



SMART ASIA CHEMICAL BHD

(Registration no.: 201901016953 (1326281-T))
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR THE SECOND QUARTER ENDED 30 JUNE 2025

SMART ASIA CHEMICAL BHD

(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2025**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2025 ⁽¹⁾**

	Note	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		Unaudited 30.06.2025 RM'000	Unaudited 30.06.2024 RM'000	Unaudited 30.06.2025 RM'000	Unaudited 30.06.2024 RM'000
Revenue	A9	20,699	19,415	41,379	43,375
Cost of sales		<u>(16,254)</u>	<u>(14,925)</u>	<u>(30,835)</u>	<u>(31,008)</u>
Gross profit		4,445	4,490	10,544	12,367
Other income		129	3	153	6
Selling and distribution expenses		(2,912)	(4,029)	(6,230)	(6,825)
Administrative expenses		(1,518)	(2,421)	(3,068)	(3,718)
Other operating expenses		<u>-</u>	<u>(155)</u>	<u>-</u>	<u>(155)</u>
Operating profit/(loss)		144	(2,112)	1,399	1,675
Finance income		20	6	33	6
Finance costs		<u>(233)</u>	<u>(538)</u>	<u>(451)</u>	<u>(1,056)</u>
(Loss)/profit before tax	B5	(69)	(2,644)	981	625
Income tax (expenses)/ benefit	B6	<u>(147)</u>	<u>4,265</u>	<u>(417)</u>	<u>3,482</u>
(Loss)/profit after tax		<u>(216)</u>	<u>1,621</u>	<u>564</u>	<u>4,107</u>
Other comprehensive income/(loss), net of income tax		-	-	-	-
Total comprehensive (loss)/income for the financial period		<u>(216)</u>	<u>1,621</u>	<u>564</u>	<u>4,107</u>

SMART ASIA CHEMICAL BHD

(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2025**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2025 ⁽¹⁾ (CONT'D)**

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Unaudited 30.06.2025	Unaudited 30.06.2024	Unaudited 30.06.2025	Unaudited 30.06.2024
	Note	RM'000	RM'000	RM'000	RM'000
Total comprehensive (loss)/income for the financial period attributable to:					
- Owners of the Company		(198)	1,644	599	4,147
- Non-controlling interest		(18)	(23)	(35)	(40)
		<u>(216)</u>	<u>1,621</u>	<u>564</u>	<u>4,107</u>
(Loss)/Earnings per share (sen) ⁽²⁾					
- Basic/diluted	B8	<u>(0.05)</u>	<u>0.53</u>	<u>0.16</u>	<u>1.43</u>

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the Company's audited consolidated financial statements for the financial year ended 31 December 2024 and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic and diluted loss per share ("LPS") and earnings per share ("EPS") are calculated based on the weighted average number of ordinary shares in issue in the Company (as disclosed in Note B8). Diluted LPS/EPS is equivalent to the basic LPS/EPS as the Company does not have any dilutive instruments during the current financial quarter and financial period-to-date.

SMART ASIA CHEMICAL BHD

(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2025**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025⁽¹⁾**

	Note	Unaudited 30.06.2025 RM'000	Audited 31.12.2024 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		87,065	78,670
Intangible asset		140	150
Deferred tax assets		8,489	7,445
Total non-current assets		95,694	86,265
Current assets			
Inventories		23,977	24,108
Current tax assets		1,619	1,394
Trade and other receivables		27,413	31,074
Contract assets		1,502	1,354
Cash and short-term deposits		11,670	13,929
Total current assets		66,181	71,859
TOTAL ASSETS		161,875	158,124
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		91,326	91,326
Reorganisation reserve		(29,253)	(29,253)
Retained earnings		49,965	49,366
		112,038	111,439
Non-controlling interest		(65)	(30)
TOTAL EQUITY		111,973	111,409
Non-current liabilities			
Loans and borrowings	B7	20,029	15,149
Deferred income		428	443
Deferred tax liabilities		3,758	2,732
Total non-current liabilities		24,215	18,324
Current liabilities			
Loans and borrowings	B7	3,983	3,908
Current tax liabilities		96	109
Trade and other payables		20,528	21,949
Contract liabilities		1,080	2,425
Total current liabilities		25,687	28,391
TOTAL LIABILITIES		49,902	46,715
TOTAL EQUITY AND LIABILITIES		161,875	158,124
NET ASSETS PER SHARE (sen)⁽²⁾			
		30.28	30.12

SMART ASIA CHEMICAL BHD

(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2025

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025⁽¹⁾ (CONT'D)**Notes:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position is disclosed in Note A1 and should be read in conjunction with the Company's audited consolidated financial statements for the financial year ended 31 December 2024 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is computed based on the number of issued shares of 369,850,420 ordinary shares as at 30 June 2025 and 31 December 2024 respectively.

