

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

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2015****Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**

	3 Months Ended		12 Months Ended	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Revenue	15,526	18,272	72,563	64,648
Operating Expenses	(18,381)	(21,472)	(78,717)	(77,223)
Other Expenses	(237)	(138)	(1,945)	(967)
Interest Income	255	260	998	1,366
Other Operating Income	(559)	2,443	5,990	4,292
Profit/(loss) from Operations	(3,396)	(635)	(1,111)	(7,884)
Finance costs	(410)	(422)	(1,761)	(1,786)
Investing Results	-	-	-	-
Profit/(loss) before tax	(3,806)	(1,057)	(2,872)	(9,670)
Tax	71	(125)	(638)	(336)
Net Profit/(loss) for the period	(3,735)	(1,182)	(3,510)	(10,006)
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss				
- Exchange differences on translating foreign operations	526	967	411	95
- Fair value of available-for-sale financial assets	(4)	(4,108)	(968)	1,935
Other comprehensive income for the period, net of tax	522	(3,141)	(557)	2,030
Total comprehensive income for the period	(3,213)	(4,323)	(4,067)	(7,976)
Profit/(loss) attributable to:				
Owners of the parent	(3,415)	(1,106)	(3,953)	(9,587)
Minority Interests	(320)	(76)	443	(419)
	(3,735)	(1,182)	(3,510)	(10,006)
Total comprehensive income attributable to:				
Owners of the parent	(2,887)	(3,946)	(2,705)	(7,216)
Minority Interests	(326)	(377)	(1,362)	(760)
	(3,213)	(4,323)	(4,067)	(7,976)
<b>Earnings/(loss) per share attributable to equity holders of the parent:</b>				
Basic/Diluted (sen)	(1.63)	(0.53)	(1.88)	(4.57)

(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)

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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2015

**Condensed Consolidated Statements of Financial Position**

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	39,137	47,189
Prepaid lease payments	699	756
Investment properties	36,455	30,553
Land held for property development	6,069	6,349
Available-for-sale financial assets	25,468	25,316
Trade and other receivables	5,906	7,310
	113,734	117,473
<b>Current assets</b>		
Inventories	21,469	28,079
Trade and other receivables	21,301	27,677
Available-for-sale financial assets	-	1,010
Cash and cash equivalents	45,751	37,922
	88,521	94,688
<b>TOTAL ASSETS</b>	<b>202,255</b>	<b>212,161</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to the</b>		
<b>Company's equity holders</b>		
Share capital	209,940	209,940
Reserves	(65,684)	(62,979)
Shareholders' equity	144,256	146,961
<b>Minority Interest</b>	<b>(6,926)</b>	<b>(5,564)</b>
<b>TOTAL EQUITY</b>	<b>137,330</b>	<b>141,397</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	13,432	15,393
Deferred liabilities	761	832
	14,193	16,225
<b>Current liabilities</b>		
Trade and other payables	39,875	43,218
Borrowings	10,816	11,292
Derivative financial liabilities	10	-
Taxation	31	29
	50,732	54,539
<b>TOTAL LIABILITIES</b>	<b>64,925</b>	<b>70,764</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>202,255</b>	<b>212,161</b>
Net assets per share (RM) attributable to ordinary equity holders of the parent	0.69	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 FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 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	
12 months ended 31.12.2015									
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	-	-	-	-	-	(3,953)	(3,953)	443	(3,510)
Other comprehensive income	-	-	2,216	-	(968)	-	1,248	(1,805)	(557)
Total comprehensive income for the period	-	-	2,216	-	(968)	(3,953)	(2,705)	(1,362)	(4,067)
At 31.12.2015	209,940	34,299	20,219	1,168	5,076	(126,446)	144,256	(6,926)	137,330
12 months ended 31.12.2014									
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	-	-	-	-	-	(9,587)	(9,587)	(419)	(10,006)
Other comprehensive income	-	-	436	-	1,935	-	2,371	(341)	2,030
Total comprehensive income for the period	-	-	436	-	1,935	(9,587)	(7,216)	(760)	(7,976)
At 31.12.2014	209,940	34,299	18,003	1,168	6,044	(122,493)	146,961	(5,564)	141,397

(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 )**

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2015****Consolidated Statements of Cash Flow**

