

**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**

	3 Months Ended		9 Months Ended	
	30.9.2015 RM'000	30.9.2014 RM'000	30.9.2015 RM'000	30.9.2014 RM'000
Revenue	15,939	16,125	57,038	46,376
Operating Expenses	(17,745)	(19,074)	(60,337)	(55,750)
Other Expenses	(557)	(296)	(1,709)	(829)
Interest Income	249	361	743	1,106
Other Operating Income	1,954	722	6,549	1,849
Profit/(loss) from Operations	(160)	(2,162)	2,284	(7,248)
Finance costs	(442)	(457)	(1,351)	(1,364)
Investing Results	-	-	-	-
Profit/(loss) before tax	(602)	(2,619)	933	(8,612)
Tax	(230)	(157)	(709)	(212)
Net Profit/(loss) for the period	(832)	(2,776)	224	(8,824)
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss				
- Exchange differences on translating foreign operations	687	(1,383)	(115)	(872)
- Fair value of available-for-sale financial assets	(2,175)	725	(964)	6,043
Other comprehensive income for the period, net of tax	(1,488)	(658)	(1,079)	5,171
Total comprehensive income for the period	(2,320)	(3,434)	(855)	(3,653)
Profit/(loss) attributable to:				
Owners of the parent	(777)	(2,709)	(539)	(8,480)
Minority Interests	(55)	(67)	763	(344)
	(832)	(2,776)	224	(8,824)
Total comprehensive income attributable to:				
Owners of the parent	(901)	(3,286)	182	(3,270)
Minority Interests	(1,419)	(148)	(1,037)	(383)
	(2,320)	(3,434)	(855)	(3,653)
<b>Earnings/(loss) per share attributable to equity holders of the parent:</b>				
Basic/Diluted (sen)	(0.37)	(1.29)	(0.26)	(4.04)

(The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014)

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

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

**Condensed Consolidated Statements of Financial Position**

	As at 30.9.2015 RM'000	As at 31.12.2014 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	46,199	47,189
Prepaid lease payments	776	756
Investment properties	30,553	30,553
Land held for property development	6,063	6,349
Available-for-sale financial assets	24,738	25,316
Trade and other receivables	7,310	7,310
	115,639	117,473
<b>Current assets</b>		
Inventories	22,656	28,079
Trade and other receivables	21,962	27,677
Available-for-sale financial assets	1,037	1,010
Derivative financial assets	184	-
Cash and cash equivalents	46,208	37,922
	92,047	94,688
<b>TOTAL ASSETS</b>	<b>207,686</b>	<b>212,161</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to the Company's equity holders</b>		
Share capital	209,940	209,940
Reserves	(62,797)	(62,979)
Shareholders' equity	147,143	146,961
<b>Minority Interest</b>	(6,601)	(5,564)
<b>TOTAL EQUITY</b>	<b>140,542</b>	<b>141,397</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	14,009	15,393
Deferred liabilities	767	832
	14,776	16,225
<b>Current liabilities</b>		
Trade and other payables	41,665	43,218
Borrowings	10,301	11,292
Taxation	402	29
	52,368	54,539
<b>TOTAL LIABILITIES</b>	<b>67,144</b>	<b>70,764</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>207,686</b>	<b>212,161</b>
Net assets per share (RM) attributable to ordinary equity holders of the parent	0.70	0.70

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014)

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

( Incorporated in Malaysia )

