



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 2024

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 2024

	Unaudited	Audited
	As at 30.06.2024	As at 30.06.2023
	RM	RM
Assets		
Property, plant and equipment	43,104,500	36,700,767
Investment property	-	1,045,455
Total non-current assets	43,104,500	37,746,222
Inventories	5,206,713	6,725,960
Trade receivables	3,691,694	7,029,165
Other receivables	260,911	324,985
Tax recoverable	1,073,656	866,124
Deposits, bank and cash balances	12,193,095	12,190,810
Total current assets	22,426,069	27,137,044
Total assets	65,530,569	64,883,266
Equity		
Share capital	14,768,002	14,768,002
Merger deficit	(8,850,000)	(8,850,000)
Retained earnings	28,153,417	27,697,677
Total equity	34,071,419	33,615,679
Liabilities		
Lease liabilities	343,008	631,411
Loan and borrowings	21,379,942	18,495,338
Deferred income	90,000	120,000
Deferred tax liabilities	2,012,000	1,996,000
Total non-current liabilities	23,824,950	21,242,749
Lease liabilities	351,343	759,583
Loan and borrowings	4,141,856	5,121,805
Trade payables	787,514	1,816,509
Other payables	2,353,487	2,326,941
Total current liabilities	7,634,200	10,024,838
Total liabilities	31,459,150	31,267,587
Total equity and liabilities	65,530,569	64,883,266
Net assets per share (sen) ⁽¹⁾	5.68	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 30 June 2024.

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Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income for the 2nd Half-Year Ended 30 June 2024

	Individual 6 months ended		Cumulative 12 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM	RM	RM	RM
Revenue	10,132,642	13,109,912	25,212,268	26,650,905
Cost of sales	(8,420,182)	(7,805,593)	(18,229,841)	(15,838,371)
Gross profit ("GP")	1,712,460	5,304,319	6,982,427	10,812,534
GP margin	16.9%	40.5%	27.7%	40.6%
Other income	795,914	133,956	975,122	270,101
Administrative expenses	(2,998,894)	(2,400,053)	(5,645,733)	(4,303,170)
Selling and distribution expenses	(231,279)	(192,713)	(458,194)	(351,438)
Other expenses	(15,144)	-	(48,084)	(4,622)
Profit from operation	(736,943)	2,845,509	1,805,538	6,423,405
Finance costs	(622,416)	(651,396)	(1,266,174)	(1,062,764)
Profit before tax ("PBT")	(1,359,359)	2,194,113	539,364	5,360,641
PBT margin	(13.4%)	16.7%	2.1%	20.1%
Taxation	324,173	13,811	(83,624)	(498,624)
Effective tax rate	23.8%	0.6%	15.5%	9.3%
(Loss)/Profit for the financial period/ year	(1,035,186)	2,207,924	455,740	4,862,017
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial period attributable to owners of the Company	(1,035,186)	2,207,924	455,740	4,862,017
Earnings per share ("EPS") (sen)				
- Basic ⁽¹⁾	(0.17)	0.37	0.08	0.81
- 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 2nd Half-Year Ended 30 June 2024

	<---- Non-distributable ---->		<i>Distributable</i>	Total equity
	Share capital	Merger deficit	Retained earnings	
	RM	RM	RM	RM
At 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	-	-	455,740	455,740
At 30 June 2024	<u>14,768,002</u>	<u>(8,850,000)</u>	<u>28,153,417</u>	<u>34,071,419</u>
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	<u>14,768,002</u>	<u>(8,850,000)</u>	<u>27,697,677</u>	<u>33,615,679</u>

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Unaudited Consolidated Statement of Cash Flows for the 2nd Half-Year Ended 30 June 2024

	Cumulative 12 months ended	
	30.06.2024	30.06.2023
	RM	RM
Cash flows from operating activities		
PBT	539,364	5,360,641
Adjustments for:		
Amortisation of government grant	(30,000)	(30,000)
Depreciation of investment property	10,306	13,741
Depreciation of property, plant and equipment	2,317,169	1,763,198
Loss on disposal of property, plant and equipment	7,306	-
Gain on disposal of property, plant and equipment	(581,788)	-
Interest expenses	1,266,174	1,062,764
Interest income	(270,815)	(145,125)
Inventory written off	13,812	-
Property, plant and equipment written off	32,940	4,622
Gain on termination of lease contract	(3,190)	-
Gain on modification of lease contract	(985)	-
Unrealised loss on foreign exchange	1,332	-
Operating profit before changes in working capital	3,301,625	8,029,841
Changes in working capital:		
Inventories	1,505,435	(692,710)
Receivables	3,400,349	1,550,886
Payables	(1,002,449)	300,580
Cash generated from operations	7,204,960	9,188,597
Interest received	268,291	145,125
Tax paid	(333,565)	(247,687)
Tax refund	58,409	-
Net cash from operating activities	7,198,095	9,086,035
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,437,328)	(4,752,653)
Proceeds from disposal of property, plant and equipment	2,044	-
Proceed from disposal of investment property	1,616,937	-
Net cash used in investing activities	(818,347)	(4,752,653)