	<b>12 Months Ended 31.12.2015 RM'000</b>	<b>12 Months Ended 31.12.2014 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit/(loss) before tax</b>	(2,872)	(9,670)
Adjustments for:		
Depreciation & amortisation	4,002	3,832
Other non-cash items	(3,514)	(1,867)
Dividend Income	(170)	(105)
Finance costs	1,761	1,786
Finance income	(998)	(1,366)
<b>Operating profit/(loss) before working capital changes</b>	<u>(1,791)</u>	<u>(7,390)</u>
Decrease/(increase) in property development cost	2,992	276
Decrease/(increase) in inventories	4,081	(4,183)
Decrease/(increase) in trade and other receivables	8,532	7,640
Increase/(decrease) in trade and other payables	(3,520)	1,876
Cash generated from/(used in) operations	<u>10,294</u>	<u>(1,781)</u>
Interest paid	(1,723)	(1,544)
Tax paid	(902)	381
Net cash from/(used in) operating activities	<u>7,669</u>	<u>(2,944)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	1,000	1,381
Expenditure on land held for property development	(182)	(123)
Proceeds from disposal of available-for-sale financial assets	1,037	-
Purchase of available-for-sale financial assets	(25)	(1,009)
Purchase of property, plant and equipment	(484)	(2,640)
Proceeds from disposal of property, plant and equipment	459	264
Net dividend received	170	105
Net cash from/(used in) investing activities	<u>1,975</u>	<u>(2,022)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loans and borrowings, net drawdown/(repayment)	(2,330)	(3,343)
Repayments of hire purchase payables	(467)	(425)
Net cash from/(used in) financing activities	<u>(2,797)</u>	<u>(3,768)</u>
Effects of exchange rate changes on cash and cash equivalents	982	368
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD</b>	<u>7,829</u>	<u>(8,366)</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>45,751</u>	<u>37,922</u>

# SOUTH MALAYSIA INDUSTRIES BERHAD ( 8482 - D )

(Incorporated in Malaysia)

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## INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 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.

**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 31 December 2015.

**A8 Dividends Paid**

No dividend has been paid during the financial period ended 31 December 2015.

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

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2015****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.

<b>12 months ended</b>	<b>Property Development</b>	<b>Investment Holding</b>	<b>Manufacturing &amp; Trading</b>	<b>Leisure &amp; Entertainment</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
<b>31.12.2015</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Segment Revenue</b>							
External revenue	20,304	3,279	48,980	-	-	-	72,563
Intersegment revenue	-	8,754	-	-	-	(8,754)	-
	20,304	12,033	48,980	-	-	(8,754)	72,563
<b>Segment Results</b>							
Profit/(loss) from operations	2,267	(776)	1,420	-	(20)	-	2,891
Finance costs	(61)	(1,128)	(572)	-	-	-	(1,761)
Depreciation & amortisation	(684)	(1,989)	(1,329)	-	-	-	(4,002)
Profit/(loss) before tax	1,522	(3,893)	(481)	-	(20)	-	(2,872)
Tax	(593)	(51)	6	-	-	-	(638)
Profit/(loss) from ordinary activities after tax	929	(3,944)	(475)	-	(20)	-	(3,510)
Minority interests	-	(443)	-	-	-	-	(443)
Net profit/(loss) attributable to shareholders	929	(4,387)	(475)	-	(20)	-	(3,953)
<b>Assets and Liabilities</b>							
Segment assets	83,680	78,543	39,304	-	728	-	202,255
Segment liabilities	19,934	31,583	13,401	-	7	-	64,925

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

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2015****NOTES TO THE INTERIM FINANCIAL REPORT**

