

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

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

**Condensed Consolidated Statements of Comprehensive Income**

	3 Months Ended		9 Months Ended	
	30.9.2013 RM'000	30.9.2012 RM'000	30.9.2013 RM'000	30.9.2012 RM'000
Revenue	13,296	21,897	60,109	82,644
Operating Expenses	(17,743)	(25,007)	(69,676)	(87,768)
Other Expenses	(1,607)	(323)	(2,294)	(1,300)
Interest Income	342	266	774	762
Other Operating Income	915	566	2,910	1,902
Profit/(loss) from Operations	(4,797)	(2,601)	(8,177)	(3,760)
Finance costs	(441)	(538)	(1,426)	(1,169)
Investing Results	-	-	-	-
Profit/(loss) before tax	(5,238)	(3,139)	(9,603)	(4,929)
Tax	(46)	67	(255)	(807)
Net Profit/(loss) for the period	(5,284)	(3,072)	(9,858)	(5,736)
Other comprehensive income/(loss), net of tax				
- Exchange differences on translating foreign operations	1,102	172	1,085	1,076
- Fair value of available-for-sale financial assets	737	(19)	2,225	462
Other comprehensive income/(loss) for the period, net of tax	1,839	153	3,310	1,538
Total comprehensive income/(loss) for the period	(3,445)	(2,919)	(6,548)	(4,198)
Profit/(loss) attributable to:				
Owners of the parent	(4,401)	(2,768)	(8,683)	(4,613)
Minority Interests	(883)	(304)	(1,175)	(1,123)
	(5,284)	(3,072)	(9,858)	(5,736)
Total comprehensive income/(loss) attributable to:				
Owners of the parent	(2,571)	(2,632)	(5,364)	(2,683)
Minority Interests	(874)	(287)	(1,184)	(1,515)
	(3,445)	(2,919)	(6,548)	(4,198)
<b>Earnings/(loss) per share attributable to equity holders of the parent:</b>				
Basic/Diluted (sen)	(2.10)	(1.32)	(4.14)	(2.20)

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012)

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

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013****Condensed Consolidated Statements of Financial Position**

	As at 30.09.2013 RM'000	As at 31.12.2012 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	47,807	50,180
Prepaid lease payments	874	915
Investment properties	29,153	29,153
Land held for property development	8,946	9,610
Available-for-sale financial assets	21,734	18,770
	108,514	108,628
<b>Current assets</b>		
Inventories	22,027	22,485
Trade and other receivables	49,883	57,509
Available-for-sale financial assets	-	4,114
Cash and cash equivalents	43,416	42,848
	115,326	126,956
<b>TOTAL ASSETS</b>	<b>223,840</b>	<b>235,584</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to the Company's equity holders</b>		
Share capital	209,940	209,940
Reserves	(49,551)	(44,187)
Shareholders' Equity	160,389	165,753
<b>Minority Interest</b>	<b>(4,774)</b>	<b>(3,590)</b>
<b>TOTAL EQUITY</b>	<b>155,615</b>	<b>162,163</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	16,977	18,115
Deferred liabilities	735	876
	17,712	18,991
<b>Current liabilities</b>		
Trade and other payables	39,356	42,712
Borrowings	11,035	11,572
Derivative liabilities	-	23
Taxation	122	123
	50,513	54,430
<b>TOTAL LIABILITIES</b>	<b>68,225</b>	<b>73,421</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>223,840</b>	<b>235,584</b>
Net assets per share (RM) attributable to ordinary equity holders of the parent	0.76	0.79

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012)

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**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

**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	
9 months ended 30.9.2013									
At 1.1.2013	209,940	34,299	16,367	1,168	434	(96,455)	165,753	(3,590)	162,163
Profit/(loss) for the period	-	-	-	-	-	(8,683)	(8,683)	(1,175)	(9,858)
Other comprehensive income/(loss)	-	-	1,094	-	2,225	-	3,319	(9)	3,310
Total comprehensive income/(loss) for the period	-	-	1,094	-	2,225	(8,683)	(5,364)	(1,184)	(6,548)
At 30.9.2013	209,940	34,299	17,461	1,168	2,659	(105,138)	160,389	(4,774)	155,615
9 months ended 30.9.2012									
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	-	-	-	-	-	(4,613)	(4,613)	(1,123)	(5,736)
Other comprehensive income/(loss)	-	-	1,468	-	462	-	1,930	(392)	1,538
Total comprehensive income/(loss) for the period	-	-	1,468	-	462	(4,613)	(2,683)	(1,515)	(4,198)
At 30.9.2012	209,940	34,299	16,606	1,168	704	(94,713)	168,004	(3,357)	164,647

