SMTRACK BERHAD

Reg No.: 200401000918 (639421-X)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT

FOR THE QUARTER ENDED 31 MARCH 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

	(Unaudited) As at 31/03/2022 RM'000	(Audited) As at 31/12/2021 RM'000
ASSETS		
Non-current assets		
Aircraft, plant and equipment	54,925	38,741
Goodwill on consolidation	2,777	2,777
	57,702	41,518
Current assets		
Inventories	1,235	-
Trade receivables	444	2,022
Other receivables, deposits and prepayments	4,182	1,040
Tax recoverable	1	1
Cash and bank balances	615	2,157
	6,477	5,220
Total Assets	**64,179**	**46,738**
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	83,029	63,890
Reserves	2,990	2,990
Accumulated losses	(24,490)	(23,382)
Shareholders' funds	61,529	43,498
Non-controlling interests	(365)	(315)
Total Equity	61,164	43,183
Current liabilities		
Trade payables	188	188
Other payables and accruals	2,610	3,334
Amount due to directors	185	-
Tax payable	33	33
Total Liabilities	3,015	3,555
Total Equity and Liabilities	**64,179**	**46,738**
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.09	0.12

Notes:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial period ended ("FPE") 31 December 2021 and the accompanying notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

	------- Individual Quarter ----		----- Cumulative Quarter -----	
	Current Year Quarter Ended	***Preceding Year Corresponding Quarter Ended**	**Current Year- To Date**	***Preceding Year Corresponding Period**
	31/03/2022	**31/03/2021**	**31/03/2022**	**31/03/2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	28	-	28	-
Cost of sales	(9)	-	(9)	-
Gross Profit	19	-	19	-
Other income	11	-	11	-
Administrative expenses	(1,188)	-	(1,188)	-
Operating Loss	(1,158)	-	(1,158)	-
Finance cost	-	-	-	-
Loss Before Taxation	(1,158)	-	(1,158)	-
Taxation	-	-	-	-
Net Loss After Taxation	(1,158)	-	(1,158)	-
Other comprehensive loss, net of tax	-	-	-	-
Total comprehensive loss	(1,158)	-	(1,158)	-
Net Loss attributable to :				
- Owners of the Company	(1,108)	-	(1,108)	-
- Non-controlling interests	(50)	-	(50)	-
Net Loss	(1,158)	-	(1,158)	-
Total comprehensive income/(loss) attributable to :				
- Owners of the Company	(1,108)	-	(1,108)	-
- Non-controlling interests	(50)	-	(50)	-
Total comprehensive loss	(1,158)	-	(1,158)	-

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

	------- Individual Quarter ----		----- Cumulative Quarter -----	
	Current Year Quarter Ended	***Preceding Year Corresponding Quarter Ended**	**Current Year- To Date**	***Preceding Year Corresponding Period**
	31/3/2022 RM'000	**31/3/2021 RM'000**	**31/3/2022 RM'000**	**31/3/2021 RM'000**
Weighted average no. of ordinary shares in issue ('000)	686,043	-	686,043	-
in issue adjusted for the effect of dilutive potential ordinary shares('000)	686,043	-	686,043	-
Earnings/(loss) per ordinary share (sen):				
Basic earnings/(loss) per share (sen)	(0.16)	-	(0.16)	-
Diluted earnings/(loss) per share (sen)	(0.16)	-	(0.16)	-

Notes:

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial period ended ("FPE") 31 December 2021 and the accompanying notes attached to this interim financial report.

* The Group changed the financial year end from 31 July to 31 December, consequently no comparative figures available for the preceding year corresponding quarter/period ended 31 March 2021.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

	Share Capital	Non-distributable Employee Share Option Reserve	Distributable Accumulated Losses	Shareholders' Fund	Non-controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 Jan 2022	63,890	2,990	-23,382	43,498	-315	43,183
Transactions with owners:						
Issuance of shares	20,500	-	-	20,500	-	20,500
Share issuance expenses	(1,361)	-	-	(1,361)	-	(1,361)
	19,139	-	-	19,139	-	19,139
Net loss for the financial period	-	-	(1,108)	(1,108)	(50)	(1,158)
	-	-	(1,108)	(1,108)	(50)	(1,158)
At 31 Mar 2022	**83,029**	**2,990**	**-24,490**	**61,529**	**-365**	**61,164**
At 1 Aug 2020						
- as previously reported	23,655	-	(6,665)	16,990	174	17,164
- prior year adjustments	-	-	(9,261)	(9,261)	(151)	(9,412)
- as restated	23,655	-	(15,926)	7,729	23	7,752
Transactions with owners:						
Issuance of shares	40,235	-	-	40,235	-	40,235
Grant of Share Issuance Scheme ("SIS") options	-	2,990	-	2,990	-	2,990
Issuance of shares in subsidiary	-	-	-	-	-	-
	40,235	2,990	-	43,225	-	43,225
Net loss for the financial period	-	-	(7,456)	(7,456)	(338)	(7,794)
	-	-	(7,456)	(7,456)	(338)	(7,794)
At 31 Dec 2021	**63,890**	**2,990**	**-23,382**	**43,498**	**-315**	**43,183**

