

**SOUTH MALAYSIA INDUSTRIES BERHAD** ( 8482 - D )  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012**

**Condensed Consolidated Statements of Comprehensive Income**

	3 Months Ended		6 Months Ended	
	30.6.2012 RM'000	30.6.2011 RM'000	30.6.2012 RM'000	30.6.2011 RM'000
Revenue	29,967	24,589	60,747	45,241
Operating Expenses	(30,580)	(26,781)	(62,761)	(49,326)
Other Expenses	(712)	(265)	(977)	(548)
Interest Income	314	276	496	692
Other Operating Income	826	445	1,336	1,070
Profit/(loss) from Operations	(185)	(1,736)	(1,159)	(2,871)
Finance costs	(494)	(163)	(631)	(258)
Investing Results	-	-	-	-
Profit/(loss) before tax	(679)	(1,899)	(1,790)	(3,129)
Tax	(485)	(80)	(875)	(333)
Net Profit/(loss) for the period	(1,164)	(1,979)	(2,665)	(3,462)
Other comprehensive income/(loss), net of tax				
- Exchange differences on translating foreign operations	711	1,282	904	868
- Fair value of available-for-sale financial assets	481	(242)	481	(455)
Other comprehensive income/(loss) for the period, net of tax	1,192	1,040	1,385	413
Total comprehensive income/(loss) for the period	28	(939)	(1,280)	(3,049)
Profit/(loss) attributable to:				
Owners of the parent	(647)	(2,054)	(1,845)	(3,561)
Minority Interests	(517)	75	(820)	99
	(1,164)	(1,979)	(2,665)	(3,462)
Total comprehensive income/(loss) attributable to:				
Owners of the parent	670	(1,116)	(52)	(3,346)
Minority Interests	(642)	177	(1,228)	297
	28	(939)	(1,280)	(3,049)
<b>Earnings/(loss) per share attributable to equity holders of the parent:</b>				
Basic/Diluted (sen)	(0.31)	(0.98)	(0.88)	(1.70)

( The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 )

**SOUTH MALAYSIA INDUSTRIES BERHAD** ( 8482 - D )

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012****Condensed Consolidated Statements of Financial Position**

	As at 30.6.2012 RM'000	As at 31.12.2011 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	51,762	53,361
Prepaid lease payments	999	1,066
Investment properties	29,153	29,153
Land held for property development	9,324	10,766
Available-for-sale financial assets	19,042	18,040
	110,280	112,386
<b>Current assets</b>		
Inventories	23,769	26,103
Trade and other receivables	57,978	60,316
Available-for-sale financial assets	4,036	-
Cash and cash equivalents	46,905	30,622
	132,688	117,041
<b>TOTAL ASSETS</b>	<b>242,968</b>	<b>229,427</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to the Company's equity holders</b>		
Share capital	209,940	209,940
Reserves	(39,305)	(39,253)
Shareholders' Equity	170,635	170,687
<b>Minority Interest</b>	<b>(3,070)</b>	<b>(1,842)</b>
<b>TOTAL EQUITY</b>	<b>167,565</b>	<b>168,845</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	18,873	753
Deferred liabilities	1,537	1,794
	20,410	2,547
<b>Current liabilities</b>		
Trade and other payables	41,707	47,573
Borrowings	12,839	10,000
Taxation	447	462
	54,993	58,035
<b>TOTAL LIABILITIES</b>	<b>75,403</b>	<b>60,582</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>242,968</b>	<b>229,427</b>
Net assets per share (RM) attributable to ordinary equity holders of the parent	0.81	0.81

( The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011)

**SOUTH MALAYSIA INDUSTRIES BERHAD** ( 8482 - D )  
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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012**

**Condensed Consolidated Statement of Changes in Equity**

	Attributable to Owners of the Parent						Non-Controlling Interest	Total Equity	
	Share Capital	Share Premium	Foreign Exchange Reserve	Revaluation Reserve	Fair Value Reserve	Accumulated Losses			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
6 months ended 30.6.2012									
At 1.1.2012	209,940	34,299	15,138	1,168	242	(90,100)	170,687	(1,842)	168,845
Profit/(loss) for the period	-	-	-	-	-	(1,845)	(1,845)	(820)	(2,665)
Other comprehensive income/(loss)	-	-	1,312	-	481	-	1,793	(408)	1,385
Total comprehensive income/(loss) for the period	-	-	1,312	-	481	(1,845)	(52)	(1,228)	(1,280)
At 30.6.2012	209,940	34,299	16,450	1,168	723	(91,945)	170,635	(3,070)	167,565
6 months ended 30.6.2011									
At 1.1.2011	209,940	34,299	14,272	1,168	697	(84,421)	175,955	(849)	175,106
Profit/(loss) for the period	-	-	-	-	-	(3,561)	(3,561)	99	(3,462)
Other comprehensive income/(loss)	-	-	670	-	(455)	-	215	198	413
Total comprehensive income/(loss) for the period	-	-	670	-	(455)	(3,561)	(3,346)	297	(3,049)
At 30.6.2011	209,940	34,299	14,942	1,168	242	(87,982)	172,609	(552)	172,057