SMART ASIA CHEMICAL BHD

(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2025**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2025⁽¹⁾**

	Share capital RM'000	<u>Non-distributable</u> Reorganisation reserve RM'000	<u>Distributable</u> Retained earnings RM'000	Sub-total RM'000	Non-controlling interest RM'000	Total equity RM'000
<u>Unaudited - 6 months ended 30 June 2025</u>						
Balance as at 1 January 2025	91,326	(29,253)	49,366	111,439	(30)	111,409
Profit after tax/total comprehensive income/(loss) for the financial period	-	-	599	599	(35)	564
Balance as at 30 June 2025	<u>91,326</u>	<u>(29,253)</u>	<u>49,965</u>	<u>112,038</u>	<u>(65)</u>	<u>111,973</u>
<u>Unaudited - 6 months ended 30 June 2024</u>						
Balance as at 1 January 2024	51,800	(25,783)	42,704	68,721	50	68,771
Profit after tax/total comprehensive income/(loss) for the financial period	-	-	4,147	4,147	(40)	4,107
Transaction with owners of the Company						
Adjustment pursuant to merger accounting	3,470	(3,470)	-	-	-	-
Issuance of new ordinary shares	37,400	-	-	37,400	-	37,400
Share issuance expenses	(1,344)	-	-	(1,344)	-	(1,344)
Balance as at 30 June 2024	<u>91,326</u>	<u>(29,253)</u>	<u>46,851</u>	<u>108,924</u>	<u>10</u>	<u>108,934</u>

SMART ASIA CHEMICAL BHD

(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2025

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2025⁽¹⁾ (CONT'D)**Note:**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the Company's audited consolidated financial statements for the financial year ended 31 December 2024 and the accompanying explanatory notes attached to this interim financial report.

SMART ASIA CHEMICAL BHD

(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2025**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2025⁽¹⁾**

	Unaudited Quarter Ended 30.06.2025 RM'000	30.06.2024 RM'000
Cash flows from operating activities		
Profit before tax	981	625
Adjustments for:		
Depreciation of property, plant and equipment	1,887	1,219
Amortisation of intangible assets	10	10
Amortisation of deferred income	(15)	-
Gain on disposal of property, plant and equipment	(112)	-
Bad debts recovery	(8)	-
Net unrealised foreign exchange gain	(38)	-
Impairment loss on trade receivables	-	155
Finance costs	451	1,056
Finance income	(33)	(6)
Operating profit before changes in working capital	3,123	3,059
Decrease in inventories	131	668
Decrease in trade and other receivables	2,446	2,044
Decrease in trade and other payables	(1,452)	(6,223)
Increase in contract assets	(148)	(235)
Decrease in contract liabilities	(1,345)	(464)
Net cash generated from/(used in) operations	2,755	(1,151)
Income tax paid	(709)	(1,894)
Income tax refund	36	2
Interest paid	-	(29)
Net cash generated from/(used in) operating activities	2,082	(3,072)
Cash flows from investing activities		
Purchase of property, plant and equipment	(797)	(2,308)
Placement of fixed deposits	-	(1,600)
Proceeds from disposal of property, plant and equipment	112	-
Interest received	33	6
Net cash used in investing activities	(652)	(3,902)
Cash flows from financing activities		
Interest paid	(451)	(1,027)
Drawdown of term loans	473	-
Repayment of term loans	(1,396)	(26,439)
Drawdown of bankers' acceptance	624	3,710
Repayment of bankers' acceptance	(2,789)	(4,945)
Repayment of hire purchase payable	(120)	(101)
Repayment of lease liabilities	(30)	(49)
Proceeds from issuance of new ordinary shares, net	-	36,056
Net cash (used in)/from financing activities	(3,689)	7,205
Net (decrease)/increase in cash and cash equivalents	(2,259)	231
Cash and cash equivalents at the beginning of the financial period	13,781	5,778
Cash and cash equivalents at the end of the financial period	11,522	6,009

SMART ASIA CHEMICAL BHD

(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2025

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2025⁽¹⁾ (CONT'D)

	Unaudited Quarter Ended	
	30.06.2025	30.06.2024
	RM'000	RM'000
Cash and cash equivalents at end of the financial period consist of:		
Short-term deposits	6,649	1,744
Less: Pledged deposits	(148)	(1,744)
	<u>6,501</u>	<u>-</u>
Cash and bank balances	5,021	6,009
	<u>11,522</u>	<u>6,009</u>

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows is disclosed in Note A1 and should be read in conjunction with the Company's audited consolidated financial statements for the financial year ended 31 December 2024 and the accompanying explanatory notes attached to this interim financial report.

