



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 2023

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 2023

	Unaudited	Audited
	As at 31.12.2023	As at 30.06.2023
	RM	RM
Assets		
Property, plant and equipment	37,407,813	36,700,767
Investment property	1,038,584	1,045,455
Total non-current assets	38,446,397	37,746,222
Inventories	6,351,563	6,725,960
Trade receivables	6,692,425	7,029,165
Other receivables	323,110	324,985
Tax recoverable	892,184	866,124
Deposits, bank and cash balances	13,506,808	12,190,810
Total current assets	27,766,090	27,137,044
Total assets	66,212,487	64,883,266
Equity		
Share capital	14,768,002	14,768,002
Merger deficit	(8,850,000)	(8,850,000)
Retained earnings	29,188,603	27,697,677
Total equity	35,106,605	33,615,679
Liabilities		
Lease liabilities	431,101	631,411
Loan and borrowings	18,100,760	18,495,338
Deferred income	105,000	120,000
Deferred tax liabilities	2,321,527	1,996,000
Total non-current liabilities	20,958,388	21,242,749
Lease liabilities	453,856	759,583
Loan and borrowings	5,397,673	5,121,805
Trade payables	1,438,892	1,816,509
Other payables	2,857,073	2,326,941
Total current liabilities	10,147,494	10,024,838
Total liabilities	31,105,882	31,267,587
Total equity and liabilities	66,212,487	64,883,266
Net assets per share (sen) ⁽¹⁾	5.85	5.60

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 2023 and 31 December 2023.

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Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income for the 1st Half-Year Ended 31 December 2023

	Individual 6 months ended		Cumulative 6 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
Revenue	15,079,626	13,540,993	15,079,626	13,540,993
Cost of sales	(9,809,659)	(8,032,778)	(9,809,659)	(8,032,778)
Gross profit (“GP”)	5,269,967	5,508,215	5,269,967	5,508,215
GP margin	35.0%	40.7%	35.0%	40.7%
Other income	179,208	136,145	179,208	136,145
Administrative expenses	(2,646,839)	(1,903,117)	(2,646,839)	(1,903,117)
Selling and distribution expenses	(226,915)	(158,726)	(226,915)	(158,726)
Other expenses	(32,940)	(4,622)	(32,940)	(4,622)
Profit from operation	2,542,481	3,577,895	2,542,481	3,577,895
Finance costs	(643,758)	(411,368)	(643,758)	(411,368)
Profit before tax (“PBT”)	1,898,723	3,166,527	1,898,723	3,166,527
PBT margin	12.6%	23.4%	12.6%	23.4%
Taxation	(407,797)	(512,435)	(407,797)	(512,435)
Effective tax rate	21.5%	16.2%	21.5%	16.2%
Profit for the financial period/year	1,490,926	2,654,092	1,490,926	2,654,092
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial period attributable to owners of the Company	1,490,926	2,654,092	1,490,926	2,654,092
Earnings per share (“EPS”) (sen)				
- Basic ⁽¹⁾	0.25	0.44	0.25	0.44
- 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 2023

	<i><---- Non-distributable ----></i>		<i>Distributable</i>	Total equity
	Share capital	Merger deficit	Retained earnings	
	RM	RM	RM	RM
At 1 July 2022	14,768,002	(8,850,000)	22,835,660	28,753,662
Profit for the financial year, representing total comprehensive income for the financial year	-	-	4,862,017	4,862,017
At 30 June 2023 / 1 July 2023	14,768,002	(8,850,000)	27,697,677	33,615,679
Profit for the financial year, representing total comprehensive income for the financial year	-	-	1,490,926	1,490,926
At 31 December 2023	14,768,002	(8,850,000)	29,188,603	35,106,605

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Unaudited Consolidated Statement of Cash Flows for the 1st Half-Year Ended 31 December 2023

