



MMIS BERHAD

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

UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 1ST HALF-YEAR ENDED 31 DECEMBER 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 31 December 2022

	<u>Unaudited</u> <u>As at 31.12.2022</u>	<u>Audited</u> <u>As at 30.06.2022</u>
	RM	RM
Assets		
Property, plant and equipment	35,454,555	19,988,625
Investment property	1,052,326	1,059,196
Total non-current assets	<u>36,506,881</u>	<u>21,047,821</u>
Inventories	6,498,040	6,033,250
Trade receivables	4,969,908	8,673,853
Other receivables	254,690	231,183
Tax recoverable	815,329	901,061
Deposits, bank and cash balances	13,394,493	12,237,155
Total current assets	<u>25,932,460</u>	<u>28,076,502</u>
Total assets	<u>62,439,341</u>	<u>49,124,323</u>
Equity		
Share capital	14,768,002	14,768,002
Merger deficit	(8,850,000)	(8,850,000)
Retained earnings	25,489,753	22,835,660
Total equity	<u>31,407,755</u>	<u>28,753,662</u>
Liabilities		
Lease liabilities	656,590	688,549
Loan and borrowings	19,333,049	9,399,707
Deferred income	135,000	150,000
Deferred tax liabilities	1,990,037	1,780,000
Total non-current liabilities	<u>22,114,676</u>	<u>12,018,256</u>
Lease liabilities	937,653	973,748
Loan and borrowings	5,806,459	3,535,787
Trade payables	1,194,181	2,966,001
Other payables	978,617	876,869
Total current liabilities	<u>8,916,910</u>	<u>8,352,405</u>
Total liabilities	<u>31,031,586</u>	<u>20,370,661</u>
Total equity and liabilities	<u>62,439,341</u>	<u>49,124,323</u>
Net assets per share (sen)⁽¹⁾	<u>5.23</u>	<u>4.79</u>

Note:

- (1) Net assets per share is calculated based on the Company's total number of issued shares of 600,000,000 ordinary shares as at 30 June 2022 and 31 December 2022.

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Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income for the 1st Half-Year Ended 31 December 2022

	Individual 6 months ended		Cumulative 6 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM	RM	RM	RM
Revenue	13,540,993	21,161,762	13,540,993	21,161,762
Cost of sales	(8,032,778)	(14,341,453)	(8,032,778)	(14,341,453)
Gross profit (“GP”)	5,508,215	6,820,309	5,508,215	6,820,309
GP margin	40.7%	32.2%	40.7%	32.2%
Other income	136,145	99,878	136,145	99,878
Administrative expenses	(1,903,117)	(1,331,566)	(1,903,117)	(1,331,566)
Selling and distribution expenses	(158,725)	(197,688)	(158,725)	(197,688)
Other expenses	(4,622)	-	(4,622)	-
Profit from operation	3,577,896	5,390,933	3,577,896	5,390,993
Finance costs	(411,368)	(203,606)	(411,368)	(203,606)
Profit before tax (“PBT”)	3,166,528	5,187,327	3,166,528	5,187,327
PBT margin	23.4%	24.5%	23.4%	24.5%
Taxation	(512,435)	(1,150,107)	(512,435)	(1,150,107)
Effective tax rate	16.2%	22.2%	16.2%	22.2%
Profit for the financial period	2,654,093	4,037,220	2,654,093	4,037,220
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial period attributable to owners of the Company	2,654,093	4,037,220	2,654,093	4,037,220
Earnings per share (“EPS”) (sen)				
- Basic ⁽¹⁾	0.44	0.67	0.44	0.67
- 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 issued 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 1st Half-Year Ended 31 December 2022

	<i><---- Non-distributable ----></i>		<i>Distributable</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Merger deficit</i>	<i>Retained earnings</i>	
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
At 1 July 2022	14,768,002	(8,850,000)	22,835,660	28,753,662
Profit for the financial period, representing total comprehensive income for the financial period	-	-	2,654,093	2,654,093
At 31 December 2022	<u>14,768,002</u>	<u>(8,850,000)</u>	<u>25,489,753</u>	<u>31,407,755</u>
At 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 period	-	-	4,037,220	4,037,220
At 31 December 2021	<u>14,768,002</u>	<u>(8,850,000)</u>	<u>19,027,013</u>	<u>24,945,015</u>

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Unaudited Consolidated Statement of Cash Flows for the 1st Half -Year Ended 31 December 2022