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012 )

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

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**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013****Consolidated Statements of Cash Flow**

	<b>9 Months Ended 30.9.2013 RM'000</b>	<b>9 Months Ended 30.9.2012 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit/(loss) before tax</b>	(9,603)	(4,929)
Adjustments for:		
Depreciation & amortisation	3,020	3,005
Other non-cash items	164	(306)
Finance costs	1,426	1,169
Finance income	(774)	(762)
<b>Operating profit/(loss) before working capital changes</b>	<u>(5,767)</u>	<u>(1,823)</u>
Decrease/(increase) in property development cost	1,979	2,864
Decrease/(increase) in inventories	(449)	(558)
Decrease/(increase) in trade and other receivables	7,820	4,458
Increase/(decrease) in trade and other payables	<u>(2,915)</u>	<u>(7,310)</u>
Cash generated from/(used in) operations	668	(2,369)
Interest paid	(1,436)	(1,169)
Tax paid	<u>(626)</u>	<u>(944)</u>
Net cash from/(used in) operating activities	<u>(1,394)</u>	<u>(4,482)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	804	760
Expenditure on land held for property development	(408)	(400)
Proceeds from disposal of available-for-sale financial assets	4,181	-
Purchase of available-for-sale financial assets	(39)	(4,094)
Purchase of property, plant and equipment	(1,818)	(490)
Proceeds from disposal of property, plant and equipment	764	-
Net dividend received	39	94
Net cash from/(used in) investing activities	<u>3,523</u>	<u>(4,131)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loans and borrowings, net drawdown/(repayment)	(1,776)	24,226
Repayments of hire purchase payables	<u>(83)</u>	<u>(140)</u>
Net cash from/(used in) financing activities	<u>(1,859)</u>	<u>24,086</u>
Effects of exchange rate changes on cash and cash equivalents	298	(85)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD</b>	<u>568</u>	<u>15,388</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	42,848	30,622
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u>43,416</u>	<u>46,011</u>

# SOUTH MALAYSIA INDUSTRIES BERHAD ( 8482 - D )

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## INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013

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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 2012. 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 2012.

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 2012, except for the adoption of the following Financial Reporting Standards ("FRS"), amendments to FRSs and IC Interpretations which are effective for the financial period beginning on 1 January 2013.

FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119 (2011)	Employee Benefits
FRS 127 (2011)	Separate Financial Statements
FRS 128 (2011)	Investments in Associates and Joint Ventures
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to FRS 1	Government Loans
Amendments to FRS 7	Disclosure - Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, 11 & 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to FRSs "Improvement to FRSs (2012)".	

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.

The Group has not early adopted the following FRSs and amendments to FRSs that have been issued but not yet effective:

		Effective for financial periods <u>beginning on or after</u>
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, 12 & 127	Investment Entities	1 January 2014
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014
FRS 9	Financial Instruments	1 January 2015

These new and amended standards will have no significant changes on the financial statements of the Group upon their initial application.

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

### **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 (herein called “Transitioning Entities”).

On 30 June 2012, MASB announced that the mandatory effective date for adoption of the new MFRS by Transitioning Entities is deferred from 1 January 2013 to 1 January 2014. Subsequently on 7 August 2013, MASB announced an additional one year deferral of the adoption of the new MFRS Framework from 1 January 2014 to 1 January 2015 for all Transitioning Entities.

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 2015. 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.

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 year ended 31 December 2013 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.

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## INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013

### NOTES TO THE INTERIM FINANCIAL REPORT

#### 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 September 2013.

#### A8 Dividends Paid

No dividend has been paid during the financial period ended 30 September 2013.

#### 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.

9 months ended 30.09.2013	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	21,965	836	36,410	898	-	-	60,109
Intersegment revenue	-	12,039	-	-	-	(12,039)	-
	<u>21,965</u>	<u>12,875</u>	<u>36,410</u>	<u>898</u>	<u>-</u>	<u>(12,039)</u>	<u>60,109</u>
<b>Segment Results</b>							
Profit/(loss) from operations	(392)	(2,696)	(238)	(3,137)	(32)	-	(6,495)
Finance costs	(67)	(985)	(374)	-	-	-	(1,426)
Depreciation & amortisation	(484)	(243)	(955)	-	-	-	(1,682)
Profit/(loss) before tax	<u>(943)</u>	<u>(3,924)</u>	<u>(1,567)</u>	<u>(3,137)</u>	<u>(32)</u>	<u>-</u>	<u>(9,603)</u>
Tax	(237)	-	10	(26)	(2)	-	(255)
Profit/(loss) from ordinary activities after tax	<u>(1,180)</u>	<u>(3,924)</u>	<u>(1,557)</u>	<u>(3,163)</u>	<u>(34)</u>	<u>-</u>	<u>(9,858)</u>
Minority interests	-	-	-	1,175	-	-	1,175
Net profit/(loss) attributable to shareholders	<u>(1,180)</u>	<u>(3,924)</u>	<u>(1,557)</u>	<u>(1,988)</u>	<u>(34)</u>	<u>-</u>	<u>(8,683)</u>
<b>Assets and Liabilities</b>							
Segment assets	104,409	69,683	32,942	15,560	1,246	-	223,840
Segment liabilities	19,668	18,573	11,803	18,178	3	-	68,225