	Cumulative 6 months ended	
	31.12.2023	31.12.2022
	RM	RM
Cash flows from operating activities		
PBT	1,898,723	3,166,528
Adjustments for:		
Amortisation of government grant	(15,000)	(15,000)
Depreciation of investment property	6,871	6,871
Depreciation of property, plant and equipment	1,149,629	737,527
Interest expenses	643,758	411,368
Interest income	(107,455)	(61,884)
Property, plant and equipment written off	32,940	4,622
Operating profit before changes in working capital	3,609,466	4,250,032
Changes in working capital:		
Inventories	374,397	(464,790)
Receivables	338,615	3,680,438
Payables	152,515	(1,670,072)
Cash from operations	4,474,993	5,795,608
Interest received	107,455	61,884
Tax paid	(166,739)	(216,666)
Tax refund	58,409	-
Net cash from operating activities	4,474,118	5,640,826
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,889,615)	(16,208,079)
Net cash used in investing activities	(1,889,615)	(16,208,079)

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Unaudited Consolidated Statement of Cash Flows for 1st Half-Year Ended 31 December 2023 (cont'd)

	Cumulative 6 months ended	
	31.12.2023	31.12.2022
	RM	RM
Cash flows from financing activities		
Interest paid	(643,758)	(411,368)
Placement of fixed deposits pledged with a licensed bank	-	(924)
Proceeds from lease liabilities	-	387,000
Proceeds from term loans	976,000	12,937,372
Proceeds from bankers' acceptances	998,974	462,232
Repayment of bankers' acceptances	(696,964)	(844,014)
Repayment of revolving credit	(324,834)	(304,247)
Repayment of lease liabilities	(506,037)	(455,054)
Repayment of term loans	(1,065,469)	(331,334)
	(1,262,088)	11,439,663
Net cash used in financing activities		
Net increase in cash and cash equivalents	1,322,415	872,410
Cash and cash equivalents at beginning of the financial period	10,464,645	10,460,302
	11,787,060	11,332,712
Cash and cash equivalents at end of the financial period		
Cash and cash equivalents at end of the financial period comprises:		
Cash and bank balances	235,808	13,287,630
Fixed deposits with a licensed bank	7,371,000	106,863
Short-term funds	5,900,000	-
Bank overdraft	(1,719,748)	(1,954,918)
	11,787,060	11,439,575
Less: Fixed deposits pledged with a licensed bank	-	(106,863)
	11,787,060	11,332,712

MMIS BERHAD

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EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 1st HALF-YEAR ENDED 31 DECEMBER 2023

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 2023 is announced by the Company in compliance with Rule 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 2023 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 2023.

During the year, The Group and Company have adopted the following Standards and amendments to Standards issued by the Malaysian Accounting Standards Board:

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, Disclosures of Accounting Policies
- Amendments to MFRS 108, Definition of Accounting Estimates
- Amendments to MFRS 112, Income tax – Deferred Tax related to Assets and Liabilities arising from a single transaction
- Amendments to MFRS 112, International Tax reform-Pillar Two Model Rules

The Group and Company have not applied the following amendments to Standards issued by the Malaysian Accounting Standards Board

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

- Amendments to MFRS 16, Lease Liability in Sale and Leaseback
- Amendments to MFRS 101, Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101, Non-current Liabilities with Covenants
- Amendments to MFRS 107 and MFRS 7

MMIS BERHAD

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EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 1ST HALF-YEAR ENDED 31 DECEMBER 2023 (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 2023 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 2023 (CONT'D)

A9 Segment information

There are 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 the 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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
Depreciation of investment property	6,871	6,871	6,871	6,871
Depreciation of property, plant and equipment	1,149,629	737,527	1,149,629	737,527
Property, plant and equipment written off	32,900	4,622	32,900	4,622
Amortisation of government grant	(15,000)	(15,000)	(15,000)	(15,000)
Interest income	(107,455)	(61,884)	(107,455)	(61,884)

A11 Material events subsequent to the end of the financial period

There were no material events subsequent to the end of the current financial period under review that have not been reflected in this unaudited interim financial report.