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 )

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012****Consolidated Statements of Cash Flow**

	6 Months Ended 30.6.2012 RM'000	6 Months Ended 30.6.2011 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit/(loss) before tax</b>	(1,790)	(3,129)
Adjustments for:		
Depreciation & amortisation	2,011	1,978
Other non-cash items	(62)	38
Finance costs	631	29
Finance income	(496)	(692)
<b>Operating profit/(loss) before working capital changes</b>	294	(1,776)
Decrease/(increase) in property development cost	2,563	1,604
Decrease in inventories	1,452	1,327
Decrease/(increase) in trade and other receivables	2,189	9,791
Increase/(decrease) in trade and other payables	(5,508)	(23,916)
Cash generated from/(used in) operations	990	(12,969)
Interest paid	(631)	(29)
Tax paid	(886)	(1,880)
Net cash from/(used in) operating activities	(527)	(14,878)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	426	657
Expenditure on land held for property development	(239)	(175)
Proceeds from disposal of available-for-sale financial assets	-	3,257
Purchase of available-for-sale financial assets	(4,038)	(1,500)
Purchase of property, plant and equipment	(359)	(589)
Proceeds from disposal of property, plant and equipment	-	162
Net dividend received	38	-
Net cash from/(used in) investing activities	(4,173)	1,811
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loans and borrowings, net drawdown/(repayment)	21,048	(10,681)
Repayments of hire purchase payables	(88)	(201)
Withdrawal from sinking fund account	-	1,457
Net cash from/(used in) financing activities	20,960	(9,425)
Effects of exchange rate changes on cash and cash equivalents	22	(193)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD</b>	16,283	(22,685)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	30,622	65,613
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	46,904	42,928

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## **INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012**

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### **NOTES TO THE INTERIM FINANCIAL REPORT**

#### **A1 Accounting Policies**

The interim financial report is prepared in accordance with Financial Reporting Standards 134 - Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The figures have not been audited.

The interim financial report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2011. The 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 2011.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those of the audited financial statements for the financial year ended 31 December 2011, except for the adoption of the following Financial Reporting Standards ("FRS"), amendments to FRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2012.

IC Interpretation 19	Extinguishing Financial Liabilities
Amendments to IC interpretation 14	Prepayment of a Minimum Funding Requirement
FRS 124	Related Party Disclosures (revised)
Amendments to FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7	Disclosures - Transfers of Financial Assets
Amendments to FRS 112	Deferred Tax - Recovery of Underlying Assets

The adoption of the above FRSs, Amendments and IC Interpretation did not result in any significant changes in the accounting policies and presentations of the financial statement of the Group.

#### **A2 Malaysian Financial Reporting Standards (MFRS)**

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 agriculture ("MFRS 141") and IC Interpretation 15 Agreements for Construction of Real Estate ("IC 15"), including its parent, significant investor and venture (here in called "Transitioning Entities"). Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. However, on 30 June 2012, MASB further extended the transitional period for another year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual period beginning on or after 1 January 2014.

Financial statements that are drawn up in accordance with the new MFRS Framework will be equivalent to financial statements prepared by other jurisdictions which adopt IFRSs ("International Financial Reporting Standards").

The Group is subject to the application of IC Interpretation 15, therefore falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 31 December 2014. In presenting the Group's first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

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## **INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012**

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### **NOTES TO THE INTERIM FINANCIAL REPORT**

#### **A2 Malaysian Financial Reporting Standards (MFRS) - Cont'd**

The Group is currently assessing the implications and financial impact of transition to the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the financial period ended 30 June 2012 could be different if prepared under the MFRS Framework.

#### **A3 Audit Report of the Previous Annual Financial Report**

The audit report of the previous annual financial report was not qualified.

#### **A4 Seasonality or Cyclicity of Interim Operations**

The Group's operations were not significantly affected by any seasonal or cyclical factors.

#### **A5 Unusual Items Affecting the Financial Statements**

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their material effect in the current quarter under review.

