30 June 2021.

The following Standards and amendments to Standards have been issued by the Malaysian Accounting Standards Board but have not been adopted by the Group and the Company:

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

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Initial Application of MFRS 17 and MFRS 9-Comparative Information
- Amendments to MFRS 17, Insurance Contracts
- 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 tax – Deferred Tax related to Assets and Liabilities arising from a single transaction

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Registration No.: 201901006068 (1315395-W)
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EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 2nd HALF-YEAR ENDED 30 JUNE 2022 (CONT'D)

A2 Significant accounting policies (cont'd)

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

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current and prior financial statements of the Group and of the Company.

A3 Audit report of preceding annual financial statements

The auditors' report on the financial statements of MMIS for the financial year ended 30 June 2021 was not subject to any qualification.

A4 Seasonal or cyclical factors

The Group's operations were not affected materially by seasonal or cyclical factors for the current financial period and the financial year-to-date under review.

A5 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current financial period and financial year-to-date.

A6 Material changes in estimates

There were no material changes in accounting estimates in the current financial period and financial year-to-date.

A7 Debt and equity securities

There was no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period and financial year-to-date.

A8 Dividend

There were no dividends proposed by the Board of Directors of the Company ("**Board**") for the current financial year under review.

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EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 2nd HALF-YEAR ENDED 30 JUNE 2022 (CONT'D)

A9 Segment information

There were no products, services and geographical location segment information presented as the Group's business is viewed as a single reportable segment. The reportable segment is manufacturing of precision engineering parts.

A10 Profit before taxation

PBT is arrived at after charging/(crediting) the following expenses/(income):

	Individual 6 months ended		Cumulative 12 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Depreciation of investment property	7	7	14	14
Depreciation of property, plant and equipment	561	396	1,097	772
Property, plant and equipment written off	2	-	2	-
Amortisation of government grant	(15)	(15)	(30)	(30)
Gain on disposal of property, plant and equipment	(8)	-	(13)	-
Interest income	(28)	(14)	(32)	(37)
Rental income	(5)	(21)	(23)	(39)

A11 Valuation of property, plant and equipment

There was no valuation of property, plant and equipment and investment property during the current financial period and financial year-to-date.

A12 Contingent liabilities and contingent assets

There are no material contingent liabilities and contingent assets as at the date of this unaudited interim financial report.

A13 Material events subsequent to the end of the financial year

On 8 July 2022, Multi Mould Industries Sdn. Bhd., a wholly-owned subsidiary of the Company has entered into a conditional sale and purchase agreement to acquire a parcel of industrial land together with buildings constructed thereon located at Plot 84, Jalan Johan 1/2, Kawasan Perindustrian Pengkalan II, 31550 Pusing, Perak for a cash consideration of RM11.5 million. As at the date of this announcement, the acquisition is still pending completion.

MMIS BERHAD

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EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 2nd HALF-YEAR ENDED 30 JUNE 2022 (CONT'D)

A14 Capital commitments

Save as disclosed below, there were no material capital commitments in respect of property, plant and equipment as at the end of the current financial year:

	As at 30.06.22
	RM
Capital expenditure commitment	
Machinery	
- Authorised and contracted for	<u>3,136,500</u>

A15 Significant related party transaction

There were no significant related party transactions in the current financial period and financial year-to-date.

A16 Financial liabilities

The Group has not entered into any derivatives instruments and does not have any other financial liabilities saved as disclosed in the consolidated Statement of Financial Position.

A17 Changes in the composition of the Group

There were no material changes in the composition of the Group during the financial year ended 30 June 2022.

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B ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENTS FOR THE LEAP MARKET

B1 Review of performance

	Individual 6 months ended		Cumulative 12 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	18,264	14,242	39,426	23,757
Gross Profits ("GP")	7,405	4,517	14,225	8,694
Profit before tax("PBT")	4,845	2,918	10,032	5,860
Profit after tax ("PAT")	3,809	2,522	7,846	5,037

Review of 2nd half-year ended 30 June 2022 vs 2nd half-year ended 30 June 2021

For the 2nd half-year ended 30 June 2022, the Group's revenue increased by approximately RM4.02 million or 28.24% as compared to the 2nd half-year ended 30 June 2021. The increase in revenue was mainly due to the ability of the Group to secure and complete more orders from customers during the 2nd half-year ended 30 June 2022, capitalising on increase in production floor space and machineries to increase production capacity.

In tandem with the higher revenue recorded, the Group's GP increased by RM2.89 million or 63.93% for the 2nd half-year ended 30 June 2022 as compared to the 2nd half-year ended 30 June 2021. The Group's GP margin for the 2nd half-year ended 30 June 2022 increased to 40.54% as compared to 31.72% in the 2nd half-year ended 30 June 2021. The increase in the Group's GP margin was mainly due to better product sales mix.