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Unaudited Consolidated Statement of Cash Flows for 2nd Half-Year Ended 30 June 2024 (cont'd)

	<u>Cumulative 12 months ended</u>	
	<u>30.06.2024</u>	<u>30.06.2023</u>
	RM	RM
Cash flows from financing activities		
Interest paid	(1,266,174)	(1,062,764)
Interest received	2,524	-
(Placement)/Withdrawal of fixed deposits pledged with a licensed bank	(151,000)	105,939
Proceeds from bankers' acceptances	1,465,411	832,956
Repayment of bankers' acceptances	(1,555,843)	(1,325,280)
Repayment of revolving credit	(598,317)	(620,367)
Repayment of lease liabilities	(767,030)	(957,256)
Repayment of term loans	(2,769,290)	(1,302,267)
	<u>(5,639,719)</u>	<u>(4,329,039)</u>
Net cash (used in)/from financing activities		
Net increase in cash and cash equivalents	740,029	4,343
Effects of exchange translation difference	(136)	-
Cash and cash equivalents at beginning of the financial year	10,464,645	10,460,302
Cash and cash equivalents at end of the financial year	<u>11,204,538</u>	<u>10,464,645</u>
Cash and cash equivalents at end of the financial year comprises:		
Cash and bank balances	3,862,095	12,190,810
Fixed deposits with a licensed bank	8,331,000	-
Bank overdraft	(837,557)	(1,726,165)
	11,355,538	10,464,645
Less: Fixed deposits pledged with a licensed bank	(151,000)	-
	<u>11,204,538</u>	<u>10,464,645</u>

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EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 2ND HALF-YEAR ENDED 30 JUNE 2024

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 2024 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, Suppliers Financial Arrangements

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EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 2ND HALF-YEAR ENDED 30 JUNE 2024 (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 year 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 year under review.

A6 Material changes in estimates

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

A8 Dividend

There were no dividends proposed by the Board of Directors of the Company 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 2024 (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 12 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM	RM	RM	RM
Depreciation of investment property	3,435	6,870	10,306	13,741
Depreciation of property, plant and equipment	1,167,540	1,025,671	2,317,169	1,763,198
Property, plant and equipment written off	40	-	32,940	4,622
Inventory written off	13,812	-	13,812	-
Loss on disposal of property, plant and equipment	7,306	-	7,306	-
Amortisation of government grant	(15,000)	(15,000)	(30,000)	(30,000)
Gain on disposal of property, plant and equipment	(581,788)	-	(581,788)	-
Gain on termination of lease contract	(3,190)	-	(3,190)	-
Gain on modification of lease contract	(985)	-	(985)	-
Interest income	(163,360)	(83,241)	(270,815)	(145,125)
Unrealised loss on foreign exchange	1,332	-	1,332	-

A11 Material events subsequent to the end of the financial year

There were no material events subsequent to the end of the current financial year 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 2ND HALF-YEAR ENDED 30 JUNE 2024 (CONT'D)

A12 Changes in the composition of the Group

There were no changes in the composition of the Group during the financial year 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 year under review:

	As at 30.06.2024
	<u>RM</u>
New Factory Building	
- Authorised and contracted for	<u>14,086,405</u>

A15 Significant related party transaction

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

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B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1 Review of performance

	Individual 6 months ended		Cumulative 12 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM	RM	RM	RM
Revenue	10,132,642	13,109,912	25,212,268	26,650,905
Gross Profit (GP)	1,712,460	5,304,319	6,982,427	10,812,534
(Loss)/Profit before tax “(LBT/PBT”	(1,359,359)	2,194,113	539,364	5,360,641
(Loss)/Profit after tax “(LAT)/PAT”	(1,035,186)	2,207,924	455,740	4,862,017

Review of 2nd half-year ended 30 June 2024 vs 2nd half-year ended 30 June 2023

For the 2nd half-year ended 30 June 2024, the Group recorded a revenue of RM10.1 million as compared to RM13.1 million in the 2nd half-year ended 30 June 2023, representing an decrease of approximately RM3 million or 22.9%. The decrease in revenue was mainly attributable to a decrease in sales orders received from the Group’s customer as a result of a slowdown in the semiconductor industry.

