

SMIS Corporation Berhad
Registration No. 199901016957 (491857-V)
(Incorporated in Malaysia)

Interim Financial Report
31 December 2021

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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 2021 RM'000	As at 31 December 2020 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		30,660	34,328
Right-of-use assets		14,345	14,931
Investment properties		993	844
Deferred tax assets		130	29
Total non-current assets		46,128	50,132
Current assets			
Inventories		21,394	18,351
Tax recoverable		662	514
Trade and other receivables		29,560	27,783
Prepayments		451	636
Cash and cash equivalents		13,968	17,026
Total current assets		66,035	64,310
TOTAL ASSETS		112,163	114,442
EQUITY AND LIABILITIES			
Equity			
Share capital		49,691	49,691
Reserves		6,358	8,197
Less: 2,637,000 treasury shares, at cost		(1,192)	(1,192)
Total equity attributable to the shareholders of the Company		54,857	56,696
Non-controlling interest		13,739	13,861
Total equity		68,596	70,557
Non-current liabilities			
Loans and borrowings	B8	3,674	4,103
Lease liabilities		213	710
Deferred tax liabilities		323	276
Provision		45	65
Total non-current liabilities		4,255	5,154
Current liabilities			
Loans and borrowings	B8	9,350	9,352
Lease liabilities		626	588
Trade and other payables		29,296	28,647
Tax payable		40	144
Total current liabilities		39,312	38,731
Total liabilities		43,567	43,885
TOTAL EQUITY AND LIABILITIES		112,163	114,442
Net assets per share (RM)		1.22	1.27

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 2020 and the accompanying explanatory notes to the interim financial reports.

Interim Financial Report
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Unaudited Condensed Consolidated Statements of Comprehensive Income for the Year Ended 31 December 2021

	Note	3 months period ended 31 December		12 months year ended 31 December	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Continuing operations					
Revenue		39,890	37,093	113,176	101,340
Cost of sale		(35,540)	(33,296)	(103,138)	(92,452)
Gross profit		4,350	3,797	10,038	8,888
Operating expenses		(3,454)	(3,868)	(13,225)	(15,357)
Other operating income		421	2,058	1,727	2,651
Operating profit/(loss)		1,317	1,987	(1,460)	(3,818)
Finance costs		(197)	(198)	(728)	(781)
Interest income		12	4	18	22
Profit/(Loss) before taxation		1,132	1,793	(2,170)	(4,577)
Tax expenses	B5	(79)	(125)	(117)	(252)
Profit/(Loss) after taxation		1,053	1,668	(2,287)	(4,829)
Profit/(Loss) for the period		1,053	1,668	(2,287)	(4,829)
Other comprehensive income/(loss), net of tax					
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(24)	367	326	(261)
Total comprehensive income/(loss) for the period		1,029	2,035	(1,961)	(5,090)
Profit/(Loss) attributable to:					
Owners of the Company		654	1,219	(2,165)	(4,398)
Non-controlling interests		399	449	(122)	(431)
		1,053	1,668	(2,287)	(4,829)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		631	1,589	(1,839)	(4,658)
Non-controlling interests		398	446	(122)	(432)
		1,029	2,035	(1,961)	(5,090)
Basic earning/(loss) per ordinary share (sen)	B11	1.55	2.89	(5.13)	(10.43)

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 2020 and the accompanying explanatory notes to the interim financial reports.

