

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

Interim Financial Report
31 March 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 March 2021 RM'000	As at 31 December 2020 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		34,128	34,328
Right-of-use assets		14,614	14,931
Investment properties		840	844
Deferred tax assets		29	29
Total non-current assets		<u>49,611</u>	<u>50,132</u>
Current assets			
Inventories		19,895	18,351
Tax recoverable		295	514
Trade and other receivables		29,994	27,783
Prepayments		775	636
Cash and cash equivalents		9,995	17,026
Total current assets		<u>60,954</u>	<u>64,310</u>
TOTAL ASSETS		<u>110,565</u>	<u>114,442</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		49,691	49,691
Reserves		8,470	8,197
Less: 2,637,000 treasury shares, at cost		(1,192)	(1,192)
Total equity attributable to the shareholders of the Company		56,969	56,696
Non-controlling interest		14,180	13,861
Total equity		<u>71,149</u>	<u>70,557</u>
Non-current liabilities			
Loans and borrowings	B8	3,996	4,103
Lease liabilities		739	710
Deferred tax liabilities		276	276
Provision		65	65
Total non-current liabilities		<u>5,076</u>	<u>5,154</u>
Current liabilities			
Loans and borrowings	B8	9,558	9,352
Lease liabilities		588	588
Trade and other payables		24,155	28,647
Tax payable		39	144
Total current liabilities		<u>34,340</u>	<u>38,731</u>
Total liabilities		<u>39,416</u>	<u>43,885</u>
TOTAL EQUITY AND LIABILITIES		<u>110,565</u>	<u>114,442</u>
Net assets per share (RM)		1.27	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.

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SMIS Corporation Berhad
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Unaudited Condensed Consolidated Statements of Comprehensive Income for the Period Ended 31 March 2021

	Note	3 months period ended 31 March	
		2021 RM'000	2020 RM'000
Continuing operations			
Revenue		34,746	21,641
Cost of sale		(30,605)	(20,257)
Gross profit		<u>4,141</u>	<u>1,384</u>
Operating expenses		(3,516)	(5,420)
Other operating income		138	79
Operating profit/(loss)		<u>763</u>	<u>(3,957)</u>
Finance costs		(172)	(223)
Interest income		3	7
Profit/(Loss) before taxation		<u>594</u>	<u>(4,173)</u>
Tax expenses	B5	-	(7)
Profit/(Loss) after taxation		<u>594</u>	<u>(4,180)</u>
Profit/(Loss) for the period		<u>594</u>	<u>(4,180)</u>
Other comprehensive loss, net of tax			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(2)	(233)
Total comprehensive income/(loss) for the period		<u>592</u>	<u>(4,413)</u>
Profit/(Loss) attributable to:			
Owners of the Company		275	(3,735)
Non-controlling interests		319	(445)
		<u>594</u>	<u>(4,180)</u>
Total comprehensive income/(loss) attributable to:			
Owners of the Company		273	(3,972)
Non-controlling interests		319	(441)
		<u>592</u>	<u>(4,413)</u>
Basic earnings/(loss) per ordinary share (sen)	B11	<u>0.65</u>	<u>(8.86)</u>

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 Period Ended 31 March 2021

	← Attributable to owners of the Company →						Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Non-distributable		Distributable		
				Foreign currency translation reserve RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000
At 1 January 2021	49,691	(1,192)	(668)	8,865	56,696	13,861	70,557
Other comprehensive loss for the financial period	-	-	(2)	-	(2)	-	(2)
Profit net of tax for the financial period	-	-	-	275	275	319	594
Total comprehensive (loss)/ income for the financial period	-	-	(2)	275	273	319	592
At 31 March 2021	49,691	(1,192)	(670)	9,140	56,969	14,180	71,149
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 Period Ended 31 March 2021

