

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 2015
(unaudited)

| | Note | As at 30 June 2015 RM'000 | As at 31 December 2014 RM'000 |
|--|------|------------------------------------|--|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 33,031 | 33,106 |
| Investment properties | | 444 | 455 |
| Intangible assets | | 710 | 710 |
| Deferred tax assets | | 1,169 | 1,297 |
| Total non current assets | | <u>35,354</u> | <u>35,568</u> |
| Current assets | | | |
| Trade and other receivables | | 36,729 | 42,042 |
| Prepayments | | 1,499 | 3,004 |
| Inventories | | 18,539 | 16,159 |
| Tax recoverable | | 1,208 | 807 |
| Cash and bank balances | | 22,249 | 20,253 |
| Total current assets | | <u>80,224</u> | <u>82,265</u> |
| TOTAL ASSETS | | <u>115,578</u> | <u>117,833</u> |
| Equity | | | |
| Share capital | | 44,800 | 44,800 |
| Reserves | | 35,326 | 34,332 |
| Less: 2,616,100 treasury shares, at cost | | (1,178) | (1,177) |
| Total equity attributable to the shareholders of the Company | | 78,948 | 77,955 |
| Non-controlling interests | | 6,411 | 5,881 |
| Total equity | | <u>85,359</u> | <u>83,836</u> |
| Non-current liabilities | | | |
| Loans and borrowings | B8 | 2,162 | 2,099 |
| Other financial liabilities | | 45 | 45 |
| Deferred tax liabilities | | 322 | 393 |
| Total non current liabilities | | <u>2,529</u> | <u>2,537</u> |
| Current liabilities | | | |
| Loans and borrowings | B8 | 4,413 | 4,691 |
| Provision for warranties | | 288 | 288 |
| Trade and other payables | | 22,734 | 26,195 |
| Tax payable | | 255 | 286 |
| Total current liabilities | | <u>27,690</u> | <u>31,460</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>115,578</u> | <u>117,833</u> |
| Net assets per share (RM) | | 1.76 | 1.74 |

Note:-

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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

Condensed Consolidated Statement of Comprehensive Income for the 6 months period ended 30 June 2015
(unaudited)

| | Note | 3 months period ended 30 June | | 6 months period ended 30 June | |
|---|------|-------------------------------|----------------|-------------------------------|----------------|
| | | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Revenue | | 35,431 | 38,521 | 75,975 | 74,003 |
| Cost of sales | | (30,288) | (31,794) | (64,841) | (61,391) |
| Gross profit | | 5,143 | 6,727 | 11,134 | 12,612 |
| Operating expenses | | (4,808) | (4,982) | (9,582) | (8,676) |
| Other operating income | | 420 | (99) | 940 | 152 |
| Operating profit | | 755 | 1,646 | 2,492 | 4,088 |
| Financing costs | | (157) | 217 | (300) | (251) |
| Interest income | | 25 | 51 | 51 | 96 |
| Profit before taxation | | 623 | 1,914 | 2,243 | 3,933 |
| Tax expense | B5 | (517) | (740) | (791) | (1,249) |
| Profit after taxation | | 106 | 1,174 | 1,452 | 2,684 |
| Other comprehensive income, net of tax | | | | | |
| Item that will not be reclassified | | | | | |
| subsequently to profit or loss | | | | | |
| Foreign currency translation differences for foreign operations | | (135) | (51) | 72 | (76) |
| Other comprehensive income for the period, net of tax | | (135) | (51) | 72 | (76) |
| Total comprehensive income for the period | | (29) | 1,123 | 1,524 | 2,608 |
| Profit attributable to: | | | | | |
| Owners of the Company | | (81) | 873 | 924 | 1,842 |
| Non-controlling interests | | 187 | 301 | 528 | 842 |
| Profit for the period | | 106 | 1,174 | 1,452 | 2,684 |
| Total comprehensive income attributable to : | | | | | |
| Owners of the Company | | (211) | 869 | 994 | 1,752 |
| Non-controlling interests | | 182 | 254 | 530 | 856 |
| Total comprehensive income for the period | | (29) | 1,123 | 1,524 | 2,608 |
| Basic earnings per ordinary share (sen) | B12 | (0.19) | 2.07 | 2.19 | 4.37 |
| Diluted earnings per ordinary share (sen) | | N/A | N/A | N/A | N/A |

Notes :-

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 2014 and the accompanying explanatory notes attached to the interim financial statements.

