

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	3 Months Ended		3 Months Ended	
	31.3.2020 RM'000	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2019 RM'000
Revenue	12,302	13,977	12,302	13,977
Operating Expenses	(15,345)	(17,125)	(15,345)	(17,125)
Other Expenses	(213)	(484)	(213)	(484)
Interest Income	60	86	60	86
Other Operating Income	2,543	150	2,543	150
Profit/(Loss) from Operations	(653)	(3,396)	(653)	(3,396)
Finance Costs	(243)	(301)	(243)	(301)
Profit/(Loss) before tax	(896)	(3,697)	(896)	(3,697)
Tax	(19)	(24)	(19)	(24)
Net profit/(loss) for the period	(915)	(3,721)	(915)	(3,721)
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss				
- Exchange translation difference of foreign operations	(1,466)	164	(1,466)	164
- Financial assets at fair value through other comprehensive income	(2,852)	338	(2,852)	338
Other comprehensive income for the period, net of tax	(4,318)	502	(4,318)	502
Total comprehensive income for the period	(5,233)	(3,219)	(5,233)	(3,219)
Profit/(Loss) attributable to:				
Owners of the parent	(747)	(3,455)	(747)	(3,455)
Non-controlling interests	(168)	(266)	(168)	(266)
	(915)	(3,721)	(915)	(3,721)
Total comprehensive income attributable to:				
Owners of the parent	(4,206)	(3,277)	(4,206)	(3,277)
Non-controlling interests	(1,027)	58	(1,027)	58
	(5,233)	(3,219)	(5,233)	(3,219)
Earnings/(Loss) per share attributable to				
Owners of the parent:				
Basic/Diluted (sen)	(0.36)	(1.65)	(0.36)	(1.65)

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019.)

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020

Condensed Consolidated Statement of Financial Position

	As at 31.3.2020 RM'000	As at 31.12.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	8,592	9,016
Right-to-use assets	4,932	5,062
Investment properties	85,089	85,218
Inventories	8,580	8,522
Other investments	20,660	24,523
Trade and other receivables	728	728
	128,581	133,069
Current assets		
Inventories	17,301	17,233
Trade and other receivables	32,224	34,828
Other investments	4,023	4,004
Cash and cash equivalents	12,988	14,147
	66,536	70,212
TOTAL ASSETS	195,117	203,281
EQUITY		
Capital and reserves attributable to the Owners of the parent		
Share capital	244,239	244,239
Reserves	16,286	19,745
Accumulated losses	(95,411)	(94,664)
Shareholders' equity	165,114	169,320
Non-controlling interests	(12,474)	(11,447)
TOTAL EQUITY	152,640	157,873
LIABILITIES		
Non-current liabilities		
Loans and borrowings	11,768	11,228
Deferred tax liabilities	948	943
	12,716	12,171
Current liabilities		
Trade and other payables	20,306	21,627
Loans and borrowings	9,347	11,423
Tax payable	108	187
	29,761	33,237
TOTAL LIABILITIES	42,477	45,408
TOTAL EQUITY AND LIABILITIES	195,117	203,281
Net assets per share (RM) attributable to		
Owners of the Parent	0.79	0.81

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019.)

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020

Condensed Consolidated Statement of Changes in Equity

	Attributable to Owners of the Parent					Total	Non-Controlling Interests	Total Equity
	Share Capital	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
3 months Ended 31.3.2020								
At 1.1.2020	244,239	18,287	1,168	290	(94,664)	169,320	(11,447)	157,873
Profit/(Loss) for the period	-	-	-	-	(747)	(747)	(168)	(915)
Other comprehensive income	-	(607)	-	(2,852)	-	(3,459)	(859)	(4,318)
Total comprehensive income for period	-	(607)	-	(2,852)	(747)	(4,206)	(1,027)	(5,233)
At 31.3.2020	244,239	17,680	1,168	(2,562)	(95,411)	165,114	(12,474)	152,640
3 months Ended 31.3.2019								
At 1.1.2019	244,239	18,227	1,168	(483)	(86,984)	176,167	(10,255)	165,912
Profit/(Loss) for the period	-	-	-	-	(3,455)	(3,455)	(266)	(3,721)
Other comprehensive income	-	(160)	-	338	-	178	324	502
Total comprehensive income for the period	-	(160)	-	338	(3,455)	(3,277)	58	(3,219)
At 31.3.2019	244,239	18,067	1,168	(145)	(90,439)	172,890	(10,197)	162,693

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019.)