SMART ASIA CHEMICAL BHD

(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2025

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134 - INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial report of Smart Asia Chemical Bhd ("**SAC**" or the "**Company**") and its subsidiaries (the "**Group**") is unaudited and have been prepared in accordance with the requirements of the Malaysian Financial Reporting Standard ("**MFRS**") 134: Interim Financial Reporting, Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

This interim financial report should be read in conjunction with the Company's audited consolidated financial statements for the financial year ended 31 December 2024 and the accompanying explanatory notes attached to this interim financial report.

A2. Summary of Material Accounting Policies

The summary of material accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in preparation of the Company's audited financial statements for the financial year ended 31 December 2024 except for the following amendments to MFRSs that have been issued by the Malaysian Accounting Standard Board but are not yet effective for the Group.

Effective for annual period beginning on or after 1 January 2025

Title	Effective Date
Amendments to MFRS 121 The Effect of Change in Foreign Exchange Rates	1 January 2025

Effective for financial period beginning on or after 1 January 2026 and onwards

Title	Effective Date
Amendments to MFRS 7 Financial Instruments: Disclosures	1 January 2026
Amendments to MFRS 9 Financial Instruments	1 January 2026
Amendments to MFRS 107 Statement of Cash Flows	1 January 2026
Amendments to MFRS 10 Consolidated Financial Statements	1 January 2026/ Deferred
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 128 Investment in Associates and Joint Ventures	Deferred

The Group will adopt the abovementioned standards, amendments or interpretations, if applicable, when they become effective.

The initial application of the above standards, amendments or interpretations is not expected to have any material impact to the financial statements of the Group upon adoption.

SMART ASIA CHEMICAL BHD

(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2025

A3. Auditors' Report on Preceding Annual Financial Statements

The audited consolidated financial statements of the Company for the financial year ended 31 December 2024 were not subject to any qualification.

A4. Seasonal or Cyclical Factors

The business operations of the Group were not materially affected by any seasonal or cyclical factors during the current financial quarter and financial period-to-date.

A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and financial period-to-date.

A6. Material Changes in Estimates and Judgements

There were no material changes in accounting estimates and judgements that have a material effect on the current financial quarter and financial period-to-date.

A7. Debts and Equity Securities

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the current financial quarter and financial period-to-date.

A8. Dividend Paid

There were no dividends paid during the current financial quarter and financial period-to-date.

SMART ASIA CHEMICAL BHD

(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2025**A9. Segmental Information**

The segmental analysis of the Group's revenue is set out as follows:

(a) Revenue by business activities, products and services

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited	Unaudited	Unaudited	Unaudited
	30.06.2025	30.06.2024	30.06.2025	30.06.2024
	RM'000	RM'000	RM'000	RM'000
Manufacturing Segment	19,181	18,106	38,034	39,965
Sale and Trading Segment	1,106	849	2,701	1,825
Others ⁽¹⁾	412	460	644	1,585
Total	20,699	19,415	41,379	43,375

(b) By geographical locations

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited	Unaudited	Unaudited	Unaudited
	30.06.2025	30.06.2024	30.06.2025	30.06.2024
	RM'000	RM'000	RM'000	RM'000
Malaysia	16,134	16,400	34,350	38,109
Myanmar	2,650	555	2,752	656
Brunei	918	1,146	1,807	1,841
Singapore	648	791	1,328	1,606
Others ⁽²⁾	349	523	1,142	1,163
Total	20,699	19,415	41,379	43,375

Notes:

- (1) Revenue generated from other business activities, products and services comprise of sale of disinfecting products, sales of Smart Colour POS Tinting Machines, maintenance services for Smart Colour POS Tinting Machines and painting services.
- (2) Other geographical locations comprise of Indonesia, Vietnam and Cambodia.