	3 months period ended 31 March	
	2021	2020
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before tax	594	(4,173)
Adjustment for non-cash items:-		
Non-cash items arising from property, plant and equipment, right-of-use assets, and investment properties	1,819	1,649
Bad debts written off	-	20
Interest income	(3)	(7)
Interest expense on borrowings	143	200
Interest expense on lease obligations	29	23
Unrealised loss on foreign currency exchange	4	1,122
Operating profit/(loss) before working capital changes	<u>2,586</u>	<u>(1,166)</u>
Changes in working capital:-		
Inventories	(1,544)	(1,158)
Receivables	(1,531)	4,952
Payables	(4,827)	(1,551)
Cash (used in)/generated from operations	<u>(5,316)</u>	<u>1,077</u>
Interest paid	(29)	(20)
Tax paid	(129)	(33)
Net cash (used in)/generated from operating activities	<u>(5,474)</u>	<u>1,024</u>
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment	(1,392)	(302)
Interest received	3	7
Proceeds from disposal of property, plant and equipment	24	-
Net cash used in investing activities	<u>(1,365)</u>	<u>(295)</u>
Cash Flows From Financing Activities		
Net repayment of borrowings	(108)	(111)
Interest paid	(143)	(180)
Repayment of lease liabilities	(184)	(177)
Net cash used in financing activities	<u>(435)</u>	<u>(468)</u>
Effect of exchange rate changes	35	1,256
Net decrease/(increase) in cash and cash equivalents	(7,239)	1,517
Cash and cash equivalents brought forward	17,026	13,447
Cash and cash equivalents carried forward	<u>@ 9,787</u>	<u>14,964</u>
@ Cash and cash equivalents comprises of the following:-		
Deposits placed with licensed banks	15	15
Cash and bank balances	9,980	14,949
Bank overdrafts	(208)	-
	<u>9,787</u>	<u>14,964</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 2020 and the accompanying explanatory notes to the interim financial reports.

A Notes to the Interim Financial Report on Consolidated Results for the Period 31 March 2021

A1 Basis of preparation

This interim financial report is based on the unaudited financial statements for the quarter ended 31 March 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 123,281 new registrations for the quarter ended 31 March 2021, which represents a 27.08% increase as compared to 97,010 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 Period 31 March 2021

A9 Segmental reporting

Segmental analysis of the results and assets employed for the period ended 31 March 2021:

Business segments	Automotive	Machinery	Others	Consolidated
	Parts RM'000	Parts RM'000	RM'000	
Revenue from external customers	33,009	1,737	-	34,746
Segment results	927	(12)	(152)	763
Interest income				3
Finance costs				(172)
Profit before taxation				594
Tax expenses				-
Profit after taxation				594
Exchange differences on translation of foreign operations				(2)
Total comprehensive income for the period				592
Segment assets	94,499	13,228	2,514	110,241
Unallocated corporate assets	26	257	41	324
Total assets				110,565
Segment liabilities	37,680	363	1,058	39,101
Unallocated corporate liabilities	315	-	-	315
Total liabilities				39,416
Capital expenditure	1,231	161	-	1,392
Depreciation and amortisation	1,669	68	106	1,843

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 March 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 31.03.2021 RM'000	As at 31.03.2020 RM'000
Plant and equipment contracted but not provided for in the financial statements	185	496

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

B1 Review of performance

	Individual and Cumulative Period			
	Current Year	Preceding Year	Changes	
	Quarter	Coresponding		
	31.03.2021	31.03.2020	RM'000	%
Revenue	34,746	21,641	13,105	60.6
Gross profit	4,141	1,384	2,757	199.2
Profit/(Loss) before interest and taxation	763	(3,957)	4,720	N/M
Profit/(Loss) before taxation	594	(4,173)	4,767	N/M
Profit/(Loss) after taxation	594	(4,180)	4,774	N/M
Profit/(Loss) attributable to the owners of the company	275	(3,735)	4,010	N/M

Note: N/M = not meaningful

The Group reported revenue of RM34.75m and profit before taxation (“PBT”) of RM0.60m for the current quarter (“Q1’21”) as compared to revenue of RM21.64m and loss before taxation (“LBT”) of RM4.18m respectively achieved in the previous year corresponding quarter (“Q1’20”).

Automotive parts

Revenue from the carpet segment in Malaysia increased significantly by RM8.33m to RM19.13m which was mainly contributed by increased demand from major customers. The segment recorded a PBT of RM0.92m compared to LBT of RM1.20m in Q1’20.

In Indonesia, revenue increased by RM0.81m to RM1.00m as compared to previous year corresponding quarter mainly due to increase in demand from Daihatsu, Isuzu and SGMW. LBT for the period was RM0.38m.