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020

Consolidated Statement of Cash Flows

	3 Months Ended 31.3.2020 RM'000	3 Months Ended 31.3.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(896)	(3,697)
Adjustments for:		
Depreciation & amortisation	619	564
Other non-cash items	70	308
Dividend Income	(2,383)	(1)
Finance costs	243	301
Finance income	(60)	(86)
Operating profit/(loss) before working capital changes	<u>(2,407)</u>	<u>(2,611)</u>
Change in working capital:		
Property development cost	(485)	(305)
Inventories	417	422
Trade and other receivables	2,692	2,647
Trade and other payables	(1,890)	2,962
Cash generated from/(used in) operations	<u>(1,673)</u>	<u>3,115</u>
Interest paid	(243)	(322)
Tax paid	(94)	(28)
Net cash from/(used in) operating activities	<u>(2,010)</u>	<u>2,765</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	60	107
Expenditure on land held for property development	(57)	(141)
Additions to investment properties	-	(515)
Proceeds from disposal of financial assets at fair value through profit or loss	-	1,860
Purchase of financial assets at fair value through profit or loss	-	(2,181)
Purchase of property, plant and equipment	(64)	(33)
Proceeds from disposal of property, plant and equipment	0	1
Net dividend received	2,383	1
Net cash from/(used in) investing activities	<u>2,322</u>	<u>(901)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans and borrowings, net drawdown/(repayment)	(1,501)	(1,609)
Repayments of finance lease liabilities	(35)	(33)
Net cash from/(used in) financing activities	<u>(1,536)</u>	<u>(1,642)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD	(1,224)	222
Effects of exchange rate changes on cash and cash equivalents	65	12
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>14,147</u>	<u>16,886</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>12,988</u>	<u>17,120</u>

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020

NOTES TO THE INTERIM FINANCIAL REPORT

A1 Accounting Policies

The interim financial report is prepared in accordance with Malaysian 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 2019. 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 2019.

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 2019, except for the adoption of the following Malaysian Financing Reporting Standards ("MFRS"), amendments to MFRSs and Issues Committee ("IC") Interpretation which are effective for the financial period beginning on or after 1 January 2020:

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 & 108	Definition of Material
Amendments to MFRS 9, 139 & 7	Interest Rate Benchmark Reform

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

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

		Effective for financial periods <u>beginning on or after</u>
Amendments to MFRS 16	Covid-19 - Related Rent Concessions	1 June 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRSs Standards 2018 -2020		1 January 2022
Amendments to MFRS 10 & 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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

A2 Auditors Report of the Previous Audited Financial Statements

The auditors report of the previous audited financial statements was not qualified.

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NOTES TO THE INTERIM FINANCIAL REPORT

A3 Seasonality or Cyclicity of Interim Operations

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

A4 Unusual Items Affecting the Financial Statements

The Directors of the Group have closely monitored the development of the outbreak of COVID-19 pandemic in Malaysia that may affect the business performance, financial performance and financial position of the Group mainly due to travel and movement restriction and other precautionary measures imposed by relevant local authorities that affected the Group business operations. As at the date of this report, the financial impact of the outbreak to the Group cannot be reasonably estimated due to the inherent unpredictable nature and rapid development relating to COVID-19 pandemic, the extent of the impact depends on the on-going precautionary measures introduced by each country to address the pandemic and the durations of the pandemic. As such, the Directors of the Group will continue to closely monitor the situation and respond proactively to mitigate the impact on the Group's financial performance and financial position.

A5 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.

A6 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 2020.

A7 Dividends Paid

No dividend has been paid during the financial period ended 31 March 2020.

A8 Segment Reporting

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

- | | |
|-----------------------------------|-------------------------------------------------------------------|
| (a) Property development | - develop and sale of residential and commercial properties |
| (b) Property & investment holding | - investment in properties, carpark operation and holding company |
| (c) Manufacturing & trading | - manufacture of assorted wires and trading |