SMART ASIA CHEMICAL BHD

(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2025**A10. Material Capital Commitments**

Save as disclosed below, there are no material capital commitments as at the date of this interim financial report:

Approved and contracted for:

Building extension at Perak Plant
Purchase of plant and machineries

RM'000

7,766

893

8,659**A11. Significant Related Party Transactions**

The significant related party transactions of the Group are shown below:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited	Unaudited	Unaudited	Unaudited
	30.06.2025	30.06.2024	30.06.2025	30.06.2024
	RM'000	RM'000	RM'000	RM'000
Sales of goods to entities in which person connected to a director has interests	1,184	1,323	2,774	3,014
Purchase of goods from entities in which a person connected to a director has interests	29	39	64	73

A12. Valuation of Property, Plant and Equipment

The Group has not carried out any valuation on its property, plant and equipment during the current financial quarter and financial period-to-date.

A13. Contingent Assets and Liabilities

There were no material contingent assets and liabilities as at the end of the interim financial period.

A14. Fair Value of Financial Instruments

There were no gain or loss arising from fair value changes of financial assets and liabilities for the current financial quarter under review and financial period-to-date.

SMART ASIA CHEMICAL BHD

(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2025

A15. Changes in Composition of the Group

On 12 June 2025, the Company acquired 100% equity comprising two (2) ordinary shares of RM1.00 each in Smart CKS Marketing Sdn. Bhd. and Smart CKS Manufacturing Sdn. Bhd. Accordingly, Smart CKS Marketing Sdn. Bhd. and Smart CKS Manufacturing Sdn. Bhd. became the wholly owned subsidiaries of the Company. As at the date of this report, both subsidiaries had not yet commenced operations.

Save as disclosed above, there were no other material changes in the composition of the Group during the quarter under review that have not been reflected in this interim financial report.

A16. Significant Events Occurring After the Current Financial Quarter

On 18 July 2025, Smart Homebox Sdn. Bhd., a wholly owned subsidiary of the Company was incorporated, with the intended principal activity of engaging in trading of paints and construction related products, software development, and provision of general household services.

On 21 August 2025, the Company completed the Phase 1 of the capital investment in the two joint venture entities established under the Shareholders' Agreements signed on 16 May 2025 with Keshun International Construction and Trading Sdn Bhd ("**Keshun**"). The total investment of RM1,275,000 in Smart CKS Manufacturing Sdn. Bhd. and RM1,225,000 in Smart CKS Marketing Sdn. Bhd. were made in accordance with the shareholding ratios set out in the said Shareholders' Agreements. Following the capital injection by the shareholders, the Company now holds 51% equity interest in Smart CKS Manufacturing Sdn. Bhd. and 49% equity interest in Smart CKS Marketing Sdn. Bhd., and accordingly, both entities ceased to be wholly owned subsidiaries of the Company.

Save as disclosed above, there were no other significant events subsequent to the end of the current financial quarter under review that have not been reflected in this interim financial report.

SMART ASIA CHEMICAL BHD

(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2025**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES****B1. Review of financial performance for current quarter ended 30 June 2025 ("Q2FY2025") and preceding year's corresponding quarter ended 30 June 2024 ("Q2FY2024")**

	Q2FY2025	Q2FY2024	Variance	
	RM'000	RM'000	RM'000	%
Revenue	20,699	19,415	1,284	6.61
Gross profit	4,445	4,490	(45)	(1.00)
Gross profit margin (%)	21.47	23.13	N/A	N/A
Loss before tax ("LBT")	(69)	(2,644)	2,575	97.39

The Group recorded revenue of RM20.70 million in Q2FY2025, representing an increase of RM1.28 million or 6.61% from RM19.42 million achieved in Q2FY2024, primarily due to increased exports to our original design manufacturer (ODM) customer in Myanmar.

The Group recorded a gross profit of RM4.45 million in Q2FY2025, compared to RM4.49 million in Q2FY2024, marking a decrease of RM0.05 million or 1.00%. The gross profit margin dropped from 23.13% in Q2FY2024 to 21.47% in Q2FY2025. The decrease was mainly due to higher overhead expenses incurred, particularly in relation to the depreciation of the plant and machineries at the Perak Plant and higher labour cost incurred.

The Group recorded a lower LBT of RM0.07 million for Q2FY2025, an improvement of RM2.57 million or 97.39%, compared to LBT of RM2.64 million for Q2FY2024. This improvement was primarily due to absence of one-off non-recurring listing expenses, lower advertisement expenses and lower finance cost.