In line with the lower revenue, the Group recorded a lower GP of RM1.7 million in the 2nd half-year ended 30 June 2024 as compared to RM5.3 million in the 2nd half-year ended 30 June 2023, representing a decrease of RM3.6 million or 67.9%. The Group’s GP margin for the 2nd half-year ended 30 June 2024 decrease by 23.6% from 40.5% in the 2nd half-year ended 30 June 2023 to 16.9% in the 2nd half-year ended 30 June 2024, primarily attributable by lower revenue over fixed overheads.

In line with the lower GP, and higher administrative expenses, the Group’ recorded a LBT of RM 1.4 million, and LAT of RM1.0 million respectively.

Review of financial year ended 30 June 2024 (“FYE 2024”) vs financial year ended 30 June 2023 (“FYE 2023”)

The Group recorded a revenue of RM25.2 million in the FYE 2024 as compared to RM 26.6 million in the FYE 2023, representing a decrease of RM1.4 million or 5.3%. 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 semiconductor industry.

In line with the lower revenue and increased in production costs, the Group recorded a lower GP of RM7.0 million in the FYE 2024 as compared to RM10.8 million in the FYE 2023, representing a decrease of RM3.8 million or 35.2%. The Group recorded a GP margin of 27.7 % in the FYE 2024, which was 12.9 percentage point lower as compared to the FYE 2023. This was mainly due to increase in production costs.

The lower GP and higher administrative expenses, contributed to lower overall profitability which was reflected in the Group’ decreased in PBT and PAT of RM 0.5 million respectively as compared to and PBT and PAT of RM 5.4 million and RM 4.9 million respectively in FYE 2023.

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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 (credit)/expense

	<u>Individual 6 months ended</u>		<u>Cumulative 12 months ended</u>	
	<u>30.06.2024</u>	<u>30.06.2023</u>	<u>30.06.2024</u>	<u>30.06.2023</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Current taxation				
- Current year	(14,438)	(27,700)	67,832	275,776
- Prior year	(208)	6,848	(208)	6,848
	<u>(14,646)</u>	<u>(20,852)</u>	<u>67,624</u>	<u>282,624</u>
Deferred taxation				
- Current year	(264,527)	84,041	61,000	293,000
- Prior year	(45,000)	(77,000)	(45,000)	(77,000)
	<u>(309,527)</u>	<u>7,041</u>	<u>16,000</u>	<u>216,000</u>
Total tax expense	<u>(324,173)</u>	<u>(13,811)</u>	<u>83,624</u>	<u>498,624</u>

B4 Commentary on prospects

The outlook of the semiconductor industry which the Group's customers are predominantly in, is anticipated to gradually recover in the 2nd half of 2024. The World Semiconductor Trade Statistics has projected the annual global sales will post an increase of 16% in 2024 and 12.5 % in 2025. In this aspect, Malaysia is positioning itself to be the preferred global semi-conductor supply value chain hub with various strategies as launched by the authorities such as National Semiconductor Strategy (NSS) to attract investments and move up the value chain in the semiconductor industry.

The Board takes cognizance of the challenges in the semiconductor industry in the near term amidst geopolitical tensions. As we are navigating the tail end of the cyclical downturn adjustment in the semiconductor industry, the Board is cautiously optimistic that the anticipated recovery of the global semiconductor market will enhance the financial performance of the Group for the coming financial year.

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. Planned expansion of production capacity :
 - i. The construction of the new plant is on the track to be completed by end of 2024 and is expected to be operational in 2nd quarter of 2025.

There has been no change in the business direction of the Group during the financial year ended 30 June 2024 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 12 months ended</u>	
	<u>30.06.2024</u>	<u>30.06.23</u>	<u>30.06.2024</u>	<u>30.06.2023</u>
(Loss)/Profit attributable to owners of the Company (RM)	(1,035,186)	2,207,924	455,740	4,862,017
Weighted average number of ordinary shares	600,000,000	600,000,000	600,000,000	600,000,000
Basic EPS (sen) ⁽¹⁾	(0.17)	0.37	0.08	0.81
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.