

**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 2014**  
**(unaudited)**

	Note	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		30,575	31,570
Investment properties		466	477
Intangible assets		710	710
Deferred tax assets		1,361	1,286
<b>Total non current assets</b>		33,112	34,043
<b>Current assets</b>			
Inventories		14,455	16,753
Trade and other receivables		39,794	39,835
Current tax assets		828	546
Cash and cash equivalents		23,150	24,079
<b>Total current assets</b>		78,227	81,213
<b>TOTAL ASSETS</b>		111,339	115,256
<b>Equity</b>			
Share capital		44,800	44,800
Reserves		33,276	32,740
Less: 2,610,100 treasury shares, at cost		(1,173)	(1,166)
Total equity attributable to the shareholders of the Company		76,903	76,374
Non-controlling interests		5,905	4,888
<b>Total equity</b>		82,808	81,262
<b>Non-current liabilities</b>			
Other financial liabilities		426	426
Loans and borrowings	B8	2,162	2,227
Deferred tax liabilities		213	182
<b>Total non current liabilities</b>		2,801	2,835
<b>Current liabilities</b>			
Loans and borrowings	B8	4,693	5,498
Trade and other payables		20,008	24,638
Provision for warranties		489	489
Tax payable		540	534
<b>Total current liabilities</b>		25,730	31,159
<b>TOTAL EQUITY AND LIABILITIES</b>		111,339	115,256
Net assets per share (RM)		1.72	1.70
		-	-

**Note:-**

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 30 June 2014**  
(unaudited)

	Note	3 months period ended 30 June		6 months period ended 30 June	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Revenue</b>		38,521	33,333	74,003	63,131
Cost of sales		(31,794)	(26,462)	(61,391)	(50,372)
<b>Gross profit</b>		6,727	6,871	12,612	12,759
Operating expenses		(4,982)	(4,096)	(8,676)	(7,961)
Other operating income		(99)	224	152	406
<b>Operating profit / (Loss)</b>		1,646	2,999	4,088	5,204
Financing costs		217	(163)	(251)	(305)
Interest income		51	78	96	110
<b>Profit / (Loss) before taxation</b>		1,914	2,914	3,933	5,009
Tax expense	B5	(740)	(1,036)	(1,249)	(1,853)
<b>Profit after taxation</b>		1,174	1,878	2,684	3,156
<b>Other comprehensive income, net of tax</b>					
Fair value reserve		-	28	-	36
Foreign currency translation differences for foreign operations		(51)	136	(76)	143
<b>Other comprehensive income for the period, net of tax</b>		(51)	164	(76)	179
<b>Total comprehensive income for the period</b>		1,123	2,042	2,608	3,335
<b>Profit attributable to:</b>					
Owners of the Company		873	1,642	1,842	2,617
Non-controlling interests		301	236	842	539
<b>Profit for the period</b>		1,174	1,878	2,684	3,156
<b>Total comprehensive income attributable to :</b>					
Owners of the Company		869	1,801	1,752	2,791
Non-controlling interests		254	241	856	544
<b>Total comprehensive income for the period</b>		1,123	2,042	2,608	3,335
Basic earnings per ordinary share (sen)	B12	2.07	3.89	4.37	6.20
Diluted earnings per ordinary share (sen)		N/A	N/A	N/A	N/A

**Notes :-**

N/A = Not applicable

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**Condensed Consolidated Statement of Changes in Equity for the 6 months period ended 30 June 2014**  
(unaudited)