B2. Review of financial performance for current quarter ended 30 June 2025 ("Q2FY2025") and immediate preceding quarter ended 31 March 2025 ("Q1FY2025")

	Q2FY2025	Q1FY2025	Variance	
	RM'000	RM'000	RM'000	%
Revenue	20,699	20,680	19	0.09
Gross profit	4,445	6,099	(1,654)	(27.12)
Gross profit margin (%)	21.47	29.49	N/A	N/A
(LBT)/PBT	(69)	1,050	(1,119)	(106.57)

The Group recorded a marginal increase in revenue of RM0.02 million or 0.09% from RM20.68 million in Q1FY2025 to RM20.70 million in Q2FY2025.

The Group recorded a gross profit of RM4.45 million in Q2FY2025, compared to RM6.10 million in Q1FY2025, a decrease of RM1.65 million or 27.12%. The gross profit margin dropped from 29.49% in Q1FY2025 to 21.47% in Q2FY2025. This decrease was mainly due to discounts provided to customers and higher labour costs incurred.

The Group reported a LBT of RM0.07 million in Q2FY2025, compared to a PBT of RM1.05 million for Q1FY2025, representing a decline of RM1.12 million or 106.57%. This decline was primarily due to a reduction in gross profit during the Q2FY2025, partially offset by the decrease in selling and distribution expenses, mainly driven by lower advertising costs.

SMART ASIA CHEMICAL BHD

(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2025

B3. Commentary on Prospects

The Group continues to align its operations with Malaysia's expanding construction sector, which is being supported by the Government's ongoing infrastructure development initiatives. According to the Department of Statistics Malaysia ("DOSM"), the value of work done rose by 12.9% year-on-year in Q2FY2025, reaching RM43.9 billion. This upward trend, underpinned by increased activity in special trades, residential, and non-residential building works, is expected to further drive demand in the paints and coatings industry, presenting the Group with enhanced opportunities to strengthen its market position.

To capitalise on these potential growth opportunities, the Group formed a joint venture with Keshun to expand its product portfolio and to better address evolving industry needs. In August 2025, the joint venture completed the Phase 1 of the capital injection, following the signing of the Shareholders' Agreements in May 2025. This progress supports the Group's plans to broaden its construction chemicals offerings. Additionally, the upcoming expansion of manufacturing facilities in Perak for construction chemical products may contribute to improved supply chain efficiency and help sustain growth in the regional construction sector. As at the date of this report, one of the joint venture entities, Smart CKS Marketing Sdn. Bhd., has commenced operations.

In 2025, the Group distributed an additional 29 Smart Colour POS Tinting Machines to wholesalers and dealers, further expanding its market reach to support its retail growth strategy. The ongoing "NegaraKu, JenamaKu" campaign continues to strengthen the Group's brand positioning as one of the leading locally produced brand. The Group's participation in the Konvensyen Kontraktor CIDB Malaysia 2025 at Johor and ARCHIDEX 2025 at Kuala Lumpur demonstrates its continued commitment to industry engagement. Moving forward, the Group remains focused on aligning its offerings with the evolving needs of the construction sector and expects these initiatives to contribute positively to its overall performance.

With supportive market conditions and the Group's ongoing strategic efforts, the Board of Directors of the Company ("**Board**") remains cautiously optimistic about the Group's outlook and expects continued progress in the paints and coatings industry.

SMART ASIA CHEMICAL BHD

(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2025**B4. Profit Forecast and Profit Guarantee**

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement during the current financial quarter and financial period-to-date.

B5. Loss/ Profit before Tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited	Unaudited	Unaudited	Unaudited
	30.06.2025	30.06.2024	30.06.2025	30.06.2024
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):				
Depreciation of property, plant and equipment	964	716	1,887	1,219
Impairment loss on trade receivables	-	155	-	155
Amortisation of intangible assets	5	8	10	10
Amortisation of deferred income	(8)	-	(15)	-
Finance costs				
- bankers' acceptance interest	1	36	13	68
- overdraft interest	-	12	-	29
- term loan interest	226	489	429	956
- lease liabilities interest	2	-	2	1
- hire purchase interest	4	1	7	2
Listing expenses	-	1,207	-	1,314
Finance income	(20)	(6)	(33)	(6)
Bad debts recovery	-	-	(8)	-
Net unrealised foreign exchange (gain)/loss	(99)	(14)	(38)	63
Realised foreign exchange (gain)/loss	(18)	57	24	60
Gain on disposal of property, plant and equipment	(112)	-	(112)	-