Note:
The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the FPE 31 December 2021 and the accompanying notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

	3 Months Ended 31/03/2022 RM'000	Audited 17 Months Ended 31/12/2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	(1,158)	(7,761)
Adjustments for:		
Allowance for expected credit losses	-	665
Depreciation	7	55
Plant & equipment written off	-	58
Share option expense	-	2,990
Operating profit/(loss) before working capital changes	(1,151)	(3,993)
Changes in working capital		
Inventories	-1,235	-
(Increase)/decrease in trade and other receivables	(1,565)	3,556
Increase/(decrease) in trade and other payables	-725	1,054
Increase/(decrease) in amount due to director	185	-
Cash generated from/(used in) operations	-4,491	617
Income tax paid	-	-1
Net Cash generated from/(used in) operating activities	(4,491)	616
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of aircraft, plant and equipment	(16,190)	(38,722)
Net cash flows from/(used in) investing activities	(16,190)	(38,722)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares - net	-	14,770
Proceeds from issuance of redeemable convertible notes - net	19,139	25,465
Subscription of shares in non-controlling interests in a subsidiary	-	-
Net cash from/(used in) financing activities	19,139	40,235
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,542)	2,129
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	2,157	28
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	615	2,157
Cash and cash equivalents at end of the financial period/year comprise the following:		
Cash and bank balances	615	2,157
	615	2,157

Note:

The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements of the Group for the FPE 31 December 2021 and the accompanying notes attached to this interim financial report.

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

A: EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS ("FRS") 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). These interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2021. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2021.

A2. Auditors' Report of preceding period financial statements

The auditor report on financial statements for the year ended 31 December 2021 of the Group were no qualified by the external auditor.

A3. Seasonal or cyclical factors

The Group's operations are not materially affected by seasonal and/or cyclical factors.

A4. Unusual Items affecting assets, liabilities, equity, net income or cash flows

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the quarter under review.

A5. Material changes in estimates

There were no material changes in estimates in the quarter under review and financial year-to-date.

A6. Debts and equity securities

There were no issue of debts and equity securities for the quarter under review.

A7. Dividends

There were no dividends paid or declared for the quarter under review.

A8. Segmental Information

The Group has only one reportable segment, which is principally engaged in the distribution, research, design and deployment of the radio frequency identification (RFID) tag and operates predominantly in one country, that is, Malaysia. Accordingly, information by operating and geographical segments on the Group's operations as required by MFRS 8 is not presented.

Further information on the Group's revenue is discussed in Section B1.

A9. Valuation of property, plant and equipment

The Company has not carried out valuation on its property, plant and equipment in the current financial quarter under review. However, the Company may carry out valuation for certain plant and equipment to ascertain their fair value.

A10. Capital commitments

There were no material capital commitments in respect of property, plant and equipment as at the current financial quarter under review.

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

A: EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS ("FRS") 134 (CONT'D)

A11. Other commitments

There were no material other commitments as at the current financial quarter under review.

A12. Changes in the composition of the Group

There were no changes in composition of the Group during the quarter under review.

Save as disclosed in the quarterly reports, the Directors are of the opinion that the Group has no other contingent liabilities which, upon crystallisation would have material impact on the financial position and business performance of the Group as at reporting date.

A14. Material events pending completion

Pursuant to Rule 9.19(51) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, SMTRACK wishes to announce that it has offered options to eligible employees under its SIS, the details of which are as follows:-

(i) Date of offer: 27 May 2021

(ii) Exercise price of options offered: RM0.085 each

(iii) Number of options offered: 85,194,184

(iv) Market price of SMTRACK shares on the date of the offer: RM0.0776

(v) Number of options offered to Employees of SMTRACK: 85,194,184

(vi) Vesting period of options offered: Not applicable

A15. Material events subsequent to the end of the quarter

The Board of Directors of SMTrack ("Board") wishes to announce that the Company through a consortium formed, had on 17 January 2022 entered into a Heads of Agreement with 5G Infra Tech Solution Sdn Bhd (Formerly known as NMS Engineering Sdn Bhd) ("5G Infra Tech") to invest through redeemable convertible preference shares led by SMTrack in 5G Infra Tech.