Unaudited Condensed Consolidated Statements of Changes in Equity for the Year Ended 31 December 2021

	← Attributable to owners of the Company →						Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000		Retained profits RM'000	Total RM'000	
Non-distributable			Distributable				
At 1 January 2021	49,691	(1,192)	(668)	8,865	56,696	13,861	70,557
Other comprehensive income for the financial year	-	-	326	-	326	-	326
Loss net of tax for the financial year	-	-	-	(2,165)	(2,165)	(122)	(2,287)
Total comprehensive income/(loss) for the financial year	-	-	326	(2,165)	(1,839)	(122)	(1,961)
At 31 December 2021	49,691	(1,192)	(342)	6,700	54,857	13,739	68,596
At 1 January 2020	49,691	(1,192)	(408)	13,263	61,354	14,293	75,647
Loss net of tax for the financial year	-	-	-	(4,398)	(4,398)	(431)	(4,829)
Other comprehensive loss for the financial year	-	-	(260)	-	(260)	(1)	(261)
Total other comprehensive loss for the financial year	-	-	(260)	(4,398)	(4,658)	(432)	(5,090)
At 31 December 2020	49,691	(1,192)	(668)	8,865	56,696	13,861	70,557

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 2020 and the accompanying explanatory notes to the interim financial reports.

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Unaudited Condensed Consolidated Statement of Cash Flows for the Year Ended 31 December 2021

	Year ended 31 December	
	2021	2020
	RM'000	RM'000
Cash Flows From Operating Activities		
Loss before tax	(2,170)	(4,577)
Adjustment for non-cash items:-		
Non-cash items arising from property, plant and equipment, right-of-use assets, and investment properties	8,130	7,436
Bad debts written off	-	20
Inventories written off	-	325
Inventories written down	-	410
Reversal of inventories written down	-	(294)
Net impairment loss on trade receivables	-	60
Interest income	(18)	(22)
Interest expense on borrowings	620	781
Interest expense on lease obligations	108	-
Unrealised gain on foreign currency exchange	(191)	(1,539)
Operating profit before working capital changes	6,479	2,600
Changes in working capital:-		
Inventories	(3,043)	57
Receivables	(855)	1,145
Payables	81	7,936
Cash generated from operations	2,662	11,738
Interest paid	(108)	(88)
Tax paid	(255)	(208)
Net cash generated from operating activities	2,299	11,442
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment	(3,222)	(6,314)
Interest received	18	22
Proceeds from disposal of property, plant and equipment	24	41
Net cash used in investing activities	(3,180)	(6,251)
Cash Flows From Financing Activities		
Net repayment of borrowings	(430)	(435)
Interest paid	(620)	(693)
Repayment of lease liabilities	(715)	(735)
Net cash used in financing activities	(1,765)	(1,863)
Effect of exchange rate changes	(412)	251
Net (decrease)/increase in cash and cash equivalents	(3,058)	3,579
Cash and cash equivalents brought forward	17,026	13,447
Cash and cash equivalents carried forward	@ 13,968	17,026
@ Cash and cash equivalents comprises of the following:-		
Deposits placed with licensed banks	15	15
Cash and bank balances	13,953	17,011
	13,968	17,026

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 2020 and the accompanying explanatory notes to the interim financial reports.

A Notes to the Interim Financial Report on Consolidated Results for the Year Ended 31 December 2021

A1 Basis of preparation

This interim financial report is based on the unaudited financial statements for the year ended 31 December 2021 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 2020.

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 2020.

A3 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2020 was not subject to any qualifications.

A4 Seasonal or cyclical factors

The Malaysian Automotive Association ("MAA"), reported that passenger vehicles recorded 452,663 new registrations for the year ended 31 December 2021, which represents an 5.89% decrease as compared to 480,971 units for the previous year.

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

Save as disclosed in the second and third quarter with regards to the imposition of the Movement Control Order("MCO") 3.0 commenced from 1st June 2021 to 15 August 2021 in response to the Covid-19 pandemic, there were no unusual items which affected the assets, liabilities, equity, net income and cashflows 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 2021

A9 Segmental reporting

Segmental analysis of the results and assets employed for the year ended 31 December 2021:

Business segments	Automotive Parts RM'000	Machinery Parts RM'000	Others RM'000	Consolidated RM'000
Revenue from external customers	107,208	5,968	-	113,176
Segment results	(281)	(551)	(628)	(1,460)
Interest income				18
Finance costs				(728)
Loss before taxation				(2,170)
Tax expenses				(117)
Loss after taxation				(2,287)
Exchange differences on translation of foreign operations				326
Total comprehensive loss for the period				(1,961)
Segment assets	86,130	10,756	14,486	111,372
Unallocated corporate assets	389	283	119	791
Total assets				112,163
Segment liabilities	32,753	442	10,010	43,205
Unallocated corporate liabilities	362	-	-	362
Total liabilities				43,567
Capital expenditure	2,946	276	-	3,222
Depreciation and amortisation	7,516	289	426	8,231

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 2021 to the date of this announcement.