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015**
**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	
<b>9 months ended 30.9.2015</b>									
At 1.1.2015	209,940	34,299	18,003	1,168	6,044	(122,493)	146,961	(5,564)	141,397
Profit/(loss) for the period	-	-	-	-	-	(539)	(539)	763	224
Other comprehensive income	-	-	1,685	-	(964)	-	721	(1,800)	(1,079)
Total comprehensive income for the period	-	-	1,685	-	(964)	(539)	182	(1,037)	(854)
At 30.9.2015	209,940	34,299	19,688	1,168	5,080	(123,032)	147,143	(6,601)	140,542
<b>9 months ended 30.9.2014</b>									
At 1.1.2014	209,940	34,299	17,567	1,168	4,109	(112,906)	154,177	(4,804)	149,373
Profit/(loss) for the period	-	-	-	-	-	(8,480)	(8,480)	(344)	(8,824)
Other comprehensive income	-	-	(832)	-	6,043	-	5,211	(40)	5,171
Total comprehensive income for the period	-	-	(832)	-	6,043	(8,480)	(3,269)	(384)	(3,653)
At 30.9.2014	209,940	34,299	16,735	1,168	10,152	(121,386)	150,908	(5,188)	145,720

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014)

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

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**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015****Consolidated Statements of Cash Flow**

	<b>9 Months Ended 30.9.2015 RM'000</b>	<b>9 Months Ended 30.9.2014 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit/(loss) before tax</b>	933	(8,613)
Adjustments for:		
Depreciation & amortisation	3,061	2,814
Other non-cash items	(3,189)	40
Dividend Income	(25)	-
Finance costs	1,351	1,364
Finance income	(743)	(1,106)
<b>Operating profit/(loss) before working capital changes</b>	<u>1,388</u>	<u>(5,501)</u>
Decrease/(increase) in property development cost	2,923	(1,254)
Decrease/(increase) in inventories	2,964	(1,361)
Decrease/(increase) in trade and other receivables	5,508	8,384
Increase/(decrease) in trade and other payables	(2,231)	(2,514)
Cash generated from/(used in) operations	<u>10,552</u>	<u>(2,246)</u>
Interest paid	(1,264)	(1,245)
Tax paid	(218)	(82)
Net cash from/(used in) operating activities	<u>9,070</u>	<u>(3,573)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	744	1,124
Expenditure on land held for property development	(177)	(127)
Purchase of available-for-sale financial assets	(25)	(1,001)
Purchase of property, plant and equipment	(387)	(1,316)
Proceeds from disposal of property, plant and equipment	460	63
Net dividend received	25	1
Net cash from/(used in) investing activities	<u>640</u>	<u>(1,256)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loans and borrowings, net drawdown/(repayment)	(2,388)	(2,478)
Repayments of hire purchase payables	(346)	(311)
Net cash from/(used in) financing activities	<u>(2,734)</u>	<u>(2,789)</u>
Effects of exchange rate changes on cash and cash equivalents	1,310	(66)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD</b>	<u>8,286</u>	<u>(7,684)</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<u>37,922</u>	<u>46,288</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u>46,208</u>	<u>38,604</u>

# SOUTH MALAYSIA INDUSTRIES BERHAD ( 8482 - D )

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## INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

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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 2014. 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 2014.

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 2014, 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 or after 1 January 2015:

Amendments to FRS 119                      Defined Benefits Plans: Employee Contributions  
Annual Improvements to FRSs 2010 - 2012 Cycle  
Annual Improvements to FRSs 2011 - 2013 Cycle

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:

		<u>Effective for financial periods beginning on or after</u>
FRS 14	Regulatory Deferral Accounts	1 Jan 2016
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 Jan 2016
Amendments to FRS 101	Disclosure Initiative	1 Jan 2016
Amendments to FRS 116 and 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
Amendments to FRS 116 and 141	Agriculture: Bearer Plants	1 Jan 2016
Amendments to FRS 127	Equity Method in Separate Financial Statements	1 Jan 2016
Amendments to FRS 10 & 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 Jan 2016
Amendments to FRS 10, 12 and 128	Investment Entities: Applying the Consolidated Exception	1 Jan 2016
Annual Improvements to FRSs 2012 - 2014 Cycle		1 Jan 2016
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 Jan 2018

These new and amended standards will have no significant changes on the financial statements of the Group upon their initial application except for FRS 9 which will result in a change in accounting policy. The Group is currently examining the financial impact of adopting FRS 9.

**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”).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the scope 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 2018. 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.

