

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

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016****Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**

	3 Months Ended		3 Months Ended	
	31.3.2016 RM'000	31.3.2015 RM'000	31.3.2016 RM'000	31.3.2015 RM'000
Revenue	19,996	22,902	19,996	22,902
Operating Expenses	(17,519)	(23,002)	(17,519)	(23,002)
Other Expenses	(914)	(479)	(914)	(479)
Interest Income	263	209	263	209
Other Operating Income	132	1,055	132	1,055
Profit/(loss) from Operations	1,958	685	1,958	685
Finance costs	(414)	(459)	(414)	(459)
Investing Results	-	-	-	-
Profit/(loss) before tax	1,544	226	1,544	226
Tax	(350)	(172)	(350)	(172)
Net Profit/(loss) for the period	1,194	54	1,194	54
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss				
- Exchange differences on translating foreign operations	(1,238)	209	(1,238)	209
- Fair value of available-for-sale financial assets	(483)	484	(483)	484
Other comprehensive income for the period, net of tax	(1,721)	693	(1,721)	693
Total comprehensive income for the period	(527)	747	(527)	747
Profit/(loss) attributable to:				
Owners of the parent	1,461	9	1,461	9
Minority Interests	(267)	45	(267)	45
	1,194	54	1,194	54
Total comprehensive income attributable to:				
Owners of the parent	(934)	987	(934)	987
Minority Interests	407	(240)	407	(240)
	(527)	747	(527)	747
<b>Earnings/(loss) per share attributable to equity holders of the parent:</b>				
Basic/Diluted (sen)	0.70	0.00	0.70	0.00

(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 2015)

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

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016****Condensed Consolidated Statements of Financial Position**

	<b>As at 31.3.2016 RM'000</b>	<b>As at 31.12.2015 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	38,833	39,138
Prepaid lease payments	599	699
Investment properties	35,610	36,455
Land held for property development	6,102	6,068
Available-for-sale financial assets	23,729	25,468
Trade and other receivables	5,906	5,906
	110,779	113,734
<b>Current assets</b>		
Inventories	20,600	21,469
Trade and other receivables	24,908	21,301
Cash and cash equivalents	44,588	45,751
	90,096	88,521
<b>TOTAL ASSETS</b>	<b>200,875</b>	<b>202,255</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to the Company's equity holders</b>		
Share capital	209,940	209,940
Reserves	(66,609)	(65,675)
Shareholders' equity	143,331	144,265
<b>Minority Interest</b>	<b>(6,520)</b>	<b>(6,927)</b>
<b>TOTAL EQUITY</b>	<b>136,811</b>	<b>137,338</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	12,843	13,432
Deferred liabilities	299	323
	13,142	13,755
<b>Current liabilities</b>		
Trade and other payables	40,296	39,962
Borrowings	10,113	10,816
Derivative financial liabilities	118	10
Taxation	395	374
	50,922	51,162
<b>TOTAL LIABILITIES</b>	<b>64,064</b>	<b>64,917</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>200,875</b>	<b>202,255</b>
Net assets per share (RM) attributable to ordinary equity holders of the parent	0.68	0.69

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015)

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## INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016

### 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>3 months ended 31.3.2016</b>									
At 1.1.2016	209,940	34,299	20,218	1,168	5,076	(126,436)	144,265	(6,927)	137,338
Profit/(loss) for the period	-	-	-	-	-	1,461	1,461	(267)	1,194
Other comprehensive income	-	-	(1,912)	-	(483)	-	(2,395)	674	(1,721)
Total comprehensive income for the period	-	-	(1,912)	-	(483)	1,461	(934)	407	(527)
At 31.3.2016	209,940	34,299	18,306	1,168	4,593	(124,975)	143,331	(6,520)	136,811
<b>3 months ended 31.3.2015</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	-	-	-	-	-	9	9	45	54
Other comprehensive income	-	-	494	-	484	-	978	(285)	693
Total comprehensive income for the period	-	-	494	-	484	9	987	(240)	747
At 31.3.2015	209,940	34,299	18,497	1,168	6,528	(122,484)	147,948	(5,804)	142,144

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015)

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016****Consolidated Statements of Cash Flow**

	<b>3 Months Ended 31.3.2016 RM'000</b>	<b>3 Months Ended 31.3.2015 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit/(loss) before tax</b>	1,544	226
Adjustments for:		
Depreciation & amortisation	598	946
Other non-cash items	445	(75)
Dividend Income	-	(8)
Finance costs	414	459
Finance income	(263)	(209)
<b>Operating profit/(loss) before working capital changes</b>	<u>2,738</u>	<u>1,339</u>
Decrease/(increase) in property development cost	1,434	803
Decrease/(increase) in inventories	(565)	565
Decrease/(increase) in trade and other receivables	(3,637)	(4,363)
Increase/(decrease) in trade and other payables	1,630	(808)
Cash generated from/(used in) operations	<u>1,600</u>	<u>(2,464)</u>
Interest paid	(438)	(444)
Tax paid	(323)	129
Net cash from/(used in) operating activities	<u>839</u>	<u>(2,779)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	263	209
Expenditure on land held for property development	(34)	(81)
Purchase of available-for-sale financial assets	-	(8)
Purchase of property, plant and equipment	(282)	(238)
Proceeds from disposal of property, plant and equipment	-	100
Net dividend received	-	8
Net cash from/(used in) investing activities	<u>(53)</u>	<u>(10)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loans and borrowings, net drawdown/(repayment)	(1,167)	1,016
Repayments of hire purchase payables	(125)	(114)
Net cash from/(used in) financing activities	<u>(1,292)</u>	<u>902</u>
Effects of exchange rate changes on cash and cash equivalents	(657)	749
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD</b>	<u>(1,163)</u>	<u>(1,138)</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<u>45,751</u>	<u>37,922</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u>44,588</u>	<u>36,784</u>

