

SMIS Corporation Berhad

Registration No. 199901016957 (491857–V)
(Incorporated in Malaysia)

Interim Financial Report
31 December 2023

Interim Financial Report
SMIS Corporation Berhad
Registration No. 199901016957 (491857-V)
(Incorporated in Malaysia)
and its subsidiaries

Unaudited Condensed Consolidated Statements of Financial Position

	Note	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		26,253	27,048
Right-of-use assets		16,229	12,947
Deferred tax assets		24	23
Total non-current assets		42,506	40,018
Current assets			
Inventories		23,240	22,852
Tax recoverable		348	805
Trade and other receivables		25,448	30,330
Prepayments		664	937
Cash and cash equivalents		38,385	25,028
Total current assets		88,085	79,952
TOTAL ASSETS		130,591	119,970
EQUITY AND LIABILITIES			
Equity			
Share capital		49,691	49,691
Reserves		30,376	24,174
Less: 2,637,000 treasury shares, at cost		(1,192)	(1,192)
Total equity attributable to the shareholders of the Company		78,875	72,673
Non-controlling interest		18,236	14,969
Total equity		97,111	87,642
Non-current liabilities			
Loans and borrowings	B8	2,817	3,246
Lease liabilities		2,595	313
Deferred tax liabilities		504	823
Provision		73	59
Total non-current liabilities		5,989	4,441

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Unaudited Condensed Consolidated Statements of Financial Position (Continued)

	Note	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000
Current liabilities			
Loans and borrowings	B8	428	428
Lease liabilities		808	393
Trade and other payables		25,735	27,066
Tax payable		520	-
Total current liabilities		27,491	27,887
Total liabilities		33,480	32,328
TOTAL EQUITY AND LIABILITIES		130,591	119,970
Net assets per share (RM)		1.76	1.62

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes to the interim financial reports.

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Unaudited Condensed Consolidated Statements of Comprehensive Income for the Year Ended 31 December 2023

		3 months period ended 31 December		12 months period ended 31 December	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Continuing operations					
Revenue		41,271	41,704	159,786	154,399
Cost of sale		(35,658)	(36,585)	(139,876)	(133,919)
Gross profit		5,613	5,119	19,910	20,480
Operating expenses		(5,771)	(7,383)	(17,351)	(17,846)
Other operating (loss)/income		(1)	2,572	488	20,219
Operating (loss)/profit		(159)	308	3,047	22,853
Finance costs		(44)	(110)	(226)	(602)
Interest income		96	13	204	21
(Loss)/Profit before taxation		(107)	211	3,025	22,272
Tax expenses	B5	(1,291)	(1,012)	(1,591)	(2,624)
(Loss)/Profit for the period		(1,398)	(801)	1,434	19,648
Other comprehensive income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(440)	(1,096)	1,125	(421)
Total other comprehensive (loss)/income for the period, net of tax		(440)	(1,096)	1,125	(421)
Total comprehensive (loss)/income for the period		(1,838)	(1,897)	2,559	19,227
(Loss)/Profit attributable to:					
Owners of the Company		(1,708)	(614)	(357)	18,453
Non-controlling interests		310	(187)	1,791	1,195
		(1,398)	(801)	1,434	19,648
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(2,142)	(1,710)	755	18,032
Non-controlling interests		304	(187)	1,804	1,195
		(1,838)	(1,897)	2,559	19,227
Basic (loss)/earnings per ordinary share (sen)	B11	(4.05)	(1.46)	(0.85)	43.77

The Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes to the interim financial reports.