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

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3 months ended 31.3.2020	Property	Property & Investment	Manufacturing	Others	Elimination	Total
	Development	Holding	& Trading			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue						
External revenue	453	1,395	10,454	-	-	12,302
Intersegment revenue	-	412	-	-	(412)	-
	453	1,807	10,454	-	(412)	12,302
Segment Results						
Profit/(Loss) from operations	(1,597)	1,119	254	(0)	-	(224)
Interest Income	46	14	(0)	-	-	60
Finance costs	(0)	(159)	(84)	-	-	(243)
Depreciation & amortisation	(50)	(119)	(320)	-	-	(489)
Profit/(Loss) before tax	(1,601)	855	(150)	(0)	-	(896)
Taxation	(3)	(16)	-	-	-	(19)
Profit/(Loss) from ordinary activities after tax	(1,604)	839	(150)	(0)	-	(915)
Non-controlling interests	-	168	-	-	-	168
Net profit/(loss) attributable to owners of the parent	(1,604)	1,007	(150)	(0)	-	(747)
Assets and Liabilities						
Segment assets	40,732	122,811	30,701	873	-	195,117
Segment liabilities	10,425	22,450	9,596	6	-	42,477

3 months ended 31.3.2019	Property	Property & Investment	Manufacturing	Others	Elimination	Total
	Development	Holding	& Trading			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue						
External revenue	300	1,624	12,053	-	-	13,977
Intersegment revenue	-	389	-	-	(389)	-
	300	2,013	12,053	-	(389)	13,977
Segment Results						
Profit/(Loss) from operations	(1,511)	(1,398)	(9)	-	-	(2,918)
Interest Income	74	11	1	-	-	86
Finance costs	-	(176)	(125)	-	-	(301)
Depreciation & amortisation	(57)	(90)	(417)	-	-	(564)
Profit/(Loss) before tax	(1,494)	(1,653)	(550)	-	-	(3,697)
Taxation	-	(27)	3	-	-	(24)
Profit/(Loss) from ordinary activities after tax	(1,494)	(1,680)	(547)	-	-	(3,721)
Non-controlling interests	-	266	-	-	-	266
Net profit/(loss) attributable to owners of the parent	(1,494)	(1,414)	(547)	-	-	(3,455)
Assets and Liabilities						
Segment assets	39,607	138,694	34,588	870	-	213,759
Segment liabilities	11,187	27,506	12,367	6	-	51,066

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NOTES TO THE INTERIM FINANCIAL REPORT

A10 Valuation of Property, Plant & Equipment

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

A11 Material Events Subsequent to the End of the Interim Period

The COVID-19 outbreak and Movement Control Order ("MCO") implemented by the Government has disrupted the Group's operations from 18 March 2020 to 3 May 2020. The Group resumed operation on 4 May 2020 except for construction work which resumed on 27 May 2020.

A12 Changes in the Composition of the Group

On 26 July 2019, the Company entered into a Share Sale Agreement for a 60% equity investment representing 1,800,000 ordinary shares in Forward Energy Sdn Bhd ("FESB") for a cash consideration of RM6.0 million ("SSA"). FESB's nature of business is in the renewable energy related business specifically in the area of consulting and as an independent power producer in a smaller scale. The SSA is conditional upon fulfillment of certain conditions including, inter alia, the execution of the relevant agreements with government authorities and third parties.

However, the onslaught of COVID-19 which led to the MCO coupled with the change in the ruling state government had caused further delays to the finalisation of the agreement. Although the vendors are required to resolve all the outstanding obligations under the SSA by 25 July 2020, the Group is doubtful that the deadline can be met. Due to the protracted time line for the completion of the SSA, exacerbated by the MCO which had adversely affected the operations of the Group and consequently its cash flow, the Group may have to re-consider the acquisition of the 60% equity interest and may instead opt for a smaller stake thus giving leeway for other parties to co-invest into FESB. The Group has continuously been engaging with the vendors as well as parties who are in the market to invest in renewable energy business which is in line with the business sustainability.

A13 Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities and contingent assets since 31 December 2019.

A14 Outstanding Commitments

There were no outstanding commitments for the financial period under review except as mentioned in A12 above.

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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 31.3.2020 RM'000
Rental income received / receivable from related parties	199
Management fee paid/payable to related parties	292
Advisory fee paid to a related party	130

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

	31.3.2020 RM'000	31.3.2019 RM'000	Changes RM'000	%
3 Months Ended				
Revenue				
Property Development	453	300	153	51%
Manufacturing & Trading	10,454	12,053	(1,599)	-13%
Property & Investment Holding	1,395	1,624	(229)	-14%
	<u>12,302</u>	<u>13,977</u>	<u>(1,675)</u>	<u>-12%</u>
Profit Before Tax				
Property Development	(1,601)	(1,494)	(107)	-7%
Manufacturing & Trading	(150)	(550)	400	73%
Property & Investment Holding and Others	855	(1,653)	2,508	152%
	<u>(896)</u>	<u>(3,697)</u>	<u>2,801</u>	<u>76%</u>

The Group registered revenue of RM12.3 million and loss before tax of RM0.9 million in the first quarter ended 31 March 2020 as compared to a revenue of RM13.98 million and a loss before tax of RM3.7 million in the preceding year corresponding quarter. The manufacturing and trading division recorded a lower revenue of RM10.45 million in the first quarter ended 31 March 2020 as compared to RM12.05 million in the first quarter 2019 mainly due to decrease in sales quantities in March 2020 caused by the government's Movement Control Order ("MCO") effective from 18 March 2020 to 3 May 2020.