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EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 1ST HALF-YEAR ENDED 31 DECEMBER 2023 (CONT'D)

A12 Changes in the composition of the Group

There were no 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 under review:

	As at 31.12.2023
	<u>RM</u>
New Factory Building	
- Authorised and contracted for	<u>20,428,847</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>31.12.2023</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2022</u>
	RM	RM	RM	RM
Revenue	15,079,626	13,540,993	15,079,626	13,540,993
GP	5,269,967	5,508,215	5,269,967	5,508,215
PBT	1,898,723	3,166,527	1,898,723	3,166,527
Profit after tax ("PAT")	1,490,926	2,654,092	1,490,926	2,654,092

Review of 1st half-year ended 31 December 2023 vs 1st half-year ended 31 December 2022

For the 1st half-year ended 31 December 2023, the Group recorded a revenue of RM15.1 million as compared to RM13.5 million in the 1st half-year ended 31 December 2022, representing an increase of approximately RM1.6 million or 11.9%. The increase in revenue was mainly attributable to an increase in sales orders received from the Group's customer.

However, the Group recorded a lower GP of RM5.3 million in the 1st half-year ended 31 December 2023 as compared to RM5.5 million in the 1st half-year ended 31 December 2022, representing a decrease of RM0.2 million or 3.6%. The Group's GP margin for the 1st half-year ended 31 December 2023 decrease by 5.7% from 40.7% in the 1st half-year ended 31 December 2022 to 35.0% in the 1st half-year ended 31 December 2023, as a result of increase in production costs.

In line with the lower GP, and higher administrative expenses, the Group's PBT decreased by RM1.3 million or 40.6% whilst the Group's PAT decreased by RM1.2 million or 44.4% in the 1st half-year ended 31 December 2023 as compared to the 2nd half-year ended 31 December 2022.

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

B2 Variance from profit forecast and profit guarantee

The Group has not published any profit forecast or profit guarantee in any form of public documentation or announcements.

B3 Income tax expense

	<u>Individual 6 months ended</u>		<u>Cumulative 6 months ended</u>	
	<u>31.12.2023</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2022</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Current taxation				
- Current year	82,270	303,476	82,270	303,476
	<u>82,270</u>	<u>303,476</u>	<u>282,620</u>	<u>303,476</u>
Deferred taxation				
- Current year	325,527	208,459	327,527	208,459
	<u>325,527</u>	<u>208,459</u>	<u>327,527</u>	<u>208,459</u>
Total tax expense	<u>407,797</u>	<u>512,435</u>	<u>407,797</u>	<u>512,435</u>

B4 Commentary on prospects

The outlook of the semiconductor industry which the Group's customers are predominantly in, is expected to recover in the 2nd half of 2024 at global scale post 2023's down cycle. Malaysia Semiconductor Industry Association's (MSIA) confidence was based on World Semiconductor Trade Statistics (WSTS) prediction that the world semiconductor market would rebound by 13.1 per cent this year to reach US\$588 billion (RM2.8 trillion). In addition, current prolonged geopolitical fragmentations are sending investors in search of new production homes or moving to trusted countries in which Malaysia is well positioned to be the preferred manufacturing base for these investors.

The Board takes cognizance of the challenges in the semiconductor industry in the near term. Nevertheless, the Board is confident that the forecasted rebound of the world semiconductor market in 2024 will contribute positively to the financial performance of the Group. Meanwhile, the Board has formularized 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.

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

2. Strengthen the Group's operations capabilities through process re-engineering as well as the implementation of equipment automation to attain an improvement in product quality, efficiency and innovation.
3. Expansion of production capacity via:
 - i. Construct a new plant of which constructions has commenced in the 4th quarter of 2023 and is scheduled to be completed by end of 2024.
 - ii. Recruitment of additional skilled manpower to build a talent pool via collaboration with local vocational institutions such as the Perak Entrepreneurs & Skills Development Centre (PESDC) 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 2023 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 2024 is expected to remain positive.

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C OTHER INFORMATION

C1 Material litigation

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

C2 EPS

Basic EPS was calculated by dividing the profit attributable to owners of the Company for the current financial period and financial year under review by the Company's weighted average number of issued shares:

	<u>Individual 6 months ended</u>		<u>Cumulative 6 months ended</u>	
	<u>31.12.2023</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2022</u>
Profit attributable to owners of the Company (RM)	1,490,926	2,654,092	1,490,926	2,654,092
Weighted average number of ordinary shares	600,000,000	600,000,000	600,000,000	600,000,000
Basic EPS (sen) ⁽¹⁾	0.25	0.44	0.25	0.44
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.
- (2) There are no equity instruments in issue that would give a potential dilutive effect to the basic EPS.