#### **A6 Changes in Accounting Estimates**

There were no changes in estimates of amount reported in prior interim periods or prior financial years that have a material effect in the current quarter under review.

#### **A7 Debt and Equity Securities**

There were no issuance of debt and equity securities, share buy back, share cancellation, share held as treasury and resale of treasury share during the financial period ended 30 June 2012.

#### **A8 Dividends Paid**

No dividend has been paid during the financial period ended 30 June 2012.

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## INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012

### NOTES TO THE INTERIM FINANCIAL REPORT

#### A9 Segment Reporting

The Group is organised on a worldwide basis into four main business segments:

- (a) Property development - develop and sale of residential and commercial properties & car park operation
- (b) Investment Holding - investment in properties and holding company
- (c) Manufacturing & trading - manufacture of assorted wires and trading
- (d) Leisure and entertainment - cinema business

Other operations of the Group mainly comprise of dormant companies which are not of sufficient size to be reported separately

6 months ended 30.6.2012	Property Development RM'000	Investment Holding RM'000	Manufacturing & Trading RM'000	Leisure & Entertainment RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>Segment Revenue</b>							
External revenue	32,303	624	26,881	939	-	-	60,747
Intersegment revenue	-	26	-	-	-	(26)	-
	<u>32,303</u>	<u>650</u>	<u>26,881</u>	<u>939</u>	<u>-</u>	<u>(26)</u>	<u>60,747</u>
<b>Segment Results</b>							
Profit/(loss) from operations	3,137	(1,505)	216	(998)	2	-	852
Finance costs	(41)	(373)	(217)	-	-	-	(631)
Depreciation & amortisation	(315)	(169)	(628)	(899)	-	-	(2,011)
Profit/(loss) before tax	<u>2,781</u>	<u>(2,047)</u>	<u>(629)</u>	<u>(1,897)</u>	<u>2</u>	<u>-</u>	<u>(1,790)</u>
Tax	(843)	-	7	(38)	(1)	-	(875)
Profit/(loss) from ordinary activities after tax	<u>1,938</u>	<u>(2,047)</u>	<u>(622)</u>	<u>(1,935)</u>	<u>1</u>	<u>-</u>	<u>(2,665)</u>
Minority interests	-	-	-	820	-	-	820
Net profit/(loss) attributable to shareholders	<u>1,938</u>	<u>(2,047)</u>	<u>(622)</u>	<u>(1,115)</u>	<u>1</u>	<u>-</u>	<u>(1,845)</u>
<b>Assets and Liabilities</b>							
Segment assets	107,385	81,764	35,828	16,676	1,315	-	242,968
Segment liabilities	23,044	20,546	14,579	16,943	291	-	75,403

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### NOTES TO THE INTERIM FINANCIAL REPORT

6 months ended 30.6.2011	Property Development RM'000	Investment Holding RM'000	Manufacturing & Trading RM'000	Leisure & Entertainment RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>Segment Revenue</b>							
External revenue	18,376	606	25,120	1,139	-	-	45,241
Intersegment revenue	-	24	-	-	-	(24)	-
	<u>18,376</u>	<u>630</u>	<u>25,120</u>	<u>1,139</u>	<u>-</u>	<u>(24)</u>	<u>45,241</u>
<b>Segment Results</b>							
Profit/(loss) from operations	974	(1,441)	212	(638)	-	-	(893)
Finance costs	(63)	(15)	(180)	-	-	-	(258)
Depreciation & amortisation	(368)	(148)	(654)	(808)	-	-	(1,978)
Profit/(loss) before tax	<u>543</u>	<u>(1,604)</u>	<u>(622)</u>	<u>(1,446)</u>	<u>-</u>	<u>-</u>	<u>(3,129)</u>
Tax	(265)	-	7	(74)	(1)	-	(333)
Profit/(loss) from ordinary activities after tax	<u>278</u>	<u>(1,604)</u>	<u>(615)</u>	<u>(1,520)</u>	<u>(1)</u>	<u>-</u>	<u>(3,462)</u>
Minority interests	-	-	-	(99)	-	-	(99)
Net profit/(loss) attributable to shareholders	<u>278</u>	<u>(1,604)</u>	<u>(615)</u>	<u>(1,619)</u>	<u>(1)</u>	<u>-</u>	<u>(3,561)</u>
<b>Assets and Liabilities</b>							
Segment assets	130,806	60,770	35,799	17,157	1,089	-	245,621
Segment liabilities	<u>44,907</u>	<u>1,005</u>	<u>12,933</u>	<u>14,426</u>	<u>292</u>	<u>-</u>	<u>73,563</u>

#### A10 Valuation of Property, Plant & Equipment

The valuation of property, plant and equipment have been brought forward, without amendments from the previous annual financial report.