Unaudited Condensed Consolidated Statements of Changes in Equity for the Year Ended 31 December 2023

	← Attributable to owners of the Company →				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	<i>Non-distributable</i> Foreign currency translation reserve RM'000	<i>Distributable</i> Retained profits RM'000			
At 1 January 2023	49,691	(1,192)	(764)	24,938	72,673	14,969	87,642
(Loss)/Profit net of tax for the financial year	-	-	-	(357)	(357)	1,791	1,434
Other comprehensive income for the financial year	-	-	1,112	-	1,112	13	1,125
Total comprehensive income for the financial year	-	-	1,112	(357)	755	1,804	2,559
Dividend paid on shares	-	-	-	-	-	(191)	(191)
Changes in ownership interests in subsidiaries	-	-	-	5,447	5,447	1,654	7,101
Total transaction with owners of the Company	-	-	-	5,447	5,447	1,463	6,910
At 31 December 2023	49,691	(1,192)	348	30,028	78,875	18,236	97,111

Unaudited Condensed Consolidated Statements of Changes in Equity for the Year Ended 31 December 2023 (Continued)

	← Attributable to owners of the Company →				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Retained profits RM'000			
At 1 January 2022	49,691	(1,192)	(343)	6,483	54,639	13,776	68,415
Profit net of tax for the financial year	-	-	-	18,453	18,453	1,195	19,648
Other comprehensive loss for the financial year	-	-	(421)	-	(421)	-	(421)
Total other comprehensive (loss)/income for the financial year	-	-	(421)	18,453	18,032	1,195	19,227
Changes in ownership interests in subsidiaries	-	-	-	2	2	(2)	-
Total transaction with owners of the Company	-	-	-	2	2	(2)	-
At 31 December 2022	49,691	(1,192)	(764)	24,938	72,673	14,969	87,642

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes to the interim financial reports.

**Unaudited Condensed Consolidated Statement of Cash Flows for the
Year Ended 31 December 2023**

	12 months year ended 31 December	
	2023	2022
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax	3,025	22,272
Adjustment for non-cash items:-		
Non-cash items arising from property, plant and equipment, right-of-use assets, and investment properties	7,262	7,267
Gain from disposal of property, plant and equipment	(176)	(17,198)
Gain from disposal of investment property	-	(402)
Reversal of inventories written down	(247)	(651)
Interest income	(204)	(21)
Interest expense on borrowings	199	548
Interest expense on lease obligations	26	54
Unrealised loss/(gain) on foreign currency exchange	270	(229)
Operating profit before working capital changes	10,155	11,640
Changes in working capital:-		
Inventories	(142)	(869)
Receivables	4,885	(1,125)
Payables	(1,316)	(3,081)
Cash generated from operations	13,582	6,565
Interest paid	(26)	(54)
Tax paid	(933)	(2,246)
Net cash generated from operating activities	12,623	4,265
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment	(5,322)	(4,527)
Interest received	204	21
Proceeds from disposal of property, plant and equipment	647	20,724
Proceeds from disposal of investment property	-	1,450
Net cash (used in)/generated from investing activities	(4,471)	17,668
Cash Flows From Financing Activities		
Proceeds from equity interest to non-controlling interests	7,101	-
Net repayment of borrowings	(428)	(9,350)
Interest paid	(199)	(548)
Repayment of lease liabilities	(1,349)	(937)
Dividend paid to non-controlling interests in subsidiary	(191)	-
Net cash generated from/(used in) financing activities	4,934	(10,835)

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**Unaudited Condensed Consolidated Statement of Cash Flows for the
Year Ended 31 December 2023 (Continued)**

	12 months year ended 31 December	
	2023	2022
	RM'000	RM'000
Effect of exchange rate changes	271	(37)
Net increase in cash and cash equivalents	13,357	11,061
Cash and cash equivalents brought forward	25,028	13,967
Cash and cash equivalents carried forward	@ <u>38,385</u>	<u>25,028</u>
@ Cash and cash equivalents comprise of the following:-		
Deposits placed with licensed banks	6,000	-
Cash and bank balances	<u>32,385</u>	<u>25,028</u>
	<u>38,385</u>	<u>25,028</u>

The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes to the interim financial reports.

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**A Notes to the Interim Financial Report on Consolidated Results
for the Year Ended 31 December 2023**

A1 Basis of preparation

This interim financial report is based on the unaudited financial statements for the year ended 31 December 2023 and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting in Malaysia. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2022.

A2 Changes in Accounting Policies

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the audited consolidated financial statements for the financial year ended 31 December 2022.