**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 2015

### 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 2015.

#### A8 Dividends Paid

No dividend has been paid during the financial period ended 30 September 2015.

#### 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.

	Property Development	Investment Holding	Manufacturing & Trading	Leisure & Entertainment	Others	Elimination	Total
9 months ended	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>30.9.2015</b>							
<b>Segment Revenue</b>							
External revenue	17,826	1,409	37,803	-	-	-	57,038
Intersegment revenue	-	940	-	-	-	(940)	-
	<u>17,826</u>	<u>2,349</u>	<u>37,803</u>	<u>-</u>	<u>-</u>	<u>(940)</u>	<u>57,038</u>
<b>Segment Results</b>							
Profit/(loss) from operations	3,787	(2,660)	1,447	2,773	(2)	-	5,345
Finance costs	(57)	(856)	(438)	-	-	-	(1,351)
Depreciation & amortisation	(502)	(122)	(992)	(1,445)	-	-	(3,061)
Profit/(loss) before tax	<u>3,228</u>	<u>(3,638)</u>	<u>17</u>	<u>1,328</u>	<u>(2)</u>	<u>-</u>	<u>933</u>
Tax	(676)	-	10	(43)	-	-	(709)
Profit/(loss) from ordinary activities after tax	<u>2,552</u>	<u>(3,638)</u>	<u>27</u>	<u>1,285</u>	<u>(2)</u>	<u>-</u>	<u>224</u>
Minority interests	-	-	-	(763)	-	-	(763)
Net profit/(loss) attributable to shareholders	<u>2,552</u>	<u>(3,638)</u>	<u>27</u>	<u>522</u>	<u>(2)</u>	<u>-</u>	<u>(539)</u>
<b>Assets and Liabilities</b>							
Segment assets	82,480	67,963	39,154	17,353	736	-	207,686
Segment liabilities	<u>20,291</u>	<u>16,025</u>	<u>12,926</u>	<u>17,901</u>	<u>1</u>	<u>-</u>	<u>67,144</u>

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(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015****NOTES TO THE INTERIM FINANCIAL REPORT**

9 months ended 30.9.2014	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	8,374	859	37,143	-	-	-	46,376
Intersegment revenue	-	114	-	-	-	(114)	-
	8,374	973	37,143	-	-	(114)	46,376
<b>Segment Results</b>							
Profit/(loss) from operations	(1,368)	(2,693)	(52)	(283)	(38)	-	(4,434)
Finance costs	(30)	(913)	(421)	-	-	-	(1,364)
Depreciation & amortisation	(562)	(152)	(992)	(1,108)	-	-	(2,814)
Profit/(loss) before tax	(1,960)	(3,758)	(1,465)	(1,391)	(38)	-	(8,612)
Tax	(197)	-	10	(25)	-	-	(212)
Profit/(loss) from ordinary activities after tax	(2,157)	(3,758)	(1,455)	(1,416)	(38)	-	(8,824)
Minority interests	-	-	-	344	-	-	344
Net profit/(loss) attributable to shareholders	(2,157)	(3,758)	(1,455)	(1,072)	(38)	-	(8,480)
<b>Assets and Liabilities</b>							
Segment assets	81,623	76,355	39,440	13,767	704	-	211,889
Segment liabilities	19,379	17,616	12,993	16,180	1	-	66,169

**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 2015 up to the 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 2015.

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

There were no contingent liabilities and contingent assets since 30 June 2015.

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## INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

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### 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 30.9.2015 RM'000
Rental income received / receivable from related party	<u>567</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 RM15.94 million and a loss before tax of RM0.6 million in the third quarter ended 30 September 2015 as compared to a revenue of RM16.13 million and a loss before tax of RM2.62 million in the preceding year third quarter. The property division recorded a RM0.44 million increase in revenue due the contribution from the joint development project, Pinnacle Kelana Jaya offset by the lower contribution of RM0.8 million from the manufacturing and trading division. The Group's loss was lower in the period under review mainly due to the higher property development profit recognised of RM0.6 million, higher manufacturing and trading division profit of RM0.86 million as a result of improved margins and the write-back of expenses of the cinema operations of RM0.65 million.