A12 Changes in the composition of the Group

There were no changes in the composition of the Group for 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 31.12.2021 RM'000	As at 31.12.2020 RM'000
Plant and equipment contracted but not provided for in the financial statements	1,441	543

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

B1 Review of performance

	Individual Period				Cumulative Period			
	Current Year		Preceding Year		Current Year		Preceding Year	
	Quarter		Quarter		Quarter		Quarter	
	31.12.2021	31.12.2020	Changes		31.12.2021	31.12.2020	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	39,890	37,093	2,797	7.5	113,176	101,340	11,836	11.7
Gross profit	4,350	3,797	553	14.6	10,038	8,888	1,150	12.9
Profit/(Loss) before interest and taxation	1,317	1,987	(670)	(33.7)	(1,460)	(3,818)	2,358	61.8
Profit/(Loss) before taxation	1,132	1,793	(661)	(36.9)	(2,170)	(4,577)	2,407	52.6
Profit/(Loss) after taxation	1,053	1,668	(615)	(36.9)	(2,287)	(4,829)	2,542	52.6
Profit/(Loss) attributable to the owners of the company	654	1,219	(565)	46.3	(2,165)	(4,398)	2,233	50.8

The Group reported revenue of RM39.89m and profit before taxation ("PBT") of RM1.13m for the current quarter ("Q4'21") as compared to revenue of RM37.09m and PBT of RM1.79m respectively in the previous year's corresponding quarter ("Q4'20").

Automotive parts

Revenue from the carpet segment in Malaysia increased marginally by RM0.01m to RM20.11m. The segment recorded a PBT of RM1.36m compared to PBT of RM0.35m in Q4'20 due to product mix and inventories written down (RM0.28m), provided in Q4'20.

In Indonesia, revenue increased by RM1.65m to RM2.85m as compared to previous year corresponding quarter mainly due to increase in demand from Daihatsu, Isuzu and SGMW. Loss before taxation ("LBT") for the period was RM0.46m.

Braking component segment revenue increased for the current quarter; from RM14.62m in Q4'20 to RM15.19m for the reporting quarter. PBT for the quarter was RM1.24m (Q4'20: PBT RM0.75m).

Machinery parts

Revenue for Q4'21 increased from RM1.60m to RM1.75m. PBT for Q4'21 was RM0.57m against a LBT of RM0.48m, mainly due to inventories written down of RM0.35m in Q4'20.

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

B2 Variation of results against preceding quarter

	Current Quarter 31.12.2021 RM'000	Immediate Preceding Quarter 30.09.2021 RM'000	Changes	
			RM'000	%
Revenue	39,890	15,853	24,037	151.6
Gross profit/(loss)	4,350	(168)	4,518	N/M
Profit/(Loss) before interest and taxation	1,317	(2,307)	3,624	N/M
Profit/(Loss) before taxation	1,132	(2,493)	3,625	N/M
Profit/(Loss) after taxation	1,053	(2,531)	3,584	N/M
Profit/(Loss) attributable to the owners of the company	654	(2,131)	2,785	N/M

Note: N/M = not meaningful

The Group's revenue for the reporting period recorded a RM24.03m increase in comparison to immediate preceding quarter ("Q3'2021"). Local sales recovered strongly post MCO3.0.

Automotive parts

The carpet segment in Malaysia recorded an increase in revenue of RM13.22m to RM20.11m as compared to preceding quarter (Q3'21: RM6.89m). The segment recorded a PBT of RM1.36m from a LBT of RM1.62m in Q3'21.

