



SMTRACK BERHAD

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

UNAUDITED INTERIM FINANCIAL REPORT

FOR THE QUARTER ENDED 30 SEPTEMBER 2022

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

	(Unaudited) As at 30/09/2022 RM'000	(Audited) As at 31/12/2021 RM'000
ASSETS		
Non-current assets		
Aircraft, plant and equipment	58,914	38,741
Goodwill on consolidation	2,777	2,777
	<u>61,691</u>	<u>41,518</u>
Current assets		
Inventories	1,578	-
Trade receivables	517	2,022
Other receivables, deposits and prepayments	5,301	1,040
Tax recoverable	1	1
Cash and bank balances	154	2,157
	<u>7,551</u>	<u>5,220</u>
Total Assets	69,242	46,738
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	92,247	63,890
Reserves	1,298	2,990
Accumulated losses	(26,892)	(23,382)
Shareholders' funds	<u>66,653</u>	<u>43,498</u>
Non-controlling interests	(427)	(315)
Total Equity	<u>66,226</u>	<u>43,183</u>
Current liabilities		
Trade payables	188	188
Other payables and accruals	2,640	3,334
Amount due to directors	155	-
Tax payable	33	33
Total Liabilities	<u>3,016</u>	<u>3,555</u>
Total Equity and Liabilities	69,242	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 THIRD QUARTER ENDED 30 SEPTEMBER 2022**

	----- Individual Quarter ----		---- Cumulative Quarter ----	
	Current Year Quarter Ended 30/09/2022 RM'000	*Preceding Year Corresponding Quarter Ended 30/09/2021 RM'000	Current Year- To Date 30/09/2022 RM'000	*Preceding Year Corresponding Period 30/09/2021 RM'000
Revenue	100	-	181	-
Cost of sales	(42)	-	(56)	-
Gross Profit	58	-	125	-
Other income	-	-	27	-
Administrative expenses	(1,952)	-	(3,774)	-
Operating Loss	(1,894)	-	(3,622)	-
Finance cost	-	-	-	-
Loss Before Taxation	(1,894)	-	(3,622)	-
Taxation	-	-	-	-
Net Loss After Taxation	(1,894)	-	(3,622)	-
Other comprehensive loss, net of tax	-	-	-	-
Total comprehensive loss	(1,894)	-	(3,622)	-
Net Loss attributable to :				
- Owners of the Company	(1,869)	-	(3,511)	-
- Non-controlling interests	(25)	-	(111)	-
Net Loss	(1,894)	-	(3,622)	-
Total comprehensive income/(loss) attributable to :				
- Owners of the Company	(1,869)	-	(3,511)	-
- Non-controlling interests	(25)	-	(111)	-
Total comprehensive loss	(1,894)	-	(3,622)	-

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

	----- Individual Quarter ----		---- Cumulative Quarter ----	
	Current Year	*Preceding Year	Current Year-	*Preceding Year
	Quarter Ended	Corresponding	To Date	Corresponding
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
Weighted average no. of ordinary shares in issue ('000)	766,929	-	766,929	-
in issue adjusted for the effect of dilutive potential ordinary shares('000)	766,929	-	766,929	-
Earnings/(loss) per ordinary share (sen):				
Basic earnings/(loss) per share (sen)	(0.24)	-	(0.46)	-
Diluted earnings/(loss) per share (sen)	(0.24)	-	(0.46)	-

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 Sep 2021.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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
Transactions with owners:						
Exercise of Share Issuance Scheme ("SIS") options	2,677	-	-	2,677	-	2,677
Grant of Share Issuance Scheme ("SIS") options	-	2,584	-	2,584	-	2,584
Surrender of Share Issuance Scheme ("SIS") options	-	(1,235)	-	(1,235)	-	(1,235)
Share issuance expenses	1,286	(1,286)	-	-	-	-
	3,963	63	-	4,026	-	4,026
Net loss for the financial period	-	-	(1,869)	(1,869)	(25)	(1,894)
	-	-	(1,869)	(1,869)	(25)	(1,894)
At 30 Sep 2022	92,247	1,298	(26,892)	66,653	(427)	66,226

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
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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 THRID QUARTER ENDED 30 SEPTEMBER 2022**

	9 Months Ended 30/09/2022 RM'000	Audited 17 Months Ended 31/12/2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	(3,622)	(7,761)
Adjustments for:		
Allowance for expected credit losses	-	665
Depreciation	16	55
Plant & equipment written off	-	58
Share option expense	-	2,990
Operating profit/(loss) before working capital changes	<u>(3,606)</u>	<u>(3,993)</u>
Changes in working capital		
Inventories	(1,578)	-
(Increase)/decrease in trade and other receivables	(2,756)	3,556
Increase/(decrease) in trade and other payables	(694)	1,054
Increase/(decrease) in amount due to director	155	-
Cash generated from/(used in) operations	<u>(8,479)</u>	<u>617</u>
Income tax paid	-	(1)
Net Cash generated from/(used in) operating activities	<u>(8,479)</u>	<u>616</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of aircraft, plant and equipment	<u>(20,189)</u>	<u>(38,722)</u>
Net cash flows from/(used in) investing activities	<u>(20,189)</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	7,526	-
Subscription of shares in non-controlling interests in a subsidiary	-	-
Net cash from/(used in) financing activities	<u>26,665</u>	<u>40,235</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,003)	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>154</u>	<u>2,157</u>
Cash and cash equivalents at end of the financial period/year comprise the following:		
Cash and bank balances	<u>154</u>	<u>2,157</u>
	<u>154</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 THIRD QUARTER ENDED 30 SEPTEMBER 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 THIRD QUARTER ENDED 30 SEPTEMBER 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