A3 Auditors’ report on preceding annual financial statements

The auditors’ report on the financial statements for the year ended 31 December 2022 was not subject to any qualifications.

A4 Seasonal or cyclical factors

The Malaysian Automotive Association (“MAA”), reported that passenger vehicles recorded 719,160 new registrations for the year ended 31 December 2023, which represents a 11.99% increase as compared to 642,157 units for the corresponding period in the previous year.

A5 Unusual nature and amount of items affecting assets, liabilities, equity, net income and cash flows

There were no unusual items which affected the the assets, liabilities, equity, net income and cash flows of the Group during the quarter under review.

A6 Material changes in estimates of amounts reported in prior periods in current financial year or prior financial years which have material effect in the current interim period

There were no material changes in estimates during the quarter under review.

A7 Dividend

There were no dividends paid during the quarter under review.

A8 Debts and equity securities

During the quarter under review, the Company did not purchase any ordinary shares from the open market. Aside from the above, there were no new debts and equity securities issued during the quarter.

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**A Notes to the Interim Financial Report on Consolidated Results
for the Year Ended 31 December 2023 (Continued)**

A9 Segmental reporting

Segmental analysis of the results and assets employed for the period ended 31 December 2023:

Business segments	Automotive	Machinery	Others	Consolidated
	Parts RM'000	Parts RM'000	RM'000	
Revenue from external customers	154,472	5,314	-	159,786
Segment results	4,606	(159)	(1,400)	3,047
Interest income				204
Finance costs				(226)
Profit before taxation				3,025
Tax expenses				(1,591)
Profit from continuing operations, net of tax				1,434
Profit from discontinued operation, net of tax				-
Profit after taxation				1,434
Exchange differences on translation of foreign operations				1,125
Total comprehensive income for the year				2,559
Segment assets	94,953	16,750	18,516	130,219
Unallocated corporate assets	42	293	37	372
Total assets				130,591
Segment liabilities	30,740	220	1,496	32,456
Unallocated corporate liabilities	1,024	-	-	1,024
Total liabilities				33,480
Capital expenditure	1,716	-	-	1,716
Depreciation and amortisation	6,508	307	447	7,262

A10 Statement on the effect on interim results concerning valuation of property, plant and equipment brought forward without amendment from the previous annual financial statements

There were no valuations of property, plant and equipment performed or brought forward from the previous financial year.

A11 Material events

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen since 31 December 2023 to the date of this announcement.

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**A Notes to the Interim Financial Report on Consolidated Results
for the Year Ended 31 December 2023 (Continued)**

A12 Changes in the composition of the Group

On 21 December 2023, the Company announced that it had entered into an Agreement of Shares Sell and Purchase of PT. Grand Surya Techno ("PTGST") with Sugihara Co. Ltd. for the disposal of 1,516,120 shares, representing 35.0% of the total issued share capital in PTGST, for a total cash consideration of United States Dollar 1,370,646.00 (equivalent to approximately RM6,401,602.00) only.

Upon the completion of the disposal on 26 December 2023, PTGST became a 60.0%-owned subsidiary of the Company.

Save as disclosed, there were no changes in the composition of the Group in the current quarter.

A13 Contingent assets and contingent liabilities

There were no contingent assets and contingent liabilities for the current quarter.

A14 Capital commitments

The capital commitments of the Group for the quarter under review are as follows:

	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
Plant and equipment contracted but not provided for in the financial statements	1,716	693

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Main Market Listing Requirements****B1 Review of performance**

	Individual Period				Cumulative Period			
	Current	Preceding	Changes		Current	Preceding	Changes	
	Year	Year			Year	Year		
	Quarter	Quarter			Quarter	Quarter		
	31.12.2023	31.12.2022			31.12.2023	31.12.2022		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	41,271	41,704	(433)	(1.0)	159,786	154,399	5,387	3.5
Gross profit	5,613	5,119	494	9.7	19,910	20,480	(570)	(2.8)
(Loss)/Profit before interest and taxation	(159)	308	(467)	N/M	3,047	22,853	(19,806)	86.7
(Loss)/Profit before taxation	(107)	211	(318)	N/M	3,025	22,272	(19,247)	86.4
(Loss)/Profit after taxation	(1,398)	(801)	(597)	74.5	1,434	19,648	(18,214)	92.7
(Loss)/Profit attributable to the owners of the company	(1,708)	(614)	(1,094)	178.2	(357)	18,453	(18,810)	N/M