#### A11 Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the current financial period ended 30 June 2012 up to date of this report.

#### A12 Changes in the Composition of the Group

On 3 August 2012, the Company's wholly-owned dormant subsidiary company, Erico Estates Sdn Bhd has been struck off from the register of Companies Commission of Malaysia pursuant to Section 308(4) of the Companies Act, 1965.

Other than as disclosed, there were no changes in the composition of the Group during the current financial period ended 30 June 2012.



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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012**

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## **NOTES TO THE INTERIM FINANCIAL REPORT**

### **A13 Changes in Contingent Liabilities and Contingent Assets**

There were no contingent liabilities and contingent assets since 31 March 2012.

### **A14 Outstanding Commitments**

There were no outstanding commitments for the financial period under review.

### **A15 Significant Known Related Party Disclosures**

There is no significant known related party transaction during the financial period.

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## **INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012**

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### **NOTES TO THE INTERIM FINANCIAL REPORT**

#### **ADDITIONAL INFORMATION REQUIRED PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

##### **B1 Review of Performance of the Company and its Principal Subsidiaries**

###### For the Quarter

The Group registered a revenue of RM29.97 million and a loss before tax of RM0.68 million in the second quarter ended 30 June 2012 as compared to a revenue of RM24.59 million and a loss before tax of RM1.9 million in the preceding year second quarter. The property division recorded an increase of RM5.23 million in revenue due to higher progress billings recognised from the Zenith condominium project in Kelana Jaya and Taman Saikat and Bandar Meru Raya projects in Ipoh. The property division contributed significantly to the Group's profit with RM1.62 million recorded in the second quarter 2012.

###### For the Six months period

The Group's revenue of RM60.75 million for the financial period ended 30 June 2012 represents a 34% or RM15.51 million increase from RM45.24 million in the corresponding period ended 30 June 2011. The property division recorded an increase of RM13.93 million due to higher progress billings recognised from the Zenith condominium project, while the manufacturing and trading division has also recorded a higher revenue of RM1.76 million as a result of higher domestic demand.

Gross Profit margin of the Group increased from 11.5% for the financial period ended 30 June 2011 to 12.7% in the financial period ended 30 June 2012 mainly due to higher margins of its development projects in Ipoh.

Operating loss before tax of the Group for the financial period ended 30 June 2012 was lower at RM1.79 million as compared with a loss of RM3.13 million in the corresponding financial period ended 30 June 2011. The losses of the current period from the investment holding and leisure and entertainment divisions was offset by a higher profit of RM2.2 million recorded by the property division.

The Group's investment holding division's result for the financial period ended 30 June 2012 was affected by lower interest income and higher finance costs.

**NOTES TO THE INTERIM FINANCIAL REPORT**

**B2 Explanatory comments on Any Material Change in the Profit Before Taxation for the Quarter Reported on as Compared with the Immediate Preceding Quarter**

Second Quarter 2012 vs First Quarter 2012

During the 3 months ended 30 June 2012, the Group recorded a total revenue of RM29.97 million, a decrease of RM0.81 million from RM30.78 million in the preceding 3 months ended 31 March 2012. The decrease in revenue was mainly due to lower contribution from the property division.

The manufacturing and trading division recorded a 4% increase in revenue from RM13.15 million in the First Quarter 2012 to RM13.73 million in the Second Quarter 2012. Sales in the Second Quarter was higher than the First Quarter due to the traditionally higher domestic sales post festive season.

The property division recorded a 9% decrease in revenue from RM16.94 million in the First Quarter 2012 to RM15.37 million in the Second Quarter 2012 mainly due to lower contribution from the Zenith condominium project.

Loss before tax was lower at RM0.68 million in the Second Quarter 2012 as compared to RM1.11 million in the First Quarter 2012 mainly due to higher contribution from Bandar Meru Raya project in Ipoh.

**B3 Commentary on Prospects**

The worsening economic conditions in Europe and the United States have resulted in the drop in the country's external demand. After expanding 7.2% in 2010, Malaysia's growth in 2011 has slowed to 5.1%, only to be supported by favourable domestic demand. In view of the uncertainty over the sustainability of the upward trend in domestic demand which has created greater downside risks to GDP, Bank Negara Malaysia has revised the official growth forecast of 5% to 6% in 2012 to 4% to 5%. The economic environment and external factors are expected to exert pressure on the Group's earnings and profit.