The property development division recorded a revenue of RM0.45 million in the first quarter 2020, an increase of RM0.15 million as a result of contribution from the Ipoh projects. As for the property and investment holding division, the revenue was lower at RM1.39 million in first quarter 2020 as compared to RM1.62m in first quarter 2019 mainly due to lower rental income.

The Group recorded a loss before tax of RM0.9 million in the period under review as compared to a RM3.7 million in the first quarter ended 31 March 2019 mainly due to the dividend income of RM2.37m from the Group's investment in New Zealand.

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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 Quarter (cont'd)

The property development division recorded a loss of RM1.6 million in the first quarter 2020 as compared to RM1.49 million in the first quarter 2019 mainly due to higher operating expenses.

The Group's manufacturing and trading division recorded a lower loss of RM0.15 million in the first quarter 2020 as compared to RM0.55 million loss in the first quarter 2019 mainly due to higher gross profit margin as a result of a 9.6% decrease in wire rod costs.

The Group's property and investment holding division has recorded a profit of RM0.86 million in the first quarter 2020 as compared to a loss of RM1.65 million in the first quarter 2019 mainly due to the dividend income of RM2.37 million from the New Zealand investment.

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

First Quarter 2020 vs Fourth Quarter 2019

	Current Quarter 31.3.2020 RM'000	Immediate Preceding Quarter 31.12.2019 RM'000	Changes RM'000	%
Revenue				
Property Development	453	3,357	(2,904)	-86%
Manufacturing & Trading	10,454	13,123	(2,669)	-20%
Property & Investment Holding	1,395	1,630	(235)	-14%
	<u>12,302</u>	<u>18,111</u>	<u>(5,808)</u>	<u>-32%</u>
Profit Before Tax				
Property Development	(1,601)	385	(1,986)	516%
Manufacturing & Trading	(150)	(383)	233	61%
Property & Investment Holding and Others	855	(3,416)	4,271	125%
	<u>(896)</u>	<u>(3,414)</u>	<u>2,518</u>	<u>74%</u>

During the 3 months ended 31 March 2020, the Group's revenue of RM12.3 million represents a decrease of RM5.81 million or 32% from the RM18.11 million revenue recorded in the preceding 3 months ended 31 December 2019. The decrease in revenue was mainly due to the absence of contribution from the Pinnacle project. The manufacturing and trading division recorded a lower revenue of RM10.45 million in the first quarter 2020, a decrease of 20% or RM2.67 million as compared with RM13.12 million in the fourth quarter 2019 as a result of a 20% decrease in sales quantities mainly in March 2020 due to the MCO. As for the property and investment holding division, the revenue was lower at RM1.39 million in the current quarter as compared to RM1.63 million in the preceding quarter due to lower rental income after cessation of the China operation in December 2019.

The Group recorded a loss before tax of RM0.9 million in the first quarter 2020, a decrease of RM2.52 million as compared to RM3.41 million in the fourth quarter 2019 mainly due to the RM2.37 million dividend income from the Group's investment in New Zealand in the quarter under review.

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B2 Explanatory comments on Any Material Change in the Profit Before Tax for the Quarter Reported on as Compared with the Immediate Preceding Quarter (cont'd)

First Quarter 2020 vs Fourth Quarter 2019 (cont'd)

The property development division recorded a lower profit of RM1.6 million in the first quarter 2020 as compared to RM0.39 million profit in the fourth quarter 2019 mainly due the absence of profit from the Pinnacle project fully recognised in December 2019.

The Group's manufacturing and trading division recorded a lower loss of RM0.15 million in the first quarter 2020 as compared to RM0.38 million loss in the fourth quarter 2019 mainly due to 1.4% improvement in gross profit margin as a result of decrease in wire rod costs.

The Group's property and investment holding division recorded a profit of RM0.86 million in the first quarter 2020 as compared to RM3.41 million loss in the fourth quarter 2019 mainly due to the dividend income from the New Zealand investment, lower administrative costs and the absence of a fair value adjustment loss of RM1.1 million in 2019 in respect of investment properties.