Note: N/M = not meaningful

The Group reported revenue of RM41.27m and loss before taxation ("LBT") of RM0.11m for the current quarter ("Q4'23") as compared to revenue of RM41.70m and profit before taxation ("PBT") of RM0.21m recorded in the previous year's corresponding quarter ("Q4'22"). The decrease in PBT is mainly due to the gain on disposal of investment property and tooling in Q4'22, and the increase in expenses due to provision of Indonesia import duty in Q4'23.

Automotive parts

Revenue from the carpet segment in Malaysia increased by RM3.49m to RM24.93m mainly contributed by increased demand from major customers, Honda and Perodua. The segment recorded a PBT of RM2.19m compared to PBT of RM0.40m in Q4'22 as a result of increase in sales.

In Indonesia, the revenue increased by RM0.86m to RM5.38m mainly due to increase in demand from Daihatsu. It recorded a LBT of RM0.86m compared to LBT of RM0.27m in Q4'22, it is due to provision of Indonesia import duty of RM1.46m.

Revenue from braking component decreased by RM4.23m to RM10.17m due to decrease in sales to Proton and Thailand market. The segment recorded a LBT of RM0.59m compared to PBT of RM0.17m in Q4'22 as a result of decrease in sales.

Machinery parts

Revenue for Q4'23 decreased by RM0.55m to RM0.79m. It recorded a LBT of RM0.28m compared to PBT RM0.21m in Q4'22 as a result of decrease in sales.

**B Additional Information Required by Bursa Malaysia Securities Berhad (“Bursa Malaysia”)
Main Market Listing Requirements (Continued)**

B2 Variation of results against preceding quarter

	Current Quarter 31.12.2023 RM'000	Immediate Preceding Quarter 30.09.2023 RM'000	Changes	
			RM'000	%
Revenue	41,271	40,555	716	1.8
Gross profit	5,613	5,215	398	7.6
(Loss)/Profit before interest and taxation	(159)	1,281	(1,440)	N/M
(Loss)/Profit before taxation	(107)	1,275	(1,382)	N/M
(Loss)/Profit after taxation	(1,398)	1,060	(2,458)	N/M
(Loss)/Profit attributable to the owners of the company	(1,708)	356	(2,064)	N/M

Note: N/M = not meaningful

The Group’s revenue for the reporting period has increased by RM0.72m in comparison to the immediate preceding quarter ("Q3'23"). It recorded a LBT of RM0.11m as compared to Q3'23 of RM1.27m as a result of increase in provision of bonus and the provision of Indonesia import duty in Q4'23.

Automotive parts

Revenue from the carpet segment in Malaysia increased by RM1.99m to RM24.93m as compared to Q3'23 as a result of increased demand from major customers, Honda and Perodua. Despite the increase in revenue, the segment recorded a consistent PBT as a result of provision of bonus in Q4'23.

In Indonesia, the revenue decreased by RM0.39m to RM5.38m as compared to Q3'23. It recorded a LBT of RM0.86m in Q4'23 as a result of provision of Indonesia import duty of RM1.46m.

Revenue from braking component decreased by RM0.48m to RM10.17m as compared to Q3'23 due to decrease in sales to Thailand market. The segment recorded a LBT of RM0.59m as compared to LBT of RM0.57m in Q3'23.

Machinery parts

Revenue for Q4'23 decreased by RM0.41m to RM0.79m. It recorded a LBT of RM0.28m compared to PBT of RM0.09m in Q3'23 as a result of decrease in sales.

