



# **SMTRACK BERHAD**

**Reg No.: 200401000918 (639421-X)**

**(Incorporated in Malaysia)**

## **UNAUDITED INTERIM FINANCIAL REPORT**

**FOR THE QUARTER ENDED 31 JULY 2021**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FOURTH QUARTER ENDED 31 JULY 2021

	----- Individual Quarter -----		---- Cumulative Quarter ----	
	Current Quarter Ended	*Preceding Corresponding Quarter Ended	(Unaudited) 12 months to date ended	(Unaudited) *Preceding corresponding 12 months Period Ended
	31/7/2021 RM'000	31/7/2020 RM'000	31/7/2021 RM'000	31/7/2020 RM'000
Revenue	2,525	488	3,800	1,999
Cost of Sales	(2,000)	-	(2,000)	(10)
Gross Profit/(Loss)	525	488	1,800	1,989
Other income /(loss)	3	49	51	51
Administrative expenses	(658)	(1,029)	(6,609)	(3,076)
Operating Profit/(Loss)	(130)	(492)	(4,758)	(1,036)
Finance cost	-	-	(6)	-
<b>Profit/(Loss) Before Taxation</b>	(130)	(492)	(4,752)	(1,036)
Taxation	-	-	-	-
<b>Net Profit/(Loss) After Taxation</b>	(130)	(492)	(4,752)	(1,036)
Other comprehensive loss, net of tax	-	-	-	-
<b>Total comprehensive income/(loss)</b>	(130)	(492)	(4,752)	(1,036)
<b>Net Profit/(Loss) attributable to :</b>				
- Owners of the Company	(113)	(295)	(4,670)	(806)
- Non-controlling interests	(17)	(197)	(82)	(230)
<b>Net Profit/(Loss)</b>	(130)	(492)	(4,752)	(1,036)
<b>Total comprehensive income/(loss) attributable to :</b>				
- Owners of the Company	(113)	(295)	(4,670)	(806)
- Non-controlling interests	(17)	(197)	(82)	(230)
<b>Total comprehensive income/(loss)</b>	(130)	(492)	(4,752)	(1,036)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FOURTH QUARTER ENDED 31 JULY 2021**

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current Quarter Ended	*Preceding Corresponding Quarter Ended	(Unaudited) 9 months to date ended	(Unaudited) *Preceding corresponding 9 months Period Ended
	31/7/2021	31/7/2020	31/7/2021	31/7/2020
Weighted average no. of ordinary shares in issue ('000)	447,658	176,691	447,658	176,691
Weighted average no. of ordinary shares in issue adjusted for the effect of dilutive potential ordinary shares('000)	447,658	176,691	447,658	176,691
<b>Earnings/(loss) per ordinary share (sen):</b>				
Basic earnings/(loss) per share (sen)	(0.03)	(0.17)	(1.04)	(0.46)
Diluted earnings/(loss) per share (sen)	(0.03)	(0.17)	(1.04)	(0.46)

Notes:

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial period ended ("FPE") 31 July 2020 and the accompanying notes attached to this interim financial report.

The loss before taxation is arrived at after charging / (crediting) the following items :-

	Current Quarter Ended	6 Months to date ended
	31-Jul-21	31-Jul-21
(a) Depreciation and amortisation	18	72
(b) Gain/(loss) on disposal of property, plant & equipment	-	-

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 JULY 2021**

	(Unaudited) As at 31/7/2021 RM'000	(Audited) As at 31/7/2020 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	27,136	132
Purchased Goodwill	-	-
Other receivables, deposit and prepayment	3,944	3,944
Goodwill on Consolidation	<u>2,777</u>	<u>2,776</u>
	33,856	6,852
<b>Current assets</b>		
Trade receivables	5,143	3,879
Other receivables, inventories, deposits and prepayment	10,064	8,540
Inventories	773	-
Amount owing by an associate	380	380
Tax recoverable	1	1
Cash and bank balances	<u>3,952</u>	<u>28</u>
	20,313	12,828
<b>Total Assets</b>	<b>54,169</b>	<b>19,680</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
Share capital	57,014	23,655
Accumulated profit	<u>(11,416)</u>	<u>(6,664)</u>
Shareholders' funds	45,598	16,991
Non-controlling interests	<u>32</u>	<u>173</u>
<b>Total Equity</b>	45,630	17,164
<b>Current liabilities</b>		
Trade Payables	6,893	142
Other payables and accruals	1,589	2,374
Amount Due to Directors	58	-
<b>Total liabilities</b>	<u>8,540</u>	<u>2,516</u>
<b>Total equity and liabilities</b>	<b>54,169</b>	<b>19,680</b>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.10	0.10

