



SMTRACK BERHAD

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

UNAUDITED INTERIM FINANCIAL REPORT

FOR THE QUARTER ENDED 30 JUNE 2022

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

| | (Unaudited) As at 30/06/2022 RM'000 | (Audited) As at 31/12/2021 RM'000 |
|--|--|--|
| ASSETS | | |
| Non-current assets | | |
| Aircraft, plant and equipment | 57,073 | 38,741 |
| Goodwill on consolidation | 2,777 | 2,777 |
| | <u>59,850</u> | <u>41,518</u> |
| Current assets | | |
| Inventories | 1,496 | - |
| Trade receivables | 447 | 2,022 |
| Other receivables, deposits and prepayments | 4,882 | 1,040 |
| Tax recoverable | 1 | 1 |
| Cash and bank balances | 361 | 2,157 |
| | <u>7,188</u> | <u>5,220</u> |
| Total Assets | 67,037 | 46,738 |
| EQUITY AND LIABILITIES | | |
| Equity Attributable to Equity Holders of the Company | | |
| Share capital | 88,284 | 63,890 |
| Reserves | 1,235 | 2,990 |
| Accumulated losses | (25,023) | (23,382) |
| Shareholders' funds | <u>64,497</u> | <u>43,498</u> |
| Non-controlling interests | (401) | (315) |
| Total Equity | <u>64,094</u> | <u>43,183</u> |
| Current liabilities | | |
| Trade payables | 188 | 188 |
| Other payables and accruals | 2,568 | 3,334 |
| Amount due to directors | 155 | - |
| Tax payable | 33 | 33 |
| Total Liabilities | <u>2,943</u> | <u>3,555</u> |
| Total Equity and Liabilities | 67,037 | 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 SECOND QUARTER ENDED 30 JUNE 2022**

| | ----- Individual Quarter ---- | | ----- Cumulative Quarter ----- | |
|--|-------------------------------|-----------------|--------------------------------|-----------------|
| | Current Year | *Preceding Year | Current Year- | *Preceding Year |
| | Quarter Ended | Corresponding | To Date | Corresponding |
| | 30/06/2022 | Quarter Ended | 30/06/2022 | Period |
| | RM'000 | 30/06/2021 | 30/06/2022 | 30/06/2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 53 | - | 81 | - |
| Cost of sales | (5) | - | (14) | - |
| Gross Profit | 48 | - | 66 | - |
| Other income | 16 | - | 27 | - |
| Administrative expenses | (633) | - | (1,821) | - |
| Operating Loss | (570) | - | (1,728) | - |
| Finance cost | - | - | - | - |
| Loss Before Taxation | (570) | - | (1,728) | - |
| Taxation | - | - | - | - |
| Net Loss After Taxation | (570) | - | (1,728) | - |
| Other comprehensive loss, net of tax | - | - | - | - |
| Total comprehensive loss | (570) | - | (1,728) | - |
| Net Loss attributable to : | | | | |
| - Owners of the Company | (533) | - | (1,641) | - |
| - Non-controlling interests | (37) | - | (87) | - |
| Net Loss | (570) | - | (1,728) | - |
| Total comprehensive income/(loss) attributable to : | | | | |
| - Owners of the Company | (533) | - | (1,641) | - |
| - Non-controlling interests | (37) | - | (87) | - |
| Total comprehensive loss | (570) | - | (1,728) | - |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

| | ----- Individual Quarter ---- | | ----- Cumulative Quarter ----- | |
|--|-------------------------------|-----------------|--------------------------------|-----------------|
| | Current Year | *Preceding Year | Current Year- | *Preceding Year |
| | Quarter Ended | Corresponding | To Date | Corresponding |
| | 30/06/2022 | 30/06/2021 | 30/06/2022 | 30/06/2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Weighted average no. of ordinary shares in issue ('000) | 731,714 | - | 731,714 | - |
| in issue adjusted for the effect of dilutive potential ordinary shares('000) | 731,714 | - | 731,714 | - |
| Earnings/(loss) per ordinary share (sen): | | | | |
| Basic earnings/(loss) per share (sen) | (0.07) | - | (0.22) | - |
| Diluted earnings/(loss) per share (sen) | (0.07) | - | (0.22) | - |

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 30 Jun 2021.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 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 |
| Transactions with owners: | | | | | | |
| Exercise of Share Issuance Scheme ("SIS") options | 3,500 | - | - | 3,500 | - | 3,500 |
| Share issuance expenses | 1,755 | (1,755) | - | - | - | - |
| | 5,255 | (1,755) | - | 3,500 | - | 3,500 |
| Net loss for the financial period | - | - | (533) | (533) | (37) | (570) |
| | - | - | (533) | (533) | (37) | (570) |
| At 30 Jun 2022 | 88,284 | 1,235 | (25,023) | 64,496 | (402) | 64,094 |