	← Attributable to the owners of the Company →							Total Equity RM'000
	← Non-distributable →			Distributable				
	Share capital RM'000	Share premium RM'000	Treasury share RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	Non- controlling interests RM'000	
<b>At 1 January 2014</b>	44,800	4,891	(1,166)	53	-	27,796	4,888	81,262
Derecognised of Cleon financial assets	-	-	-	-	-	(38)	38	-
Foreign currency translation differences for foreign operations	-	-	-	(73)	-	1	(4)	(76)
Total other comprehensive income for the financial period	-	-	-	(73)	-	(37)	34	(76)
Profit net of tax for the period	-	-	-	-	-	1,842	842	2,684
<b>Total comprehensive income for the period</b>	-	-	-	(73)	-	1,805	876	2,608
- Purchase of own shares	-	-	(7)	-	-	-	-	(7)
- Dividends to owners of the Company	-	-	-	-	-	(1,055)	-	(1,055)
- Dilution of share capital	-	-	-	-	-	(141)	141	-
Total transaction with owners of the company	-	-	(7)	-	-	(1,196)	141	(1,062)
<b>At 30 June 2014</b>	<b>44,800</b>	<b>4,891</b>	<b>(1,173)</b>	<b>(20)</b>	<b>-</b>	<b>28,405</b>	<b>5,905</b>	<b>82,808</b>
<b>At 1 January 2013</b>	44,800	4,891	(1,156)	(180)	88	24,355	4,373	77,171
Fair value of available-for-sale financial assets	-	-	-	-	(88)	-	-	(88)
Remeasurement of financial liabilities	-	-	-	-	-	281	-	281
Foreign exchange translation differences	-	-	-	233	-	-	8	241
Total other comprehensive income for the financial year	-	-	-	233	(88)	281	8	434
Profit net of tax for the year	-	-	-	-	-	4,217	737	4,954
<b>Total comprehensive income for the period</b>	-	-	-	233	(88)	4,498	745	5,388
- Purchase of own shares	-	-	(10)	-	-	-	-	(10)
- Dividends to owners of the Company	-	-	-	-	-	(1,057)	(158)	(1,215)
- Derecognition of subsidiary	-	-	-	-	-	-	(72)	(72)
Total transaction with owners of the company	-	-	(10)	-	-	(1,057)	(230)	(1,297)
<b>At 31 December 2013</b>	<b>44,800</b>	<b>4,891</b>	<b>(1,166)</b>	<b>53</b>	<b>-</b>	<b>27,796</b>	<b>4,888</b>	<b>81,262</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Cash Flow Statement for the 6 months period ended 30 June 2014**  
 (unaudited)

	For the 6 months period ended 30 June 2014 RM'000	For the 6 months period ended 30 June 2013 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation from operations	3,933	5,009
<b>Adjustment for non-cash items:</b>		
Depreciation of investment properties	11	11
Depreciation of plant and equipment	2,514	2,143
Dilution of NCI's shares capital	(141)	
Gain on disposal of the investment in subsidiary		(71)
Loss/(Gain) on disposal of plant and equipment	1	(61)
Derecognised of Cleon	40	-
Fixed asset written off		2
Interest paid	213	290
Interest income	(96)	(110)
Unrealised foreign exchange (gain) / loss	(96)	11
<b>Operating profit before changes in working capital</b>	6,379	7,224
<b>Changes in working capital:</b>		
Inventories	2,298	358
Trade and other receivables	140	(9,242)
Trade and other payables	(5,257)	2,191
<b>Cash (used in) / generated from operations</b>	3,560	531
Income taxed paid	(1,819)	(1,369)
Income taxes refunded	250	-
Interest paid	(213)	(290)
<b>Net cash (used in) / generated from operating activities</b>	1,778	(1,128)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(889)	(3,333)
Interest received	96	110
Proceed from disposal of property, plant and equipment		61
<b>Net cash used in investing activities</b>	(793)	(3,162)
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(7)	(4)
Repayment of hire-Purchase	(76)	(73)
Repayment of BA	(2,420)	(96)
Drawdown of BA	1,810	
Drawdown/(Repayment) of other borrowing	(299)	490
Repayment of term loan	(74)	(360)
Dividend paid	(1,055)	(1,057)
<b>Net cash used in financing activities</b>	(2,121)	(1,100)
<b>Net (decrease) / increase in cash and cash equivalents</b>	(1,136)	(5,390)
<b>Exchnage rate fluctuaction reserve</b>	20	142
<b>Cash and cash equivalents at 1 January</b>	21,214	20,677
<b>Cash and cash equivalents at 30 June</b>	@ 20,098	15,429
@ Cash and cash equivalents comprise the following balance sheet amounts:		
Deposits placed with licensed banks	3,280	13,100
Cash and bank balances	19,737	5,370
Bank overdrafts	(2,919)	(3,041)
	20,098	15,429

(i)

For the 6 months period ended 30 June 2014, the Group acquired property, plant and equipment amounting to RM2,204,980 of which RM 627,682 was accrued for. There was payment for assets capitalised in year ended 31 December 2013 amounting to RM 167,415.

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.