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 Director under its SIS, the details of which are as follows:-

- (i) Date of offer: 29 August 2022
- (ii) Exercise price of options offered: RM 0.041 each
- (iii) Number of options offered: 46,459,450
- (iv) Market price of SMTRACK shares on the date of the offer: RM0.045
- (v) Number of options offered to Director of SMTRACK: 46,459,450
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 ("SMTJ") had on 6 July 2022 entered into a Project Consultation Agreement ("the Agreement") with Eight Safety Consultancy Sdn Bhd [Registration No. 201701006876 (1221041-A)] ("8SC") as the administrative consultant for petroleum oil & gas industry safety product purchase process or any traceability solutions compatible with the system to the targeted end users ("the Project").

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 September 2022, the Group recorded revenue of RM0.100 million and a loss before taxation of RM1.894 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 30 September 2021.

B2. Comparison to the Results of the Preceding Quarter

	Current Quarter Ended 30/09/2022 RM'000	Preceding Corresponding Quarter Ended 30/09/2021 RM'000
Revenue	100	-
Loss before tax	(1,894)	-

* 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 September 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 30/09/2022 RM'000	*Preceding Year Corresponding Quarter Ended 30/09/2021 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 September 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 28 October 2022, on behalf of the Board of Directors of SMTrack ("Board"), Mercury Securities Sdn Bhd wishes to announce that the Company proposes to undertake the following Proposed Diversifications:

- i) proposed diversification of the existing of SMTrack and its subsidiaries ("SMTrack or Group" or "Group") to include property related businesses ("Proposed Diversification into Property Related Businesses");
- ii) proposed diversification of the existing of the Group to include support services for oil and gas ("O&G") businesses ("Proposed Diversification into O&G Businesses") and
- iii) proposed diversification of the existing of the Group to include food and beverages ("F&B") services and related businesses ("Proposed Diversification into F&B Businesses").

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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

**(i) Shah Alam High Court, Suit No: BA-23NCNC-22-05/2022
SMTrack Berhad ("SMT") vs Badrul Hisham Shaharin**

On 18 May 2022, SMT commenced an action against the Defendant for the defamatory statement published against SMTrack in the Defendant's Facebook account which has 44,000 followers.

The impugned and libel words published by the Defendant against SMT was that SMT managed to have some privilege and monopoly in the RFID toll operating system in the highways of Malaysia due to the Director's family and acquaintance relationship with the political leader in Malaysia where the relationship has caused the Company and the directors to be involved in an abuse of power, cronyism and nepotism. Such defamatory words had led to SMTrack's reputation being badly damaged in the eyes of the society.

As such, SMTrack has pleaded amongst others, for the following claims:-

- (i) General damages in the amount exceeding RM100 million;
- (ii) Compensatory damages;
- (iii) Aggravated damages;
- (iv) Exemplary damages;
- (v) Injunction;
- (vi) An apology by the defendant in the Defendant's Facebook and printed medias; and
- (vii) Interest and costs

The Plaintiff has served its reply to the defence on 24 August 2022. During the case management on 28 September 2022, the Shah Alam High Court has given direction for the parties to file and exchange their affidavits in Enclosures 9 (Application for a judgement where admissions of fact are made by the Defendant under Order 27 Rule 3 of the Rules of Court 2012) and 11 (Application for disallowance of amendment on the amended defence dated 7 September 2022 under Order 20 Rule 4 of the Rules of Court 2012).

On 28 September 2022, the Honourable Court has given directions for the parties to file and exchange their Affidavits. The Court has fixed for the next case management for the aforesaid legal suit on 2 November 2022.

The Court has fixed 19 January 2023 as hearing date for both of Enclosure 9 and 11 via zoom.

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
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	(1,869)	-	(3,511)	-
Weighted average number of ordinary shares in issue ('000)	766,929	-	766,929	-
Basic earnings/(loss) per share (sen)	(0.24)	-	(0.46)	-

* 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 September 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 THIRD QUARTER ENDED 30 SEPTEMBER 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	Preceding Corresponding Quarter Ended
	30/09/2022	30/09/2021
	RM'000	RM'000
Total accumulated profit / (losses) of the Company and its subsidiaries		
- Realised	(26,892)	-
- Unrealised	-	-
	(26,892)	-
Total share of accumulated profit/(losses) of a jointly controlled entity		
- Realised	-	-
- Unrealised	-	-
	(26,892)	-
Add: Consolidation adjustments	-	-
Total Accumulated profit / (losses)	(26,892)	-

* 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 September 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 30 November 2022.

SMTRACK BERHAD

BY ORDER OF THE BOARD