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of the performance of the Group

For the quarter ended 31 March 2022, the Group recorded revenue of RM0.028 million and a loss before taxation of RM1.158 million. The Group changed the financial year end from 31 July to 31 December, consequently no comparative figures available for the preceding year corresponding quarter/period ended 31 March 2021.

B2. Comparison to the Results of the Preceding Quarter

	Current Quarter Ended 31/03/2022 RM'000	Preceeding Corresponding Quarter Ended 31/03/2021 RM'000
Revenue	28	-
Loss before tax	(1,158)	-

* The Group changed the financial year end from 31 July to 31 December, consequently no comparative figures available for the preceding year corresponding quarter/period ended 31 March 2021.

B3. Prospects

The Group will be focusing on its new potential track and traceability software solution systems. In this respect, the Group strives to team-up with other overseas companies to explore the market opportunities for Logistics Information Platforms both locally and overseas, which will augur well for the Group and the Company in the near future. In the same time, the Group is exploring vibrant opportunities presented in the civil engineering and construction projects as well as food chain business.

In view of the uncertain domestic economic conditions, the Group is anticipating a challenging year ahead and will continue its efforts to diversify in various lucrative and sustainable businesses in order to boost the Group's revenue base and income streams.

B4. Profit forecast and profit guarantee

The Group did not issue any profit forecast or profit guarantee for the current quarter under review or in any public documents.

B5. Taxation

	Current Quarter Ended 31/03/2022 RM'000	*Preceding Year Corresponding Quarter Ended 31/03/2021 RM'000
Current Tax Expenses	-	-

* The Group changed the financial year end from 31 July to 31 December, consequently no comparative figures available for the preceding year corresponding quarter/period ended 31 March 2021.

Non-pioneer business
There is no tax expense for the current quarter and current year to date as the Group and the Company incurred business losses and have no chargeable income.

B6. Status of Corporate Proposal

On 15 December 2021, the Company had fixed the issue price for 91,531,500 Placement Shares, being the first and final tranche of the Private Placement, at RM0.0747 each ("Issue Price").

The Issue Price represents a discount of RM0.0083 or 10.00% to the 5-day volume weighted average market price of SMTrack Shares up to and including 14 December 2021 of RM0.0830 per SMTrack Share.

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B7. Group borrowings and debt securities

As at the report date, the Group does not have any borrowings and debt securities.

B8. Off balance sheet financial instruments

As at the report date, the Group does not have any off balance sheet financial instruments.

B9. Material Litigations

There were no material litigations as at the current financial quarter under review.

B10. Dividends

The Board of Directors does not recommend any dividends for the current financial quarter under review.

B11. Earnings / (loss) per share

a) Basic earnings/ (loss) per share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended	Preceding Corresponding Quarter Ended	Current Year To Date	*Preceding Year Corresponding Period
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	(1,108)	-	(1,108)	-
Weighted average number of ordinary shares in issue ('000)	686,043	-	686,043	-
Basic earnings/(loss) per share (sen)	(0.16)	-	(0.16)	-

* The Group changed the financial year end from 31 July to 31 December, consequently no comparative figures available for the preceding year corresponding quarter/period ended 31 March 2021.

b) Diluted earnings/ (loss) per share

No diluted earnings/ (loss) per share is disclosed as all potential ordinary shares are anti-dilutive.

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B12. Disclosure of realised and unrealised profits or losses

	Current Year Quarter Ended 31/03/2022	Preceding Corresponding Quarter Ended 31/03/2021
	RM'000	RM'000
Total accumulated profit / (losses) of the Company and its subsidiaries		
- Realised	(24,490)	-
- Unrealised	-	-
	(24,490)	-
Total share of accumulated profit/(losses) of a jointly controlled entity		
- Realised	-	-
- Unrealised	-	-
	(24,490)	-
Add: Consolidation adjustments	-	-
Total Accumulated profit / (losses)	(24,490)	-

* The Group changed the financial year end from 31 July to 31 December, consequently no comparative figures available for the preceding year corresponding quarter/period ended 31 March 2021.

B13. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 May 2022.

SMTRACK BERHAD

BY ORDER OF THE BOARD