**Notes:**

(i) The net asset per share for the quarter under review and financial period is calculated based on the net asset as at 31 July 2021 divided by the number of outstanding ordinary shares as at 31 July 2021

(ii) The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements of the Group for the FPE 31 July 2020 and the accompanying notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FOURTH QUARTER ENDED 31 JULY 2021**

	<b>3 Months to date</b>	<b>Audited 12 months Year Ended</b>
	<b>31/7/2021 RM'000</b>	<b>31 July 2020 RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) Before Taxation	(4,752)	(1,058)
Adjustment for prior year retained profits	-	-
Loss / (Gain) on Disposal of Property, Plant & Equipment	-	(50.00)
Adjustments for Non-cash items / Depreciation	18	71.00
Impairment loss on:		
- Trade receivables	-	14
- Other receivables	-	1,000
Profit on Disposal of Asset	-	-
Operating profit/(loss) before working capital changes	<u>(4,734)</u>	<u>(23)</u>
<b>Changes in working capital</b>		
Net change in inventories	-	-
Decrease/(Increase) in trade and other receivables	(2,951)	(3,353)
Decrease/(Increase) in inventories	(773)	-
Increase/(Decrease) in trade and other payables	5,966	(528)
Increase/(decrease) in amount due to director	58	-
Decrease/(Increase) in amount due from associates	-	25
Net cash flows from operations	<u>2,300</u>	<u>(3,856)</u>
Tax paid / refund	-	-
Net cash flows from operating activities	<u>(2,434)</u>	<u>(3,879)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Change in investment in jointly controlled entity	-	-
Product development costs incurred	-	-
Net Cash Outflow in Acquisition of Subsidiary	-	(2,786)
Purchase of property, plant and equipment	(27,001)	(96)
Proceeds from disposal of property, plant and equipment	-	72
Cash proceed of disposal of subsidiary company	-	-
Net cash flows from investing activities	<u>(27,001)</u>	<u>(2,810)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Advance to related company	-	-
Net proceeds from issuance of shares	33,359	6,270
Net proceeds from Increase of Shares of Subsidiary	-	400
Net purchase of subsidiary	-	-
Net cash flows from financing activities	<u>33,359</u>	<u>6,670</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	3,924	(19)
Effects of Foreign Exchange Translation	-	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	28	47
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>3,952</u>	<u>28</u>
Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	3,952	28
Fixed deposits placed with licensed banks	-	-
	<u>3,952</u>	<u>28</u>

## Note:

The Unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements of the Group for the FPE 31 July 2020 and the accompanying notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FOURTH QUARTER ENDED 31 JULY 2021**

	← Attributable to owners of the Company →							Total equity
	← Non-distributable →			Distributable				
	Share Capital	Share Premium	Foreign Exchange Fluctuation Reserve	Employee Share Option Reserve	Accumulated Losses	Shareholders' Fund	Non-controlling Interest	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 August 2020	23,655	-	-	-	(6,664)	16,991	173	17,164
Total comprehensive profit /(loss)	-	-	-	-	(4,752)	(4,752)	(141)	(4,893)
Prior Year Adjustment	-	-	-	-	-	-	-	-
	-	-	-	-	(11,416)	12,239	32	12,271
<b>Transactions with owners:</b>								
Share issuance	33,359	-	-	-	-	33,359	-	33,359
<b>Total Transaction with owner</b>	<b>33,359</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,359</b>	<b>-</b>	<b>33,359</b>
Balance as at 31 July 2021	57,014	-	-	-	(11,416)	45,598	32	45,630
At 01 August 2019	17,385	-	-	-	(5,849)	11,536	-	11,536
Net loss for the financial period	-	-	-	-	(815)	(815)	(242)	(1,057)
Prior Year Adjustment	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	-	-	-	-
<b>Total comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(815)</b>	<b>(815)</b>	<b>(242)</b>	<b>(1,057)</b>
	17,385	-	-	-	(6,664)	10,721	(242)	10,479
<b>Transactions with owners:</b>								
Acquisition of subsidiary	-	-	-	-	-	-	15	15
Issuance of share capital	6,270	-	-	-	-	6,270	400	6,670
	6,270	-	-	-	-	6,270	415	6,685
At 31 July 2020	23,655	-	-	-	(6,664)	16,991	173	17,164

**Note:**

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the FPE 31 July 2020 and the accompanying notes attached to this interim financial report.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH QUARTER ENDED 31 JULY 2021**

**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 July 2020. 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 July 2020.