B3 Commentary on Prospects

COVID-19 is an unfavourable factor affecting 2020 globally. Bank Negara Malaysia has revised the GDP downwards to project a contraction of growth at between -2.0% to 0.5% in 2020 accounting for the after effect of the pandemic. GDP growth was 4.3% in 2019. Unemployment rate jumped to a high of 5% in April 2020 as a result of the MCO. As further job losses are expected when businesses consolidate, cut losses on not profitable units, downsize or wind down, consumer spending will be impacted. The uncertainty will have a significant impact on the manufacturing and property sectors. The property glut situation is expected to worsen in 2020. The Group will remain cautious and focus on selling the unsold units of the Pinnacle Kelana Jaya project and the continuation of its existing projects in Ipoh in 2020.

As for the manufacturing division, demand for galvanized wires is expected to remain sluggish in 2020. The manufacturing division will strive to minimise losses in 2020.

The investment holding division's rental income was impacted by MCO with tenants faced with curtailment of operations and rental discounts granted. As such, results for this division is not expected to improve by the end of 2020.

Faced with the current uncertainties and unfavourable market conditions, the Group's result in 2020 is not expected to improve.

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

Not applicable.

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B5 Taxation	3 months Ended 31.3.2020 RM'000
Taxation based on the results for the period:	
Malaysian taxation	2
Overseas taxation	12
Transfer to/(from) deferred taxation	5
	<u>19</u>
Under/(Over) provision of taxation in respect of prior year	-
	<u>19</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 March 2020.

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B7 Group Borrowings

	As at 31.3.2020 RM'000	As at 31.3.2019 RM'000
Current		
Secured (RM denominated):-		
- Finance lease liabilities (fixed interest rate)	109	137
- Bankers' acceptance (floating interest rate)	7,398	9,106
- Term loan (floating interest rate)	1,840	1,412
	<u>9,347</u>	<u>10,655</u>
Non-current		
Secured (RM denominated):-		
- Finance lease liabilities (fixed interest rate)	29	138
- Term loan (floating interest rate)	11,739	12,283
	<u>11,768</u>	<u>12,421</u>
Borrowings maturity:		
Less than one year	9,347	10,655
Later than one year and not later than two years	3,297	2,683
Later than two years and not later than five years	7,427	7,029
Later than five years	1,044	2,709
	<u>21,115</u>	<u>23,076</u>
 The weighted average effective rates per annum are as follows:		
- Finance lease liabilities	3.68%	3.82%
- Bankers' acceptance	5.55%	6.02%
- Term loan	<u>5.61%</u>	<u>6.24%</u>
 The proportion of debts are as follows:		
- Fixed interest rate	0.7%	1.2%
- Floating interest rate	<u>99.3%</u>	<u>98.8%</u>

B8 Derivative Financial Instruments

There were no derivative financial instruments as at financial period ended 31 March 2020.

B9 Material Litigation

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

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020

NOTES TO THE INTERIM FINANCIAL REPORT

B10 Dividends

The Directors do not recommend any payment of dividend for the financial period ended 31 March 2020.

B11 Profit/(Loss) From Operations

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

	3 Months Ended	
	31.3.2020	31.3.2019
	RM'000	RM'000
(a) Other income including investment income	(2,502)	(121)
(b) Depreciation and amortisation	619	564
(c) Provision for and write-off/(write-back) of receivables	(41)	(23)
(d) Loss/(Gain) on disposal of quoted investments	-	(2)
(e) Foreign exchange loss/(gain)	26	8
(f) Fair value adjustment of investment properties	129	338

Other than the above, there were no impairment of assets, loss/(gain) on derivatives, and exceptional items for the current quarter and financial period ended 31 March 2020.

B12 Earnings per Share

	3 Months Ended	
	31.3.2020	31.3.2019
	RM'000	RM'000
(a) Basic Earnings per Share		
Net profit/(loss) attributable to owners of the parent	(747)	(3,455)
Weighted average number of shares in issue ('000)	209,940	209,940
Basic earnings/(loss) per share (sen)	(0.36)	(1.65)

(b) Diluted Earnings per Share

There is no dilutive event as at 31 March 2020 and 31 March 2019. Therefore, the diluted EPS is the same as the basic EPS.

By Order of the Board

Tan Siew Chin

Company Secretary

Kuala Lumpur

Date: 29 June 2020