For the 2nd half-year ended 30 June 2022, the Group's PBT increased by RM1.93 million or 66.04% and the Group's PAT increased by RM1.29 million or 51.03% as compared to the 2nd half-year ended 30 June 2021. The increase in PBT and PAT was mainly in line with the increase in revenue and GP.

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B ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENTS FOR THE LEAP MARKET (CONT'D)

B2 Variance from profit forecast and profit guarantee

Not applicable as the Group did not publish any profit forecast or profit guarantee in any public document or announcement.

B3 Income tax expense

	Individual 6 months ended		Cumulative 12 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Current taxation				
- Current year	808	(67)	1,324	220
- Prior year	-	92	54	92
	808	25	1,378	312
Deferred taxation				
- Current year	92	447	758	587
- Prior year	136	(76)	50	(76)
	228	371	808	511
Total tax expense	1,036	396	2,186	823

B4 Plans & Strategies

The Group's plans and strategies to grow its business are as follows: -

1. Expansion of production capacity via:
 - i. Proposed acquisition of industrial land with annexed factory buildings and acquire more high precision and automated machines; and
 - ii. Recruitment of additional skilled manpower with the Group's effort of collaboration with the local vocation institutions, colleges as to cater to the Group's expanded production facilities.
2. Expanding the products and services offerings to its existing customers by leveraging on its capabilities and upgrading the technological know-how as to be the one stop engineering solution provider.
3. Enlarge and diversify the Group's customers' base by acquiring new customers via targeted sales and marketing activities.

The Group's plan too in diversifying into providing its products and services to Equipment Automation and export market which respectively, offers huge opportunity of business growth.

There has been no change in the business direction of the Group during the financial year ended 30 June 2022 which may have an impact on the business of the Group.

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B ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENTS FOR THE LEAP MARKET (CONT'D)

B5 Prospects

The Malaysian electrical and electronics ("E&E") sector has recorded a compound annual growth rate of 16% over five decades. In 2021, the amount jumped to RM456 billion, making 37% of Malaysia's total exports with the E&E industry contributed to 6.85% of Malaysia's Gross Domestic Product value at RM95 billion. Malaysia too is recognized as one the primary semiconductor manufacturers in the global value chain, with 7% of global of global semiconductor trade semiconductor trade flowing through Malaysia and 13% of the backend semiconductor capacity located in Malaysia. (*Source: The Star, 30 May 2022*)

In view of such, the Board takes cognisance of its customers being predominantly in the E&E sector which are considered providers of essential goods for the global semiconductor market.

Thus, the Group's proposed acquisition of the parcel of industrial land would further increase the production capacity which enable the Group to expand the product services offering as to enhance as the one stop engineering solution provider.

The Group has taken concerted effort to broaden the customers' base which in line with the diversification strategies to be driven by increased production capacity.

Despite the synchronized slowdown risk in major global economies amid inflationary challenges, the Group remains cautiously optimistic on the business prospect for the coming year and the industry that it is participating and supporting. Barring any unforeseen circumstances, the Group's financial performance for the financial year ending 30 June 2023 is expected to remain positive.

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C OTHER INFORMATION

C1 Status of Corporate Proposal

The shareholders of the Company have approved the acquisition of a parcel of industrial land together with buildings constructed thereon located at Plot 84, Jalan Johan 1/2, Kawasan Perindustrian Pengkalan II, 31550 Pusing, Perak for a cash consideration of RM11.5 million during the Extraordinary General Meeting of the Company held on 19 August 2022. As at the date of this announcement, the acquisition is still pending completion.

C2 Material litigation

There was no material litigation as at the date of this report.

C3 Earnings per share

Basic EPS was calculated by dividing the profit attributable to owners of the Company for the current financial period and financial period-to-date by the weighted average number of ordinary shares in issue:

	Individual 6 months ended		Cumulative 12 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Profit attributable to owners of the Company (RM)	3,808,647	2,521,363	7,845,867	5,036,794
Weighted average number of ordinary shares	600,000,000	600,000,000	600,000,000	600,000,000
Basic EPS (sen) ⁽¹⁾	0.63	0.42	1.31	0.84
Diluted EPS (sen) ⁽²⁾	N/A	N/A	N/A	N/A

Notes: -

(1) Basic EPS is calculated based on the Company's weighted average number of ordinary shares of 600,000,000 ordinary shares.

(2) There are no equity instruments in issue that would give a potential dilutive effect to the basic EPS.