**A2 Auditors’ Report of preceding period financial statements**

The auditor report on financial statements for the year ended 31 July 2020 of the Group were qualified by external auditor on the following basis:

**Impairment assessment on trade receivables, other receivables and amount due from associate (Note 10 and Note 12)**

As at 31 July 2020, the Company has a balance of trade receivables, other receivables and amount due from associate amounting to RM3,729,093, RM9,064,685 and RM380,000 respectively. The Company did not prepare the assessment of impairment using the Expected Credit Loss (“ECL”) Model as required by Malaysian Financial Reporting Standards (MFRS) 9.

In addition, included in other receivables is an amount due from Cherish Words Sdn. Bhd. amounting to RM4,943,900. On 10 March 2016, the Company went into a joint venture agreement with Cherish Words Sdn. Bhd. (“CWSB”) for the FELDA project at Palong 16, Negeri Sembilan. Based on the agreement, the Company will provide funding to CWSB to complete the project. On 28 July 2017, the Company went into a settlement agreement with CWSB where CWSB agreed to pay the outstanding amount owed by giving 10 units of One LeTower Serviced Apartment. However, based on the physical sightings performed, we were unable to satisfy the ownership of the apartment by CWSB. Furthermore, there is a minimal progress on the construction of the said property hence the recoverability of the development project and the amount due is uncertain.

Based on the above findings, we were unable to determine whether any adjustments to the amount was necessary.

**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.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH QUARTER ENDED 31 JULY 2021**

**A EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134 (CONT’D)**

**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.

**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**

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 Company has received the 100 equal sub-tranches of Tranche 1 Notes amounting to RM25.0 million has been issued on 5 February 2021.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH QUARTER ENDED 31 JULY 2021**

**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 July 2021, the Group recorded revenue of RM2,525 million as compared to RM0.488 million in the preceding year corresponding quarter.

The Group recorded a loss before taxation of RM0.130 million for the quarter ended 31 July 2021 as compared to a loss before taxation of RM0.492 million registered in the preceding year corresponding quarter.

**B2 Comparison to the Results of the Preceding Quarter**

	<b>Current Quarter Ended 31-Jul-21</b>	<b>Preceding Quarter Ended 30-Apr-21 RM'000</b>
Revenue	2,525	425
Profit/(Loss) before tax	(130)	(1,992)

**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.

During the current quarter the Group via its subsidiary Citilink Aviation had acquired a aircraft which is an intergral strategy adopted in its venture into Air Cargo business.

**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**

	<b>Current Quarter Ended 31-Jul-21 RM'000</b>	<b>Cumulative 12 Months Period Ended 31-Jul-20 RM'000</b>
Current tax expense	-	-

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 6 July 2021, the Company has entered into a Heads of Agreement with the vendors with intention to acquire 10% equity interest in V Ultimate Wellness Berhad.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH QUARTER ENDED 31 JULY 2021**

**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 Quarter Ended	Preceding Corresponding Quarter Ended	9 Months to date ended	Preceding 9 Months Corresponding Period To Dated Ended
	31-Jul-21	31-Jul-20	31-Jul-21	31-Jul-20
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	(113)	(295)	(4,670)	(806)
Weighted average number of ordinary shares in issue ('000)	447,658	176,691	447,658	176,691
<b>Basic earnings/(loss) per share (sen)</b>	<b>(0.03)</b>	<b>(0.17)</b>	<b>(1.04)</b>	<b>(0.46)</b>

**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 FOURTH QUARTER ENDED 31 JULY 2021**

**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**

	<b>As at 31-Jul-21 RM'000</b>	<b>As at 31-Jul-20 RM'000</b>
Total accumulated profit / (losses) of the Company and its subsidiaries		
- Realised	(11,416)	(6,664)
- Unrealised	-	-
	(11,416)	(6,664)
Total share of accumulated profit/(losses) of a jointly controlled entity		
- Realised	-	-
- Unrealised	-	-
	(11,416)	(6,664)
Add: Consolidation adjustments	-	-
<b>Total Accumulated profit / (losses)</b>	<b>(11,416)</b>	<b>(6,664)</b>

**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 27 September 2021.

**SMTRACK BERHAD**

BY ORDER OF THE BOARD