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

Condensed Consolidated Statement of Changes in Equity for the 6 months period ended 30 June 2015
(unaudited)

| | ← Attributable to the owners of the Company → | | | | | | | |
|--|---|--------------------------|-------------------------|--|----------------------------|-----------------|-------------------------------------|------------------------|
| | ← Non-distributable → | | | | Distributable | | | |
| | Share capital RM'000 | Treasury share RM'000 | Share premium RM'000 | Foreign currency translation reserve RM'000 | Retained profits RM'000 | Total RM'000 | Non-controlling interests RM'000 | Total Equity RM'000 |
| At 1 January 2015 | 44,800 | (1,177) | 4,891 | 241 | 29,200 | 77,955 | 5,881 | 83,836 |
| Foreign exchange translation reserve | - | - | - | 70 | - | 70 | 2 | 72 |
| Total other comprehensive income for the financial period | - | - | - | 70 | - | 70 | 2 | 72 |
| Profit net of tax for the period | - | - | - | - | 924 | 924 | 528 | 1,452 |
| Total comprehensive income for the period | - | - | - | 70 | 924 | 994 | 530 | 1,524 |
| Contributions by and distribution to owners of the Company | - | - | - | - | - | - | - | - |
| - Purchase of own shares | - | (1) | - | - | - | (1) | - | (1) |
| Total transaction with owners of the Company | - | (1) | - | - | - | (1) | - | (1) |
| At 30 June 2015 | 44,800 | (1,178) | 4,891 | 311 | 30,124 | 78,948 | 6,411 | 85,359 |
| At 1 January 2014 | 44,800 | (1,166) | 4,891 | 53 | 27,796 | 76,374 | 4,888 | 81,262 |
| Remeasurement of financial liability | - | - | - | - | 381 | 381 | - | 381 |
| Foreign exchange translation reserve | - | - | - | 188 | - | 188 | 8 | 196 |
| Total other comprehensive income for the financial year | - | - | - | 188 | 381 | 569 | 8 | 577 |
| Profit net of tax for the year | - | - | - | - | 2,526 | 2,526 | 537 | 3,063 |
| Total comprehensive income for the financial year | - | - | - | 188 | 2,907 | 3,095 | 545 | 3,640 |
| Contributions by and distribution to owners of the Company | - | - | - | - | - | - | - | - |
| - Purchase of own shares | - | (11) | - | - | - | (11) | - | (11) |
| - Dividends to owners of the Company | - | - | - | - | (1,055) | (1,055) | - | (1,055) |
| - Remeasurement of non-controlling interests | - | - | - | - | (448) | (448) | 448 | - |
| Total transaction with owners of the Company | - | (11) | - | - | (1,503) | (1,514) | 448 | (1,066) |
| At 31 December 2014 | 44,800 | (1,177) | 4,891 | 241 | 29,200 | 77,955 | 5,881 | 83,836 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Cash Flow Statement for the 6 months period ended 30 June 2015
(unaudited)

| | For the 6 months period ended 30 June 2015 RM'000 | For the 6 months period ended 30 June 2014 RM'000 |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before taxation from operations | 2,243 | 3,933 |
| Adjustment for non-cash items: | | |
| Depreciation of investment properties | 11 | 11 |
| Depreciation of plant and equipment | 2,612 | 2,514 |
| Dilution of NCI's share capital | - | (141) |
| Derecognised of Cleon | - | 40 |
| Gain / Loss on disposal of property, plant and equipment | (6) | 1 |
| Amortisation of prepaid lease payments | 10 | - |
| Interest paid | 239 | 213 |
| Interest income | (51) | (96) |
| Unrealised foreign exchange (gain) / loss | 308 | (96) |
| Operating profit before changes in working capital | 5,366 | 6,379 |
| Changes in working capital: | | |
| Inventories | (2,380) | 2,298 |
| Receivables | 6,503 | 140 |
| Payables | (4,055) | (5,257) |
| Cash (used in) / generated from operations | 5,434 | 3,560 |
| Tax paid | (1,543) | (1,819) |
| Tax refund | 377 | 250 |
| Interest paid | (238) | (213) |
| Net cash (used in) / generated from operating activities | 4,030 | 1,778 |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (2,187) | (889) |
| Proceeds from disposal of property, plant and equipment | 6 | - |
| Interest received | 51 | 96 |
| Net cash used in investing activities | (2,130) | (793) |
| Cash flows from financing activities | | |
| Purchase of treasury share | (1) | (7) |
| Repayment of hire-Purchase | - | (76) |
| Repayment of BA | (3,474) | (2,420) |
| Drawdown of BA | 3,369 | 1,810 |
| Drawdown/(Repayment) of other borrowing | (302) | (299) |
| Drawdown / (Repayment) of term loan | 72 | (74) |
| Dividend Paid | - | (1,055) |
| Net cash used in financing activities | (335) | (2,121) |
| Net (decrease) / increase in cash and cash equivalents | 1,565 | (1,136) |
| Exchange rate fluctuaction reserve | 311 | 20 |
| Cash and cash equivalents at 1 January | 17,529 | 21,214 |
| Cash and cash equivalents at 30 June | 19,405 | 20,098 |
| @ Cash and cash equivalents comprise the following balance sheet amounts: | | |
| Short term investments | 3,916 | 3,815 |
| Deposits placed with licensed banks | 1,150 | 3,280 |
| Cash and bank balances | 17,183 | 15,922 |
| Bank overdrafts | (2,844) | (2,919) |
| | 19,405 | 20,098 |

(i)

For the 6 months period ended 30 June 2015, the Group acquired property, plant and equipment amounting to RM 2,780,554 of which RM 593,293 was accrued for. There was payment for assets capitalised in year ended 31 December 2014 amounting to RM 803,125.

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.