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## INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016

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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 2015. 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 2015.

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 2015, 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 2016:

FRS 14	Regulatory Deferral Accounts
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 116 and 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 116 and 141	Agriculture: Bearer Plants
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRS 10, 12 and 128	Investment Entities: Applying the Consolidated Exception
Annual Improvements to FRSs 2012 - 2014 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:

		Effective for financial periods beginning on or after
Amendments to FRS 107	Disclosure Initiative	1 Jan 2017
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 Jan 2017
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 Jan 2018
Amendments to FRS 10 & 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

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 March 2016.

**A8 Dividends Paid**

No dividend has been paid during the financial period ended 31 March 2016.

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016****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>3 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>31.3.2016</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	9,445	798	9,753	-	-	-	19,996
Intersegment revenue	-	308	-	-	-	(308)	-
	9,445	1,106	9,753	-	-	(308)	19,996
<b>Segment Results</b>							
Profit/(loss) from operations	3,843	(1,412)	126	-	(1)	-	2,556
Finance costs	(4)	(261)	(149)	-	-	-	(414)
Depreciation & amortisation	(168)	(96)	(334)	-	-	-	(598)
Profit/(loss) before tax	3,671	(1,769)	(357)	-	(1)	-	1,544
Tax	(343)	(10)	3	-	-	-	(350)
Profit/(loss) from ordinary activities after tax	3,328	(1,779)	(354)	-	(1)	-	1,194
Minority interests	-	267	-	-	-	-	267
Net profit/(loss) attributable to shareholders	3,328	(1,512)	(354)	-	(1)	-	1,461
<b>Assets and Liabilities</b>							
Segment assets	82,476	81,053	36,609	-	737	-	200,875
Segment liabilities	21,220	30,723	12,116	-	5	-	64,064

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<b>3 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>31.3.2015</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	7,586	455	14,861	-	-	-	22,902
Intersegment revenue	-	311	-	-	-	(311)	-
	<u>7,586</u>	<u>766</u>	<u>14,861</u>	<u>-</u>	<u>-</u>	<u>(311)</u>	<u>22,902</u>
<b>Segment Results</b>							
Profit/(loss) from operations	2,254	(1,042)	216	204	(1)	-	1,631
Finance costs	(6)	(290)	(163)	-	-	-	(459)
Depreciation & amortisation	(162)	(37)	(327)	(420)	-	-	(946)
Profit/(loss) before tax	<u>2,086</u>	<u>(1,369)</u>	<u>(274)</u>	<u>(216)</u>	<u>(1)</u>	<u>-</u>	<u>226</u>
Tax	(164)	-	3	(11)	-	-	(172)
Profit/(loss) from ordinary activities after tax	<u>1,922</u>	<u>(1,369)</u>	<u>(271)</u>	<u>(227)</u>	<u>(1)</u>	<u>-</u>	<u>54</u>
Minority interests	-	-	-	(45)	-	-	(45)
Net profit/(loss) attributable to shareholders	<u>1,922</u>	<u>(1,369)</u>	<u>(271)</u>	<u>(272)</u>	<u>(1)</u>	<u>-</u>	<u>9</u>
<b>Assets and Liabilities</b>							
Segment assets	82,862	71,155	43,862	15,682	703	-	214,264
Segment liabilities	<u>20,567</u>	<u>17,088</u>	<u>17,107</u>	<u>17,351</u>	<u>6</u>	<u>-</u>	<u>72,119</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 31 March 2016 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 March 2016.

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

There were no contingent liabilities and contingent assets since 31 December 2015.



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## **INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016**

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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.

	3 months ended 31.3.2016 RM'000
Rental income received / receivable from related party	<u>190</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 RM20.0 million and a profit before tax of RM1.54 million in the first quarter ended 31 March 2016 as compared to a revenue of RM22.9 million and a profit before tax of RM0.2 million in the preceding year corresponding quarter. The property division recorded a revenue of RM9.4 million, an increase of RM1.9 million due to the higher contribution from the Pinnacle project offset by the lower contribution of RM5.1 million from the manufacturing and trading division. The lower manufacturing sales in the first quarter 2016 as compared to the first quarter 2015 was mainly due to the stocking up by customers prior to the implementation of GST on 1 April 2015. As for the investment holding division, higher revenue of RM0.3 million was recorded as a result of the reclassification of rental income from the Group's leisure and entertainment division to revenue of the investment holding division in the fourth quarter 2015 due to the change in the principal activity of the subsidiary companies in China.