SMART ASIA CHEMICAL BHD

(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2025**B6. Income tax**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited	Unaudited	Unaudited	Unaudited
	30.06.2025	30.06.2024	30.06.2025	30.06.2024
	RM'000	RM'000	RM'000	RM'000
Income tax expense/(benefit):				
- Current tax	77	452	435	1,235
- Deferred tax	70	(4,717)	(18)	(4,717)
Total income tax expenses/(benefit)	147	(4,265)	417	(3,482)
Effective tax rate (%)	(213.04)	161.31	42.51	(557.12)
Statutory tax rate (%)	24.00	24.00	24.00	24.00

Note:

- (1) For the current financial quarter ended 30 June 2025, a tax expense was recorded despite the Group registering a loss position, mainly due to losses incurred by certain subsidiaries, non-deductible expenses and deferred tax adjustments, resulting in an effective tax rate of (213.04%) compared to the statutory rate of 24%.
- (2) For the financial period-to-date ended 30 June 2025, the effective tax rate was 42.51%. The higher effective tax rate was attributable to losses incurred by certain subsidiaries.

B7. Loans and Borrowings

Details of the Group's loans and borrowings (all denominated in Ringgit Malaysia) as at 30 June 2025 are as follows:

	Unaudited	Audited
	30.06.2025	31.12.2024
	RM'000	RM'000
Current		
Term loans	3,106	903
Hire purchase payables	202	156
Bankers' acceptance	624	2,789
Lease liabilities	51	60
	<u>3,983</u>	<u>3,908</u>
Non-current		
Term loans	19,350	14,826
Hire purchase payables	665	288
Lease liabilities	14	35
	<u>20,029</u>	<u>15,149</u>
Total loans and borrowings	<u>24,012</u>	<u>19,057</u>

SMART ASIA CHEMICAL BHD

(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2025

B8. Loss/Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited	Unaudited	Unaudited	Unaudited
	30.06.2025	30.06.2024	30.06.2025	30.06.2024
(Loss)/profit attributable to owners of the Company (RM'000)	(198)	1,644	599	4,147
Weighted average number of shares	369,850,420	311,284,486	369,850,420	290,095,680
Basic/Diluted (LPS)/EPS (sen)	(0.05)	0.53	0.16	1.43

B9. Material Litigation

The Group was not engaged in any litigation as at the date of this interim financial report.

B10. Dividend Proposed or Declared

No dividend has been proposed or declared by the Board during the current financial quarter under review.

B11. Status of Corporate Proposals

There were no other corporate proposals announced by the Company but pending completion as at the date of this interim financial report.

SMART ASIA CHEMICAL BHD

(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2025**B12. Status of Utilisation of IPO Proceeds**

In conjunction with the listing of the Company on the ACE Market of Bursa Securities on 28 May 2024, the Company had raised gross proceeds of RM37.40 million from the IPO. As of the date of this interim financial report, the status of utilisation of the IPO proceeds as disclosed below should be read in conjunction with the Prospectus of the Company dated 2 May 2025:

Details of use of proceeds	Proposed Utilisation (RM'000)	Amount Utilised (RM'000)	Balance Unutilised (RM'000)⁽¹⁾	Estimated timeframe for use from the date of Listing
(a) Establishment of Perak Plant:				
(i) Construction of Perak Plant	16,000	16,000	-	Within 12 months
(ii) Purchase and commissioning of automated paint production system	11,000	10,038	962	Within 24 months ⁽²⁾
(b) Purchase of 250 sets of Smart Colour POS Tinting Machine	5,000	851	4,149	Within 36 months
(c) Working capital	1,300	1,300	-	Within 12 months
(d) Listing expenses	4,100	4,100	-	Within 1 month
Total	37,400	32,289	5,111	

Notes:

- (1) Pending its intended utilisation, the unutilised balance of RM5.11 million raised from the IPO was placed with financial institutions on a repo basis to earn interest income.
- (2) On 13 May 2025, the Board of Directors has approved the extension of time for its utilisation of the proceeds for the intended purpose by another 12 months from the date of listing on 28 May 2025.

B13. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at the date of this report.

By Order Of The Board
SMART ASIA CHEMICAL BHD
 29 August 2025