

**Interim Report**  
**SMIS Corporation Berhad**  
 (Company No. 491857-V)  
 (Incorporated in Malaysia)  
 and its subsidiaries

**Condensed Consolidated Statement of Financial Position as at 30 June 2011**  
 (unaudited)

	As at 30 June 2011	As at 31 December 2010
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	23,031	22,124
Investment properties	1,287	1,308
Other investments	10,010	11,869
Goodwill on consolidation	5,349	710
Deferred tax assets	1,051	1,776
<b>Total non current assets</b>	<u>40,728</u>	<u>37,787</u>
<b>Current assets</b>		
Inventories	12,533	12,157
Trade and other receivables	27,963	25,585
Current tax assets	620	561
Cash and cash equivalents	14,938	20,609
<b>Total current assets</b>	<u>56,054</u>	<u>58,912</u>
<b>TOTAL ASSETS</b>	<u>96,782</u>	<u>96,699</u>
<b>Equity</b>		
Share capital	44,800	44,800
Reserves	31,419	30,218
Less: 2,551,100 treasury shares, at cost	(1,140)	(1,136)
<b>Total equity attributable to the shareholders of the Company</b>	<u>75,079</u>	<u>73,882</u>
Minority interest	4,836	2,618
<b>Total equity</b>	<u>79,915</u>	<u>76,500</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	1,206	1,931
<b>Total non current liabilities</b>	<u>1,206</u>	<u>1,931</u>
<b>Current liabilities</b>		
Trade and other payables	15,170	18,150
Current tax liabilities	491	118
<b>Total current liabilities</b>	<u>15,661</u>	<u>18,268</u>
<b>Total equity and liabilities</b>	<u>96,782</u>	<u>96,699</u>
Net assets per share (RM)	1.68	1.65

The Condensed Consolidated Statement of Financial Position (formerly known as Balance Sheet) should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

Interim Report  
**SMIS Corporation Berhad**  
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Condensed Consolidated Statement of Comprehensive Income for the 6 months period ended 30th June 2011  
 (unaudited)

	Note	3 months period ended 30 June		6 months period ended 30 June	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
		Current quarter ended 30 June	Comparative quarter ended 30 June	Current quarter ended 30 June	Comparative quarter ended 30 June
Revenue		24,998	25,393	49,512	49,346
Cost of sales		(20,065)	(19,496)	(39,520)	(37,345)
<b>Gross profit</b>		<b>4,933</b>	<b>5,897</b>	<b>9,992</b>	<b>12,001</b>
Operating expenses		(3,593)	(2,962)	(7,508)	(6,328)
Other operating income		175	130	241	459
<b>Operating profit</b>		<b>1,515</b>	<b>3,065</b>	<b>2,725</b>	<b>6,132</b>
Financing costs		(19)	(25)	(40)	(51)
Interest income		107	70	123	73
<b>Profit before taxation</b>		<b>1,603</b>	<b>3,110</b>	<b>2,808</b>	<b>6,154</b>
Tax expense	B5	(664)	(491)	(1,283)	(780)
<b>Profit after taxation</b>		<b>939</b>	<b>2,619</b>	<b>1,525</b>	<b>5,374</b>
<b>Other comprehensive income, net of tax</b>					
Fair value reserve		75	-	140	-
<b>Other comprehensive income for the period, net of tax</b>		<b>75</b>	<b>-</b>	<b>140</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>1,014</b>	<b>2,619</b>	<b>1,665</b>	<b>5,374</b>
<b>Profit attributable to:</b>					
Owners of the Company		847	1,647	1,100	3,823
Minority interest		92	972	425	1,551
<b>Profit for the period</b>		<b>939</b>	<b>2,619</b>	<b>1,525</b>	<b>5,374</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		922	1,647	1,240	3,823
Minority interests		92	972	425	1,551
<b>Total comprehensive income for the period</b>		<b>1,014</b>	<b>2,619</b>	<b>1,665</b>	<b>5,374</b>
Basic earnings per ordinary share (sen)	B13	2.00	3.89	2.60	9.01
Diluted earnings per ordinary share (sen)		N/A	N/A	N/A	N/A

N/A ~ Not applicable

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Changes in Equity for the 6 months period ended 30th June 2011**  
(unaudited)

Note	← Attributable to shareholders of the Company →			Foreign currency translation reserve RM'000	Fair value reserve RM'000	Treasury share RM'000	Minority interest RM'000	Total RM'000
	Share capital RM'000	Non-distributable Share premium RM'000	Distributable Retained profits RM'000					
At 1 January 2011	44,800	4,891	25,158	-	169	(1,136)	2,618	76,500
Total comprehensive income for the period	-	-	1,100	-	140	-	425	1,665
Purchase of treasury share at cost	-	-	-	-	-	(4)	-	(4)
Foreign exchange translation differences	-	-	-	(39)	-	-	-	(39)
Acquisition of non-controlling interests of a new subsidiary	-	-	-	-	-	-	1,793	1,793
<b>At 30 June 2011</b>	<b>44,800</b>	<b>4,891</b>	<b>26,258</b>	<b>(39)</b>	<b>309</b>	<b>(1,140)</b>	<b>4,836</b>	<b>79,915</b>
At 1 January 2010	44,800	4,891	19,045	-	-	(1,023)	259	67,972
Total comprehensive income for the period	-	-	3,823	-	-	-	1,551	5,374
Purchase of treasury share at cost	-	-	-	-	-	(86)	-	(86)
<b>At 30 June 2011</b>	<b>44,800</b>	<b>4,891</b>	<b>22,868</b>	<b>-</b>	<b>-</b>	<b>(1,109)</b>	<b>1,810</b>	<b>73,260</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Cash Flow Statement for the 6 months period ended 30 June 2011  
(unaudited)

	For the 6 months period ended 30 June 2011 RM'000	For the 6 months period ended 30 June 2010 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	2,808	6,153
Adjustment for non-cash items:		
- Non-cash items and non-operating items	(1,157)	1,104
<b>Operating profit before changes in working capital</b>	<u>1,651</u>	<u>7,257</u>
<b>Changes in working capital:</b>		
- Inventories	(375)	(316)
- Trade and other receivables	(2,376)	(3,113)
- Trade and other payables	(3,221)	(220)
<b>Cash (used in) / generated from operations</b>	<u>(4,321)</u>	<u>3,608</u>
- Income taxes paid	(969)	(528)
- Interest paid	(32)	(24)
<b>Net cash (used in) / generated from operating activities</b>	<u>(5,322)</u>	<u>3,056</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(i) (2,429)	(1,765)
Proceeds from disposal of property, plant and equipment	-	105
Proceeds from other investments	2,000	-
Unrealised foreign exchange differences	(39)	-
Interest received	123	73
<b>Net cash used in investing activities</b>	<u>(345)</u>	<u>(1,587)</u>
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(4)	(86)
<b>Net cash used in financing activities</b>	<u>(4)</u>	<u>(86)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	(5,671)	1,383
Cash and cash equivalents at 1 January	20,609	15,533
<b>Cash and cash equivalents at 30 June</b>	<u><u>@ 14,938</u></u>	<u><u>16,916</u></u>

@ Cash and cash equivalents comprise the following balance sheet amounts:

Cash and bank balances	14,938	16,916
Bank overdrafts	-	-
	<u>14,938</u>	<u>16,916</u>

(i) For the 6 months period ended 30 June 2011, the Group acquired property, plant and equipment amounting to RM 2,670,1805 of which RM 225,855 was accrued for. There was payment for assets capitalised in year ended 31 December 2010 amounting to RM 317,824.

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.