<b>12 months ended</b>	<b>Property</b>	<b>Investment</b>	<b>Manufacturing</b>	<b>Leisure &amp;</b>			
<b>31.12.2014</b>	<b>Development</b>	<b>Holding</b>	<b>&amp; Trading</b>	<b>Entertainment</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Segment Revenue</b>							
External revenue	13,453	1,234	49,939	22	-	-	64,648
Intersegment revenue	-	10,216	-	-	-	(10,216)	-
	<u>13,453</u>	<u>11,450</u>	<u>49,939</u>	<u>22</u>	<u>-</u>	<u>(10,216)</u>	<u>64,648</u>
<b>Segment Results</b>							
Profit/(loss) from operations	(1,782)	(2,267)	270	(216)	(57)	-	(4,052)
Finance costs	(37)	(1,218)	(531)	-	-	-	(1,786)
Depreciation & amortisation	(749)	(175)	(1,323)	(1,585)	-	-	(3,832)
Profit/(loss) before tax	(2,568)	(3,660)	(1,584)	(1,801)	(57)	-	(9,670)
Tax	(319)	6	13	(36)	-	-	(336)
Profit/(loss) from ordinary activities after tax	(2,887)	(3,654)	(1,571)	(1,837)	(57)	-	(10,006)
Minority interests	-	-	-	419	-	-	419
Net profit/(loss) attributable to shareholders	<u>(2,887)</u>	<u>(3,654)</u>	<u>(1,571)</u>	<u>(1,418)</u>	<u>(57)</u>	<u>-</u>	<u>(9,587)</u>
<b>Assets and Liabilities</b>							
Segment assets	80,025	72,886	44,252	14,294	704	-	212,161
Segment liabilities	20,294	17,930	16,907	15,627	6	-	70,764

**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 31 December 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 31 December 2015.

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

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



# SOUTH MALAYSIA INDUSTRIES BERHAD ( 8482 - D )

(Incorporated in Malaysia)

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## INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 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.

	12 months ended 31.12.2015 RM'000
Rental income received / receivable from related party	<u>739</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 RM15.53 million and a loss before tax of RM3.8 million in the fourth quarter ended 31 December 2015 as compared to a revenue of RM18.27 million and a loss before tax of RM1.06 million in the preceding year fourth quarter. The property division recorded a RM2.6 million decrease in revenue due the lower contribution from the Taman Saikat and Bandar Meru Raya projects in Ipoh and the lower contribution of RM1.7 million from the manufacturing and trading division. The Group's loss was higher in the period under review mainly due to the lower property development profit recognised and higher operating expenses. The manufacturing and trading division has also recorded a higher loss as a result of lower sales volume and reduced profit margin. The absence of RM1.4m fair value adjustment of investment property has also impacted results in the quarter under review.

##### For the Twelve Months Period

The Group's revenue of RM72.56 million for the financial year ended 31 December 2015 represents a 12% or RM7.91 million increase from RM64.65 million in the corresponding year ended 31 December 2014. The property division recorded an increase of RM6.85 million due to higher contribution from Bandar Meru Raya and Taman Saikat projects in Ipoh and the revenue recognition from the Pinnacle Kelana Jaya project. Higher rental income of RM2.0 million was also recorded by the investment holding division due to the reclassification of the rental of cinema premises from other income to revenue as a result of a change in the principal activity of a subsidiary company. The manufacturing and trading division recorded RM0.96 million decrease in revenue mainly due to reduction in selling prices in response to market competition.

Gross profit margin of the Group increased from 11.4% for the financial year ended 31 December 2014 to 18.9% in the financial year ended 31 December 2015 mainly due to higher margins from the Pinnacle Kelana Jaya project and the manufacturing division.

**NOTES TO THE INTERIM FINANCIAL REPORT****B1 Review of Performance of the Company and its Principal Subsidiaries (cont'd)**For the Twelve Months Period (cont'd)

The Group's operating loss before tax was lower at RM2.87 million for the financial year ended 31 December 2015 as compared to RM9.67 million in the corresponding year ended 31 December 2014. The property division recorded a profit before tax of RM1.52 million as compared to a loss of RM2.57 million in the corresponding year ended 31 December 2014 due to the contribution from the Pinnacle Kelana Jaya project and the Group's projects in Ipoh. The manufacturing division recorded a lower loss of RM1.1 million due to higher domestic sales quantity and higher margin from lower production costs. The investment holding division recorded a lower loss before tax of RM1.57 million mainly arising from the write-back of expenses of a subsidiary company in China. The Group's leisure and entertainment division was reclassified to investment holding in the fourth quarter due to the change in the principal activity of the subsidiary companies in China.

**B2 Explanatory comments on Any Material Change in the Profit Before Taxation for the Quarter Reported on as Compared with the Immediate Preceding Quarter**Fourth Quarter 2015 vs Third Quarter 2015

During the 3 months ended 31 December 2015, the Group's revenue of RM15.23 million represents a decrease of RM0.41 million from RM15.94 million recorded in the preceding 3 months ended 30 September 2015. The decrease in revenue was mainly due to lower contribution from the manufacturing and trading and property divisions in the fourth quarter 2015. The property division recorded a 40% decrease in revenue from RM4.14 million in the third quarter 2015 to RM2.48 million in the fourth quarter 2015 mainly due to slower construction progress of the Group's projects in Ipoh.