	Cumulative 6 months ended	
	31.12.2022	31.12.2021
	RM	RM
Cash flows from operating activities		
PBT	3,166,528	5,187,327
Adjustments for:		
Amortisation of government grant	(15,000)	(15,000)
Depreciation of investment property	6,871	6,871
Depreciation of property, plant and equipment	737,527	535,573
Gain on disposal of property, plant and equipment	-	(4,999)
Interest expenses	411,368	203,606
Interest income	(61,884)	(3,532)
Property, plant and equipment written off	4,622	-
Operating profit before changes in working capital	4,250,032	5,909,846
Changes in working capital:		
Contract assets	-	1,386,493
Inventories	(464,790)	(583,138)
Receivables	3,680,438	(4,210,669)
Payables	(1,670,072)	1,631,354
Cash from operations	5,795,608	4,133,886
Interest received	61,884	3,532
Tax paid	(216,666)	(706,584)
Net cash from operating activities	5,640,826	3,430,834
Cash flows from investing activities		
Purchase of property, plant and equipment	(16,208,079)	(1,112,632)
Proceeds from disposal of property, plant and equipment	-	5,000
Net cash used in investing activities	(16,208,079)	(1,107,632)

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Unaudited Consolidated Statement of Cash Flows for 1st Half-Year Ended 31 December 2022 (cont'd)

	Cumulative 6 months ended	
	31.12.2022	31.12.2021
	RM	RM
Cash flows from financing activities		
Interest paid	(411,368)	(203,606)
Placement of fixed deposit pledged with a licensed bank	(924)	(396)
Proceeds from revolving credit	-	2,594,308
Proceeds from banker acceptances	462,232	1,966,902
Proceeds from lease liabilities	387,000	-
Proceeds from term loans	12,937,372	-
Repayment of banker acceptances	(844,014)	(1,123,633)
Repayment of revolving credit	(304,247)	(19,448)
Repayment of lease liabilities	(455,054)	(158,088)
Repayment of term loans	(331,334)	(274,629)
Repayment of letter of credit	-	(2,073,627)
Net cash from financing activities	11,439,663	707,783
Net increase in cash and cash equivalents	872,410	3,030,985
Cash and cash equivalents at beginning of the financial period	10,460,302	2,330,310
Cash and cash equivalents at end of the financial period	11,332,712	5,361,295
Cash and cash equivalents at end of the financial period comprises:		
Cash and bank balances	13,287,630	7,728,460
Fixed deposit with a licensed bank	106,863	101,154
Bank overdrafts	(1,954,918)	(2,367,165)
	11,439,575	5,462,449
Less: Fixed deposit pledged with a licensed bank	(106,863)	(101,154)
	<u>11,332,712</u>	<u>5,361,295</u>

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EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 1ST HALF-YEAR ENDED 31 DECEMBER 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 1st half-year ended 31 December 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 2022 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 2022.

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

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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EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 1ST HALF-YEAR ENDED 31 DECEMBER 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.

A3 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements of MMIS for the financial year ended 30 June 2022 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 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 under review.

A6 Material changes in estimates

There were no material changes in accounting estimates in the current financial period under review.

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 under review.

A8 Dividend

There were no dividends proposed by the Board of Directors of the Company for the current financial period under review.

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EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 1ST HALF-YEAR ENDED 31 DECEMBER 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 and fabrication of metal and sheet metal.

A10 Profit before taxation

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

	Individual 6 months ended		Cumulative 6 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM	RM	RM	RM
Depreciation of investment property	6,871	6,871	6,871	6,871
Depreciation of property, plant and equipment	737,527	535,573	737,527	535,573
Property, plant and equipment written off	4,622	-	4,622	-
Amortisation of government grant	(15,000)	(15,000)	(15,000)	(15,000)
Gain on disposal of property, plant and equipment	-	(4,999)	-	(4,999)
Interest income	(61,884)	(3,532)	(61,884)	(3,532)
Rental income	-	(18,000)	-	(18,000)

A11 Material events subsequent to the end of the financial period

On 8 July 2022, Multi Mould Industries Sdn Bhd, a wholly-owned subsidiary of the Company had 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. The acquisition was completed on 7 February 2023.

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EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 1ST HALF-YEAR ENDED 31 DECEMBER 2022 (CONT'D)

A12 Changes in the composition of the Group

There were no material changes in the composition of the Group during the financial period under review.

A13 Contingent liabilities and contingent assets

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

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 period:

	<u>As at 31.12.2022</u>
	RM
Capital expenditure commitment	
Machinery	
- Authorised and contracted for	<u>1,101,000</u>

A15 Significant related party transaction

There were no significant related party transactions in the current financial period under review.