The property division is expected to be the main contributor to the Group's results in 2012 from its on-going development projects and new property launches. Faced with intense competition, the Group expects the manufacturing division's operating environment in 2012 to be broadly similar to 2011. Hence, efforts are focused on improving operating margin and retaining its core customers.

**B4 Explanatory Notes for Variance of Actual Profit from Forecast Profit / Profit Guarantee**

Not applicable.

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## INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012

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### NOTES TO THE INTERIM FINANCIAL REPORT

<b>B5 Taxation</b>	<b>3 months Ended 30.6.2012 RM'000</b>	<b>6 months Ended 30.6.2012 RM'000</b>
Taxation based on the results for the period:		
Malaysian taxation	585	1,105
Overseas taxation	20	38
Transfer to/(from) deferred taxation	(109)	(257)
	<u>496</u>	<u>886</u>
Under/(over) provision of taxation in respect of prior periods	(11)	(11)
	<u>485</u>	<u>875</u>

The disproportionate tax charge in the current period was mainly due to non availability of group relief in respect of losses incurred by certain subsidiary companies, certain expenses which are not deductible for tax purposes certain income which are not subject to tax.

### B6 Status of Corporate Proposals

No corporate proposal was undertaken by the Group in the financial period ended 30 June 2012.

### B7 Group Borrowings

	<b>As at 30.6.2012 RM'000</b>
<b>Current</b>	
Secured:-	
RM denominated	<u>12,839</u>
<b>Non-current</b>	
Secured:-	
RM denominated	<u>18,873</u>
<b>Borrowings maturity:</b>	
Less than one year	12,839
Later than one year and not later than two years	1,740
Later than two years and not later than five years	7,747
Later than five years	9,386
	<u>31,712</u>

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## INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012

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### NOTES TO THE INTERIM FINANCIAL REPORT

#### B8 Realised and Unrealised Losses

	As at 30.6.2012 RM'000	As at 31.12.2011 RM'000
Total accumulated losses of South Malaysia Industries Berhad and its subsidiaries		
- Realised	(120,502)	(119,791)
- Unrealised	(2,546)	(2,787)
	<u>(123,048)</u>	<u>(122,578)</u>
Less: consolidated adjustments	31,103	32,478
Total Group accumulated losses	<u>(91,945)</u>	<u>(90,100)</u>

#### B9 Derivative Financial Instruments

The Group does not have any outstanding derivatives as at 30 June 2012.

#### B10 Material Litigation

As at the date of this report, there is no pending material litigation for the Group.

#### B11 Dividends

The Directors do not recommend any payment of dividend for the financial period ended 30 June 2012.

#### B12 Profit/(Loss) From Operations

The following items have been charged/(credited) in arriving at profit/(loss) from operations:

	3 Months Ended		6 Months Ended	
	30.6.2012 RM'000	30.6.2011 RM'000	30.6.2012 RM'000	30.6.2012 RM'000
(a) Other income including investment income	(827)	(439)	(1,333)	(865)
(b) Depreciation and amortisation	1,018	1,045	2,011	1,978
(c) Provision for and write-off of receivables	7	-	7	-
(d) Loss/(gain) on disposal of quoted investments	-	-	-	(199)
(e) Foreign exchange loss/(gain)	455	12	482	55
	<u>455</u>	<u>12</u>	<u>482</u>	<u>55</u>

Other than the above, there were no impairment of assets, gain or loss on derivative, provision for and write off of inventories and exceptional items for the current quarter and financial period ended 30 June 2012.

# SOUTH MALAYSIA INDUSTRIES BERHAD ( 8482 - D )

(Incorporated in Malaysia)

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## INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012

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### NOTES TO THE INTERIM FINANCIAL REPORT

#### B13 Earnings per Share

	3 Months Ended		6 Months Ended	
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
	RM'000	RM'000	RM'000	RM'000
<b>(a) Basic Earnings per Share</b>				
Net Profit/(loss) attributable to shareholders	(647)	(2,054)	(1,845)	(3,561)
Weighted average number of shares in issue ('000)	209,940	209,940	209,940	209,940
Basic earnings/(loss) per share (sen)	<u>(0.31)</u>	<u>(0.98)</u>	<u>(0.88)</u>	<u>(1.70)</u>

#### **(b) Diluted Earnings per Share**

There is no dilutive event as at 31 June 2012 and 30 June 2011. Therefore, the diluted EPS is the same as the basic EPS.

By Order of the Board

Tan Siew Chin  
Company Secretary  
Kuala Lumpur  
Date: 27 August 2012