Braking component segment revenue increased for the current quarter; from RM7.89m in Q1’20 to RM12.88m for the reporting period. PBT for the period was RM0.24m (Q1’20 : LBT RM0.02m). Local sales came back strongly; especially for Proton, with the new X50 and X70 models. Volumes for the export market (Toyota Thailand) also saw improvements.

Machinery parts

Revenue for Q1’21 decreased by RM0.18m to RM1.74m mainly due to the impact from Covid 19 pandemic. LBT decreased from RM0.23m for Q1’20 to RM0.01m for Q1’21 as a result of improved cost management.

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

B2 Variation of results against preceding quarter

	Current Quarter 31.03.2021 RM'000	Immediate Preceding Quarter 31.12.2020 RM'000	Changes	
			RM'000	%
Revenue	34,746	37,094	(2,348)	(6.3)
Gross profit	4,141	3,584	557	15.5
Profit before interest and taxation	763	1,799	(1,036)	(57.6)
Profit before taxation	594	1,550	(956)	(61.7)
Profit after taxation	594	1,480	(886)	(59.9)
Profit attributable to the owners of the company	275	1,031	(756)	(73.3)

The Group's revenue for the reporting period recorded RM2.35m decrease in comparison to immediate preceding quarter ("Q4'2020") mainly due to decrease in local automotive sales.

Automotive parts

The carpet segment (Malaysia) recorded a decrease in revenue of RM0.97m to RM19.13m as compared to preceding quarter (Q4'20 : RM20.10m). The segment recorded a PBT of RM0.92m compared to RM0.35m in the Q4'20.

Revenue from the Indonesia operations improved by RM0.22m to RM1.00m as compared to preceding quarter due to increased sales for Daihatsu, Isuzu and SGMW.

Revenue from braking components decreased by RM1.74m to RM12.88m for the reporting period as compared to the preceding quarter mainly due to decreased local sales from Proton. PBT for the reporting period was RM0.24m against a PBT of RM0.75m for Q4'20 due to product mix.

Machinery parts

Machinery parts segment recorded an increase in revenue of RM0.14m to RM1.74m, attributed to improvements in the oil palm sector. As such, the segment recorded a lower loss of RM0.01m (Q4'20 : LBT RM0.48m).

B3 Prospects for 2021

Automotive parts

MAA industry forecast for 2021 are as follows:

Market segment	2021 Forecast	2020 Actual	Variance	
			Units	%
Passenger vehicles	513,000	480,965	32,035	6.7
Commercial vehicles	57,000	48,469	8,531	17.6
Total vehicles	570,000	529,434	40,566	7.7

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 arising from COVID-19 pandemic. Prevailing conditions will limit maintenance jobs and projects availability.

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

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

The Group did not announce or provide any profit estimate, forecast, projection, internal targets for the period ended 31 March 2021.

B5 Taxation

	3 months period ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
Income tax expenses:		
Current income tax:		
- Current year	-	(7)
	<u>-</u>	<u>(7)</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

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

	3 months period ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
Interest income	3	7
Other income including investment income	138	79
Interest expenses	(172)	(223)
Depreciation and amortisation	(1,843)	(1,649)
Development cost	(303)	(249)
Net foreign currency exchange loss	(149)	(1,178)

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 March 2021.

B8 Group borrowings

Secured:-	As at 31 March 2021			As at 31 March 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	-	208	208	-	-	-
Revolving credit	-	8,922	8,922	-	8,927	8,927
Term loans	3,996	428	4,424	4,424	428	4,852
	<u>3,996</u>	<u>9,558</u>	<u>13,554</u>	<u>4,424</u>	<u>9,355</u>	<u>13,779</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 bank overdraft, revolving credit and term loans bears interest rate range 7.07% and from 4.44% to 4.45% and 3.47% per annum respectively.

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

B9 Material litigation

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

B10 Dividend

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

B11 Basic earnings/(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 and period ended 31.03.2021 RM'000
Profit attributable to Owners of the Company	275
Profit attributable to Non-Controlling Interests	319
Profit for the period	<u>594</u>
Weighted average number of ordinary shares	<u>42,163</u>
Basic earnings per share (sen)	<u>0.65</u>

There were no dilutive potential ordinary shares outstanding as at 31 March 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 2020 and the previous financial year.