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9 months ended 30.09.2012	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	41,872	927	38,599	1,246	-	-	82,644
Intersegment revenue	-	39	-	-	-	(39)	-
	41,872	966	38,599	1,246	-	(39)	82,644
<b>Segment Results</b>							
Profit/(loss) from operations	2,873	(2,262)	36	(1,371)	(31)	-	(755)
Finance costs	(50)	(725)	(394)	-	-	-	(1,169)
Depreciation & amortisation	(474)	(258)	(952)	(1,321)	-	-	(3,005)
Profit/(loss) before tax	2,349	(3,245)	(1,310)	(2,692)	(31)	-	(4,929)
Tax	(761)	2	10	(56)	(2)	-	(807)
Profit/(loss) from ordinary activities after tax	1,588	(3,243)	(1,300)	(2,748)	(33)	-	(5,736)
Minority interests	-	-	-	1,123	-	-	1,123
Net profit/(loss) attributable to shareholders	1,588	(3,243)	(1,300)	(1,625)	(33)	-	(4,613)
<b>Assets and Liabilities</b>							
Segment assets	104,796	80,256	38,578	15,927	1,303	-	240,860
Segment liabilities	20,616	20,233	18,015	17,061	288	-	76,213

**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 September 2013 up to date of this report.

**A12 Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current financial period ended 30 September 2013.

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

There were no contingent liabilities and contingent assets since 30 June 2013.



## NOTES TO THE INTERIM FINANCIAL REPORT

### A14 Outstanding Commitments

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

### A15 Related Party Transactions

The following related party transactions were carried out in the ordinary course of business and were established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

	9 months ended 30.9.2013 RM'000
Rental income received / receivable from related party	89
Progress billings charged to Directors or key management personnel of the Group	<u>226</u>

## 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 RM13.3 million and a loss before tax of RM5.24 million in the third quarter ended 30 September 2013 as compared to a revenue of RM21.9 million and a loss before tax of RM3.14 million in the preceding year third quarter. The manufacturing and trading division recorded a decrease of RM1.62 million in revenue and RM0.13 million increase in loss due to decrease in market demand and intense competition. The property division has also recorded a higher loss of RM0.22 million due to additional project costs incurred and lower profit recognition from the Group's projects in Kelana Jaya and Ipoh.

#### For the Nine months period

The Group's revenue of RM60.1 million for the financial period ended 30 September 2013 represents a 27% or RM22.54 million decrease from RM82.64 million in the corresponding period ended 30 September 2012. The property division recorded a decrease of RM19.91 million due to lower progress billings recognised from the Zenith condominium project and lower contribution from Taman Saikat project. The manufacturing division has also recorded a RM7.47 million decrease in revenue, offset by an increase of RM5.28 million revenue from its trading activity.

Gross Profit margin of the Group decreased from 11.5% for the financial period ended 30 September 2012 to 9.5% in the financial period ended 30 September 2013 mainly due to lower margin from Taman Saikat project, additional project costs incurred and lower margin from Kelana Square carpark.

Operating loss before tax of the Group for the financial period ended 30 September 2013 was higher at RM9.6 million as compared to RM4.93 million in the corresponding financial period ended 30 September 2012. This was mainly due to lower profit from the property, manufacturing and leisure and entertainment divisions, and higher interest expense in respect of a term loan and administrative costs in the financial period under review.

## 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**

#### Third Quarter 2013 vs Second Quarter 2013

During the 3 months ended 30 September 2013, the Group recorded a total revenue of RM13.3 million, a decrease of RM15.56 million from RM28.85 million in the preceding 3 months ended 30 June 2013. The decrease in revenue was mainly due to lower contribution from the property and manufacturing and trading divisions.