##### For the Nine Months Period

The Group's revenue of RM57.04 million for the financial period ended 30 September 2015 represents a 23% or RM10.66 million increase from RM46.38 million in the corresponding period ended 30 September 2014. The property division recorded an increase of RM9.45 million due to higher contribution from Bandar Mery Raya and Taman Saikat projects in Ipoh and the revenue recognition from the Pinnacle Kelana Jaya project. The manufacturing and trading division has also recorded an increase of RM0.67 million in revenue as a result of higher domestic demand. Higher rental income of RM0.5 million was also recorded by the investment holding division from additional office space rented.

Gross profit margin of the Group increased from 9.6% for the financial period ended 30 September 2014 to 19.5% in the financial period ended 30 September 2015 mainly due to higher margin from the Pinnacle Kelana Jaya project and the manufacturing division.

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## **INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015**

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

#### **B1 Review of Performance of the Company and its Principal Subsidiaries (cont'd)**

##### For the Nine Months Period (cont'd)

Operating profit before tax of RM0.93 million was recorded by the Group for the financial period ended 30 September 2015 as compared to a loss of RM8.61 million in the corresponding period ended 30 September 2014. The property division recorded a profit before tax of RM3.23 million as compared to a loss of RM1.96 million in the corresponding period ended 30 September 2014 due to the contribution from the Pinnacle Kelana Jaya project and also higher margins of the property projects. The manufacturing division recorded a lower loss of RM1.5 million due to higher domestic sales quantity and higher margin from lower production costs. The leisure and entertainment division recorded a profit before tax of RM1.33 million arising from the write-back of expenses of the cinema operation.

#### **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 2015 vs Second Quarter 2015

During the 3 months ended 30 September 2015, the Group's revenue of RM15.94 million represents a decrease of RM2.26 million from RM18.2 million recorded in the preceding 3 months ended 30 June 2015. The decrease in revenue was mainly due to lower contribution from the manufacturing and trading and property divisions in the third quarter 2015. The property division recorded a 32% decrease in revenue from RM6.1 million in the second quarter 2015 to RM4.1 million in the third quarter 2015 mainly due to lower construction progress of the Group's projects in Ipoh.

Loss before tax was RM0.6 million in the third quarter 2015 as compared to a profit of RM1.3 million in the second quarter 2015 mainly due to the RM1.9 million write-back of expenses of the cinema operations in the second quarter 2015.

#### **B3 Commentary on Prospects**

The Group's results are expected to improve with the new property projects undertaken in 2015. Faced with intense competition, the Group expects the manufacturing division's operating environment in 2015 to be similar to 2014. Hence, its focus will be on improving operating margin and retaining 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 THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015****NOTES TO THE INTERIM FINANCIAL REPORT**

<b>B5 Taxation</b>	<b>3 months Ended 30.9.2015 RM'000</b>	<b>9 months Ended 30.9.2015 RM'000</b>
Taxation based on the results for the period:		
Malaysian taxation	221	731
Overseas taxation	17	43
Transfer to/(from) deferred taxation	(8)	(65)
	<u>230</u>	<u>709</u>
Under/(over) provision of taxation in respect of prior periods	-	-
	<u>230</u>	<u>709</u>

The disproportionate tax charge in the current period was mainly due to non availability of group relief in respect of losses incurred by the Company and certain subsidiary companies, certain expenses which are not deductible for tax purposes and 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 2015.