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 SECOND QUARTER ENDED 30 JUNE 2022**

| | 6 Months Ended 30/06/2022 RM'000 | Audited 17 Months Ended 31/12/2021 RM'000 |
|---|---|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit/(loss) before taxation | (1,727) | (7,761) |
| Adjustments for: | | |
| Allowance for expected credit losses | - | 665 |
| Depreciation | 13 | 55 |
| Plant & equipment written off | - | 58 |
| Share option expense | - | 2,990 |
| Operating profit/(loss) before working capital changes | <u>(1,715)</u> | <u>(3,993)</u> |
| Changes in working capital | | |
| Inventories | (1,496) | - |
| (Increase)/decrease in trade and other receivables | (2,267) | 3,556 |
| Increase/(decrease) in trade and other payables | (767) | 1,054 |
| Increase/(decrease) in amount due to director | 155 | - |
| Cash generated from/(used in) operations | <u>(6,090)</u> | <u>617</u> |
| Income tax paid | - | (1) |
| Net Cash generated from/(used in) operating activities | <u>(6,090)</u> | <u>616</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of aircraft, plant and equipment | <u>(18,345)</u> | <u>(38,722)</u> |
| Net cash flows from/(used in) investing activities | <u>(18,345)</u> | <u>(38,722)</u> |
| 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 |
| Proceeds from exercise of Share Issuance Scheme Options | 3,500 | - |
| Subscription of shares in non-controlling interests in a subsidiary | - | - |
| Net cash from/(used in) financing activities | <u>22,639</u> | <u>40,235</u> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | (1,796) | 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 | <u>361</u> | <u>2,157</u> |
| Cash and cash equivalents at end of the financial period/year comprise the following: | | |
| Cash and bank balances | <u>361</u> | <u>2,157</u> |
| | <u>361</u> | <u>2,157</u> |

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 SECOND QUARTER ENDED 30 JUNE 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

In 2020, SMTrack diversified into cargo airfreight business, had set up a holding company called Asia Cargo Wings Sdn Bhd (formerly known as Citilink Aviation (M) Sdn Bhd), recognizes to be the potential of Air Freighter Services needs and to be based in Kuala Lumpur International Airport's (KLIA). The uniqueness of KLIA Airport position in the regional and national economy and its desire to derive added value from its location in the midst of a region of high - level commercial, transportation and logistics activities. With the aircraft fleet of Boeing 737-400 series, SMTrack had projected to ensure operating cost will be kept as low as possible to generate maximum revenue while offering a reliable service with reasonable fare.

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 SECOND QUARTER ENDED 30 JUNE 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.

A13 Contingent assets or liabilities

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

- (a) 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

- (b) 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 directors and employees under its SIS, the details of which are as follows:-

- (i) Date of offer: 18 May 2022
- (ii) Exercise price of options offered: RM0.070 each
- (iii) Number of options offered: 96,459,450
- (iv) Market price of SMTRACK shares on the date of the offer: RM0.063
- (v) Number of options offered to Director and Employees of SMTRACK: 96,459,450
Director: Azmi Bin Osman (46,459,450)
- (vi) Vesting period of options offered: Not applicable

A15. Material events subsequent to the end of the quarter

The Board of Directors of SMTrack wishes to announce that SMT Turbojet Resources Sdn. Bhd. [Registration No. 202101024490 (1424790-M)], the wholly-owned subsidiary of SMTrack ("SMT") had on 23 June 2022 entered into a Project Management Consultancy Agreement ("the Agreement") with Menara Rezeki Properties Sdn Bhd [Registration No. 201101023480 (951616-V)] ("MRPSB") as the project management consultant to assist MRPSB in performing services based on the scope of work as set out in Appendix A ("the Project").

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 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 30 June 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 Mar 2021.

B2. Comparison to the Results of the Preceding Quarter

| | Current Quarter Ended 30/06/2022 RM'000 | Preceding Corresponding Quarter Ended 30/06/2021 RM'000 |
|-----------------|--|--|
| Revenue | 0 | - |
| Loss before tax | (570) | - |

* 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 30 June 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 30/06/2022 RM'000 | *Preceding Year Corresponding Quarter Ended 30/06/2021 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 30 June 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

There were no corporate proposals during the financial period under review.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 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 |
| | 30/06/2022 | 30/06/2021 | 30/06/2022 | 30/06/2021 |
| Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000) | (533) | - | (1,641) | - |
| Weighted average number of ordinary shares in issue ('000) | 731,714 | - | 731,714 | - |
| Basic earnings/(loss) per share (sen) | (0.07) | - | (0.22) | - |

* 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 30 June 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 SECOND QUARTER ENDED 30 JUNE 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 30/06/2022 | Preceding Corresponding Quarter Ended 30/06/2021 |
|---|---|--|
| | RM'000 | RM'000 |
| Total accumulated profit / (losses) of the Company and its subsidiaries | | |
| - Realised | (25,023) | - |
| - Unrealised | - | - |
| Total share of accumulated profit/(losses) of a jointly controlled entity | (25,023) | - |
| - Realised | - | - |
| - Unrealised | - | - |
| | (25,023) | - |
| Add: Consolidation adjustments | - | - |
| Total Accumulated profit / (losses) | (25,023) | - |

* 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 30 June 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 26 August 2022.

SMTRACK BERHAD

BY ORDER OF THE BOARD