The property division recorded a 82% decrease in revenue from RM15.5 million in the second quarter 2013 to RM2.76 million in the third quarter 2013 mainly due to completion of Zenith condominium project in second quarter 2013.

The manufacturing and trading division recorded a 20% decrease in revenue from RM12.7 million in the second quarter 2013 to RM10.1 million in the third quarter 2013. Trading sales was also lower in the third quarter 2013.

Loss before tax was higher at RM5.24 million in the third quarter 2013 as compared to RM1.82 million in the Second Quarter 2013 mainly due to higher profit recognition on completion of Zenith condominium project and lower loss from the leisure and entertainment division in second quarter 2013.

### **B3 Commentary on Prospects**

The property division is expected to be the main contributor to the Group's results in 2013 from its on-going development projects and new property launches. Faced with intense competition, the Group expects the manufacturing division's operating environment in 2013 to be broadly similar to 2012. Hence, efforts are focused on improving operating margin and retaining core customers. The Group has exited the cinema business in the third quarter 2013 and leased the existing premises for rental income. This is not expected to have a material impact on the Group's results for the financial year 2013.

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

Not applicable.

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<b>B5 Taxation</b>	<b>3 months Ended 30.09.2013 RM'000</b>	<b>9 months Ended 30.09.2013 RM'000</b>
Taxation based on the results for the period:		
Malaysian taxation	43	373
Overseas taxation	9	26
Transfer to/(from) deferred taxation	(3)	(141)
	<u>49</u>	<u>258</u>
Under/(over) provision of taxation in respect of prior periods	(3)	(3)
	<u>46</u>	<u>255</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 September 2013.

**B7 Group Borrowings**

	<b>As at 30.09.2013 RM'000</b>
<b>Current</b>	
Secured:-	
RM denominated	<u>11,035</u>
<b>Non-current</b>	
Secured:-	
RM denominated	<u>16,977</u>
<b>Borrowings maturity:</b>	
Less than one year	11,035
Later than one year and not later than two years	1,888
Later than two years and not later than five years	8,481
Later than five years	6,608
	<u>28,012</u>

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## INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013

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### NOTES TO THE INTERIM FINANCIAL REPORT

#### B8 Realised and Unrealised Losses

	As at 30.9.2013 RM'000	As at 31.12.2012 RM'000
Total accumulated losses of South Malaysia Industries Berhad and its subsidiaries		
- Realised	(140,222)	(137,504)
- Unrealised	(1,780)	(1,910)
	<u>(142,002)</u>	<u>(139,414)</u>
Less: consolidated adjustments	36,864	42,959
Total Group accumulated losses	<u>(105,138)</u>	<u>(96,455)</u>

#### B9 Derivative Financial Instruments

There were no derivative financial instruments as at financial period ended 30 September 2013.

#### 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 September 2013.

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

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

	3 Months Ended		9 Months Ended	
	30.09.2013 RM'000	30.09.2012 RM'000	30.09.2013 RM'000	30.09.2012 RM'000
(a) Other income including investment income	(939)	(524)	(2,901)	(1,857)
(b) Depreciation and amortisation	1,010	994	3,020	3,005
(c) Provision for and write-off of receivables	20	-	20	7
(d) Loss/(gain) on disposal of quoted investments	25	-	21	-
(e) Foreign exchange loss/(gain)	4	(94)	171	388
(f) Loss/(gain) on derivatives	-	-	(30)	-
(g) Impairment of assets	829	-	829	-

Other than the above, there were no gain or loss on derivative, provision for and write off of inventories and exceptional items for the current quarter and financial period ended 30 September 2013.

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

(Incorporated in Malaysia)

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**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

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**NOTES TO THE INTERIM FINANCIAL REPORT****B13 Earnings per Share**

	<b>3 Months Ended</b>		<b>9 Months Ended</b>	
	<b>30.9.2013</b>	<b>30.9.2012</b>	<b>30.9.2013</b>	<b>30.9.2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Basic Earnings per Share</b>				
Net Profit/(loss) attributable to shareholders	(4,401)	(2,768)	(8,683)	(4,613)
Weighted average number of shares in issue ('000)	209,940	209,940	209,940	209,940
Basic earnings/(loss) per share (sen)	<u>(2.10)</u>	<u>(1.32)</u>	<u>(4.14)</u>	<u>(2.20)</u>

**(b) Diluted Earnings per Share**

There is no dilutive event as at 30 September 2013 and 30 September 2012. Therefore, the diluted EPS is the same as the basic EPS.

By Order of the Board

Tan Siew Chin  
Company Secretary  
Kuala Lumpur  
Date: 26 November 2013