Loss before tax was RM3.81 million in the fourth quarter 2015 as compared to RM0.6 million in the third quarter 2015 mainly due to the lower contribution from the manufacturing and trading and property divisions as a result of lower gross profit margins and higher operating costs in the fourth quarter of 2015.

**B3 Commentary on Prospects**

The Group's results are expected to improve with the on-going property projects undertaken in 2016. Faced with intense competition, the Group expects the manufacturing division's operating environment in 2016 to be similar to 2015. 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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(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2015****NOTES TO THE INTERIM FINANCIAL REPORT**

<b>B5 Taxation</b>	<b>3 months Ended 31.12.2015 RM'000</b>	<b>12 months Ended 31.12.2015 RM'000</b>
Taxation based on the results for the period:		
Malaysian taxation	(73)	658
Overseas taxation	10	53
Transfer to/(from) deferred taxation	(6)	(71)
	<u>(69)</u>	<u>640</u>
Under/(over) provision of taxation in respect of prior year	(2)	(2)
	<u>(71)</u>	<u>638</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 31 December 2015.

**B7 Group Borrowings**

	<b>As at 31.12.2015 RM'000</b>
<b>Current</b>	
Secured:-	
RM denominated	<u>10,816</u>
<b>Non-current</b>	
Secured:-	
RM denominated	<u>13,432</u>
<b>Borrowings maturity:</b>	
Less than one year	10,816
Later than one year and not later than two years	2,359
Later than two years and not later than five years	9,880
Later than five years	1,193
	<u>24,248</u>

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

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2015****NOTES TO THE INTERIM FINANCIAL REPORT****B8 Realised and Unrealised Losses**

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
Total accumulated losses of South Malaysia Industries Berhad and its subsidiaries		
- Realised	(124,862)	(145,831)
- Unrealised	687	249
	<u>(124,175)</u>	<u>(145,582)</u>
Less: consolidated adjustments	(2,271)	23,089
Total Group accumulated losses	<u>(126,446)</u>	<u>(122,493)</u>

**B9 Derivative Financial Instruments**

As at 31 December 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	1,940	1,930	(10)

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.

# SOUTH MALAYSIA INDUSTRIES BERHAD ( 8482 - D )

(Incorporated in Malaysia)

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## INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 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 High Court"). However, the Court of Appeal has reinstated the case resulting in a trial.

The High 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. The matter was heard by the Court of Appeal on 17 February 2016 and the Court of Appeal has on 26 February 2016 decided in favour of PPSB, i.e. the car park is not a common property of Kelana Square.

#### B11 Dividends

The Directors do not recommend any payment of dividend for the financial period ended 31 December 2015.

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

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

	3 Months Ended		12 Months Ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
(a) Other income including investment income	(55)	(2,459)	(5,007)	(4,288)
(b) Depreciation and amortisation	941	1,019	4,002	3,832
(c) Provision for and write-off of receivables	8	12	36	30
(d) Loss/(gain) on disposal of quoted investments	3	-	3	-
(e) Foreign exchange loss/(gain)	(162)	112	350	138
(f) Loss/(gain) on derivatives	194	-	10	-
(g) Inventories write-down	15	(57)	15	9
(h) Fair value adjustment of receivables	(590)	(300)	(590)	(300)
(i) Fair value adjustment of investment property	-	(1,400)	-	(1,400)

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 31 December 2015.

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

(Incorporated in Malaysia)

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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

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

	<b>3 Months Ended</b>		<b>12 Months Ended</b>	
	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>31.12.2015</b>	<b>31.12.2014</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	(3,415)	(1,106)	(3,953)	(9,587)
Weighted average number of shares in issue ('000)	209,940	209,940	209,940	209,940
Basic earnings/(loss) per share (sen)	<u>(1.63)</u>	<u>(0.53)</u>	<u>(1.88)</u>	<u>(4.57)</u>

**(b) Diluted Earnings per Share**

There is no dilutive event as at 31 December 2015 and 31 December 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: 26 February 2016