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B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1 Review of performance

	<u>Individual 6 months ended</u>		<u>Cumulative 6 months ended</u>	
	<u>31.12.2022</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2021</u>
	RM	RM	RM	RM
Revenue	13,540,993	21,161,762	13,540,993	21,161,762
GP	5,508,215	6,820,309	5,508,215	6,820,309
PBT	3,166,528	5,187,327	3,166,528	5,187,327
Profit after tax ("PAT")	2,654,093	4,037,220	2,654,093	4,037,220

Review of 1st half-year ended 31 December 2022 vs 1st half-year ended 31 December 2021

For the 1st half-year ended 31 December 2022, the Group recorded a revenue of RM13.5 million as compared to RM21.2 million in the 1st half-year ended 31 December 2021, representing a decrease of approximately RM7.6 million or 36.0%. The decrease in revenue was mainly attributable to a decrease in sales orders received from the Group's customers as a result of a slowdown in the growth of the semiconductor industry.

In line with the lower revenue, the Group recorded a lower GP of RM5.5 million in the 1st half-year ended 31 December 2022 as compared to RM6.8 million in the 1st half-year ended 31 December 2021, representing a decrease of RM1.3 million or 19.2%. Nevertheless, the Group's GP margin for the 1st half-year ended 31 December 2022 had increased by 8.5 percentage point to 40.7% as compared to 32.2% in the 1st half-year ended 31 December 2021, which was mainly due to a better product sales mix and normalisation of the prices of raw materials.

In line with the lower GP, the Group's PBT decreased by RM2.0 million or 38.9% whilst the Group's PAT decreased by RM1.4 million or 34.3% in the 1st half-year ended 31 December 2022 as compared to the 1st half-year ended 31 December 2021.

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B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS (CONT'D)

B2 Variance from profit forecast and profit guarantee

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

B3 Income tax expense

	<u>Individual 6 months ended</u>		<u>Cumulative 6 months ended</u>	
	<u>31.12.2022</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2021</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Current taxation				
- Current year	303,476	515,534	303,476	515,534
- Prior year	-	54,393	-	54,393
	<u>303,476</u>	<u>569,927</u>	<u>303,476</u>	<u>580,180</u>
Deferred taxation				
- Current year	208,959	666,361	208,959	666,361
- Prior year	-	(86,181)	-	(86,181)
	<u>208,959</u>	<u>580,180</u>	<u>208,959</u>	<u>580,180</u>
Total tax expense	<u><u>512,435</u></u>	<u><u>1,150,107</u></u>	<u><u>512,435</u></u>	<u><u>1,150,107</u></u>

B4 Commentary on prospects

The outlook of the semiconductor industry which the Group's customers are predominantly in, is expected to be increasingly challenging for 2023 as the industry is experiencing effects of cyclical downturn arising from amongst others, geopolitical tensions such as the Ukraine-Russia war resulting in soaring inflation and rising interest rates which inherently weakens consumer demand.

The Board takes cognisance of the anticipated slowdown in the semiconductor industry and will continue to stay vigilant moving forward. Meanwhile, the Board has formulated the following plans and strategies to continue growing the Group's business:

1. Enlarge and diversify the Group's customer base by acquiring new customers, including the export market, via targeted sales and marketing activities as well as by leveraging on its capabilities and upgrading its technological know-how to be a one-stop engineering solution provider.
2. Strengthen the Group's operations capabilities through process re-engineering as well as the implementation of equipment automation to attain a greater degree of product quality, efficiency and innovation.

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B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS (CONT'D)

B4 Commentary on prospects (cont'd)

3. Expansion of production capacity via:
 - i. Purchase of additional high precision and automated machines for the Group's newly acquired industrial property; and
 - ii. Recruitment of additional skilled manpower to build a talent pool to support the Group's new production facility.

There has been no change in the business direction of the Group during the financial period ended 31 December 2022 which may have an impact on the business of the Group.

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. The acquisition was completed on 7 February 2023.

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 by the Company's weighted average number issued shares:

	<u>Individual 6 months ended</u>		<u>Cumulative 6 months ended</u>	
	<u>31.12.2022</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2021</u>
Profit attributable to owners of the Company (RM)	2,654,093	4,037,220	2,654,093	4,037,220
Weighted average number of ordinary shares	600,000,000	600,000,000	600,000,000	600,000,000
Basic EPS (sen) ⁽¹⁾	0.44	0.67	0.44	0.67
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 issued shares of 600,000,000 ordinary shares for the financial period 31 December 2021 and 31 December 2022.
- (2) There are no equity instruments in issue that would give a potential dilutive effect to the basic EPS.