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B Additional Information Required by Bursa Malaysia Securities Berhad ("Bursa Malaysia")
Main Market Listing Requirements (Continued)

B3 Prospects for 2024

Automotive parts

Malaysian Automotive Association ("MAA") industry forecast for 2024 are as follows:

Market segment	2024 Forecast	2023 Actual	Variance Units	%
Passenger vehicles	666,000	719,160	(53,160)	(7.4)
Commercial vehicles	74,000	80,571	(6,571)	(8.2)
Total vehicles	740,000	799,731	(59,731)	(7.5)

Based on the above, the local automotive parts segment is expected to perform in line with the industry forecast.

Machinery parts

The Management will remain cautious of the performance as material and product costs are still high and will continue to strive to pursue sales in the new year.

B4 Profit estimate, forecast, projection or internal targets and profit guarantee

The Group did not announce or provide any profit estimate, forecast, projection or internal targets for the year ended 31 December 2023.

B5 Taxation

	3 months period ended		Financial year ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Income tax expenses:				
Current income tax:				
- Current year	1,704	505	2,004	505
- Prior year	(94)	(1)	(94)	(31)
Deferred tax:				
- Origination and reversal of temporary differences	(319)	500	(319)	550
Real property gain tax	-	8	-	1,600
	<u>1,291</u>	<u>1,012</u>	<u>1,591</u>	<u>2,624</u>

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**B Additional Information Required by Bursa Malaysia Securities Berhad (“Bursa Malaysia”)
Main Market Listing Requirements (Continued)**

B6 Status of corporate proposals announced

The Group does not have any corporate proposals at the date of this announcement.

B7 Notes to the Statements of Comprehensive Income

Profit for the period is arrived after crediting/(charging):

	3 months period ended		Financial year ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Interest income	96	13	204	21
Other income including investment income	225	89	633	402
Gain on disposal of MIS Property	-	(81)	-	17,198
Gain on disposal of investment property	-	164	-	402
Interest expenses	(44)	(110)	(226)	(602)
Reversal of inventories written down	(301)	(197)	247	651
Depreciation and amortisation	(2,063)	(1,822)	(7,262)	(7,267)
Development cost	(156)	(374)	(1,031)	(1,258)
Net foreign currency exchange loss	(402)	257	(801)	74

Other than the above, there was no gain or loss on disposal of quoted or unquoted investments, gain or loss on derivatives and exceptional items included in the results for the current year ended 31 December 2023.

B8 Group borrowings

Secured:-	As at 31 December 2023			As at 31 December 2022		
	Long term	Short term	Total	Long term	Short term	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Term loans	2,817	428	3,245	3,246	428	3,674
	<u>2,817</u>	<u>428</u>	<u>3,245</u>	<u>3,246</u>	<u>428</u>	<u>3,674</u>

All the above borrowings are denominated in Ringgit Malaysia and the Group does not have any foreign denominated borrowings or any unsecured borrowings. The term loans bears interest rate range from 4.47% to 4.72% per annum.

B9 Material litigation

The Company and its subsidiaries have no outstanding material litigation as at the date of this announcement.

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B Additional Information Required by Bursa Malaysia Securities Berhad (“Bursa Malaysia”)
Main Market Listing Requirements (Continued)

B10 Dividend

The Board of Directors does not recommend any dividend for the current year ended 31 December 2023.

B11 Basic loss per ordinary share

The calculation of basic loss per ordinary share for the quarter is based on the following:

	For the quarter ended 31.12.2023 RM'000	For the cumulative 12 months ended 31.12.2023 RM'000
Loss attributable to Owners of the Company	(1,708)	(357)
Profit attributable to Non-Controlling Interests	310	1,791
(Loss)/Profit for the period	<u>(1,398)</u>	<u>1,434</u>
Weighted average number of ordinary shares	<u>42,163</u>	<u>42,163</u>
Basic loss per share (sen)	<u>(4.05)</u>	<u>(0.85)</u>

There were no dilutive potential ordinary shares outstanding as at 31 December 2023 and that of the previous financial year. As a result, there were no diluted earnings/(loss) per share for the financial year ended 31 December 2023 and the previous financial period.