Revenue from the Indonesia operations improved by RM0.88m to RM2.85m as compared to preceding quarter due to increase sales from Daihatsu.

Revenue from braking components increased by RM9.52m to RM15.19m for the reporting period as compared to the preceding quarter mainly due to increased local sales from Proton. Volumes for the export market (Toyota Thailand) also saw improvements. PBT for the reporting period was RM1.24m as compared a LBT of RM0.32m for Q3'21.

Machinery parts

Machinery parts segment recorded an increase in revenue of RM0.44m to RM1.75m. The segment recorded a profit of RM0.57m (Q3'21: LBT RM0.17m).

B3 Prospects for 2021

Automotive parts

MAA industry forecast for 2022 are as follows:

Market segment	2022 Forecast	2021 Actual	Variance Units	%
Passenger vehicles	540,000	452,663	87,337	19.3
Commercial vehicles	60,000	56,248	3,752	6.7
Total vehicles	600,000	508,911	91,089	17.9

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

Machinery parts

Market conditions continues to be uncertain due to the COVID-19 pandemic. Prevailing conditions will limit maintenance jobs and projects availability.

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 2021.

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

B5 Taxation

	3 months period ended		Financial period ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Income tax expenses:				
Current income tax:				
- Current year	(126)	75	(164)	(52)
- Prior year	(5)	(9)	(5)	(9)
Deferred tax:				
- Origination and reversal of temporary differences	52	(184)	52	(184)
Real property gain tax		(7)		(7)
	<u>(79)</u>	<u>(125)</u>	<u>(117)</u>	<u>(252)</u>

The effective tax rate for the financial period under review was lower than the statutory tax rate due to availability of tax incentives in certain subsidiaries.

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

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

	3 months period ended		Financial period ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Interest income	12	4	18	22
Other income including investment income	421	2,058	1,727	2,651
Interest expenses	(197)	(198)	(728)	(781)
Depreciation and amortisation	(2,546)	(1,887)	(8,231)	(7,477)
Development cost	(320)	(245)	(720)	(660)
Net foreign currency exchange (loss)/gain	(352)	176	(199)	(463)

Other than the above, there was no gain or loss on disposal of quoted or unquoted investments or properties, gain or loss on derivatives and exceptional items included in the results for the current quarter ended 31 December 2021.

B8 Group borrowings

Secured:-	As at 31 December 2021			As at 31 December 2020		
	Long term	Short term	Total	Long term	Short term	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank overdraft	-	-	-	-	-	-
Revolving credit	-	8,922	8,922	-	8,923	8,923
Term loans	3,674	428	4,102	4,103	429	4,532
	<u>3,674</u>	<u>9,350</u>	<u>13,024</u>	<u>4,103</u>	<u>9,352</u>	<u>13,455</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 revolving credit and term loans bears interest rate range from 4.44% to 4.45% and 3.47% per annum respectively.

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

B10 Dividend

The Board of Directors does not recommend any dividend for the current period ended 31 December 2021.

B11 Basic earning/loss per ordinary share

The calculation of basic earnings per ordinary share for the quarter and for the cumulative quarter is based on the following:

	For the quarter ended 31.12.2021 RM'000	For the cumulative 12 months ended 31.12.2021 RM'000
Profit/(Loss) attributable to Owners of the Company	654	(2,165)
Profit/(Loss) attributable to Non-Controlling Interests	399	(122)
Profit/(Loss) for the period	<u>1,053</u>	<u>(2,287)</u>
Weighted average number of ordinary shares	<u>42,163</u>	<u>42,163</u>
Basic earning/(loss) per share (sen)	<u>1.55</u>	<u>(5.13)</u>

There were no dilutive potential ordinary shares outstanding as at 31 December 2021 and that of the previous financial year. As a result, there were no diluted earnings per share for the financial year ended 31 December 2021 and the previous financial year.