**B7 Group Borrowings**

	<b>As at 30.9.2015 RM'000</b>
<b>Current</b>	
Secured:-	
RM denominated	<u>10,301</u>
<b>Non-current</b>	
Secured:-	
RM denominated	<u>14,009</u>
<b>Borrowings maturity:</b>	
Less than one year	10,301
Later than one year and not later than two years	2,357
Later than two years and not later than five years	9,789
Later than five years	1,863
	<u>24,310</u>

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**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015****NOTES TO THE INTERIM FINANCIAL REPORT****B8 Realised and Unrealised Losses**

	As at 30.9.2015 RM'000	As at 31.12.2014 RM'000
Total accumulated losses of South Malaysia Industries Berhad and its subsidiaries		
- Realised	(109,987)	(145,831)
- Unrealised	542	249
	<u>(109,445)</u>	<u>(145,582)</u>
Less: consolidated adjustments	(13,587)	23,089
Total Group accumulated losses	<u>(123,032)</u>	<u>(122,493)</u>

**B9 Derivative Financial Instruments**

As at 30 September 2015, the outstanding foreign currency forward contracts are as follows:

Type of Derivative	Contract/ Notional Value RM'000	Fair Value RM'000	Fair Value Changes RM'000
Foreign Exchange Contracts Less than 1 year - USD denominated	3,123	3,307	184

The Group enters into foreign currency forward contract to hedge its estimated net exposure to movements in exchange rates arising mainly from purchases.

As foreign currencies contracts are hedged with credible financial institutions in line with the Group's policy, the Group does not foresee any significant credit and market risks.

There are also no cash requirement risks as the Group only uses forward foreign currencies contracts as its hedging instruments.

The fair value of forward exchange contract is determined by using the market rates at the end of the reporting period and changes in the fair value is recognised in the profit or loss. The subsequent cumulative changes in the fair value of the commitment attributable to the hedged risk is recognised as an asset or a liability with the corresponding gain or loss recognised in the profit or loss.

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## INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

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### NOTES TO THE INTERIM FINANCIAL REPORT

#### B10 Material Litigation

A wholly owned subsidiary company of the Company, Perantara Properties Sdn Bhd ("PPSB"), has, since year 2010, been involved in a dispute with the Joint Management Body ("JMB") of Kelana Square, Petaling Jaya (a commercial project undertaken and completed in year 2000 by PPSB) involving the car parks of the said project ("Car Parks"), which has a carrying value of RM2 million in the books of PPSB. Prior to the trial of the case, PPSB has successfully applied to have the case struck out at the Kuala Lumpur High Court ("the Court"). However, the Court of Appeal has reinstated the case resulting in a trial.

The Court had on 18 July 2014 decided in favour of the JMB to the effect that the Car Parks is a common property of Kelana Square. However, PPSB has since filed an appeal to the Court of Appeal and the Court has granted the Stay of Execution pending the hearing of appeal on 7 January 2016.

#### B11 Dividends

The Directors do not recommend any payment of dividend for the financial period ended 30 September 2015.

#### 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	
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
	RM'000	RM'000	RM'000	RM'000
(a) Other income including investment income	(1,776)	(732)	(6,365)	(1,829)
(b) Depreciation and amortisation	1,136	1,018	3,061	2,814
(c) Provision for and write-off of receivables	1	-	28	18
(d) Foreign exchange loss/(gain)	160	41	512	26
(e) Loss/(gain) on derivatives	184	-	184	-
(f) Inventories write-down	-	66	-	66

Other than the above, there were no impairment of assets, gain or loss on disposal of quoted investment, provision for and write-off of inventories and exceptional items for the current quarter and financial period ended 30 September 2015.

**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 2015**

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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>30.9.2015</b>	<b>30.9.2014</b>	<b>30.9.2015</b>	<b>30.9.2014</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	(777)	(2,709)	(539)	(8,480)
Weighted average number of shares in issue ('000)	209,940	209,940	209,940	209,940
Basic earnings/(loss) per share (sen)	<u>(0.37)</u>	<u>(1.29)</u>	<u>(0.26)</u>	<u>(4.04)</u>

**(b) Diluted Earnings per Share**

There is no dilutive event as at 30 September 2015 and 30 September 2014. Therefore, the diluted EPS is the same as the basic EPS.

By Order of the Board

Tan Siew Chin  
Company Secretary  
Kuala Lumpur  
Date: 24 November 2015