The Group's profit was higher in the period under review mainly due to the higher property development profit recognised and lower operating expenses offset by the loss of the manufacturing and trading division as a result of lower sales volume.

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## INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016

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### 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**

##### First Quarter 2016 vs Fourth Quarter 2015

During the 3 months ended 31 March 2016, the Group's revenue of RM20.0 million represents an increase of RM4.47 million from the RM15.53 million revenue recorded in the preceding 3 months ended 31 December 2015. The increase in revenue was mainly due to higher contribution from the property division in the first quarter 2016. The property division recorded a substantial increase in revenue from RM2.48 million in the fourth quarter 2015 to RM9.45 million in the first quarter 2016 mainly due to revenue recognition of the on-going projects in Ipoh and the Pinnacle project. This was offset by lower revenue recorded by the manufacturing and trading and investment holding divisions. Lower sales was recorded by the manufacturing division in the first quarter 2016 as compared with the fourth quarter 2015 was mainly due to the reduction in production capacity as a result of major plant and machinery maintenance work carried out.

Profit before tax was RM1.55 million in the first quarter 2016 as compared to a loss of RM3.89 million in the fourth quarter 2015 mainly due to the higher contribution from the property divisions arising mainly from higher profit recognised from the Pinnacle project as higher project completion of 46% was achieved as compared with 20% in 2015.

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

Faced with intense competition and the volatility of raw materials prices, 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. The Group's results are expected to improve with the on-going property projects undertaken in 2016.

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

Not applicable.

#### **B5 Taxation**

**3 months  
Ended  
31.3.2016  
RM'000**

Taxation based on the results for the period:

Malaysian taxation	343
Overseas taxation	10
Transfer to/(from) deferred taxation	(24)
	<hr/>
	329
Under/(over) provision of taxation in respect of prior year	21
	<hr/>
	<b>350</b>

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.

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016****NOTES TO THE INTERIM FINANCIAL REPORT****B6 Status of Corporate Proposals**

No corporate proposal was undertaken by the Group in the financial period ended 31 March 2016.

**B7 Group Borrowings**

	<b>As at 31.3.2016 RM'000</b>
<b>Current</b>	
Secured:-	
RM denominated	10,113
<b>Non-current</b>	
Secured:-	
RM denominated	12,843
<b>Borrowings maturity:</b>	
Less than one year	10,113
Later than one year and not later than two years	2,341
Later than two years and not later than five years	9,991
Later than five years	511
	<u>22,956</u>

**B8 Realised and Unrealised Losses**

	<b>As at 31.3.2016 RM'000</b>	<b>As at 31.12.2015 RM'000</b>
Total accumulated losses of South Malaysia Industries Berhad and its subsidiaries		
- Realised	(139,696)	(125,291)
- Unrealised	1,041	1,126
	<u>(138,655)</u>	<u>(124,165)</u>
Less: consolidated adjustments	13,680	(2,271)
Total Group accumulated losses	<u>(124,975)</u>	<u>(126,436)</u>

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## INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016

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### NOTES TO THE INTERIM FINANCIAL REPORT

#### B9 Derivative Financial Instruments

As at 31 March 2016, 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	2,598	2,480	(118)

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 creditworthy 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.

#### 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. JMB has filed to the Federal Court and the hearing for Motion for Leave is fixed on 27 June 2016.

#### B11 Dividends

The Directors do not recommend any payment of dividend for the financial period ended 31 March 2016.

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(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016****NOTES TO THE INTERIM FINANCIAL REPORT****B12 Profit/(Loss) From Operations**

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

	3 Months Ended		3 Months Ended	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	RM'000	RM'000	RM'000	RM'000
(a) Other income including investment income	(59)	(727)	(59)	(727)
(b) Depreciation and amortisation	598	946	598	946
(c) Provision for and write-off of receivables	-	28	-	28
(d) Foreign exchange loss/(gain)	(59)	37	(59)	37
(e) Loss/(gain) on derivatives	222	-	222	-
(f) Fair value adjustment of investment property	337	-	337	-

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 March 2016.

**B13 Earnings per Share**

	3 Months Ended		3 Months Ended	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	RM'000	RM'000	RM'000	RM'000
<b>(a) Basic Earnings per Share</b>				
Net Profit/(loss) attributable to shareholders	1,461	9	1,461	9
Weighted average number of shares in issue ('000)	209,940	209,940	209,940	209,940
Basic earnings/(loss) per share (sen)	0.70	0.00	0.70	0.00

**(b) Diluted Earnings per Share**

There is no dilutive event as at 31 March 2016 and 31 March 2015. Therefore, the diluted EPS is the same as the basic EPS.

By Order of the Board

Tan Siew Chin  
Company Secretary  
Kuala Lumpur  
Date: 23 May 2016