

SOUTH MALAYSIA INDUSTRIES BERHAD

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

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

	3 Months Ended		12 Months Ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Revenue	15,334	18,111	51,099	67,754
Operating Expenses	(16,139)	(20,404)	(68,782)	(73,205)
Other Expenses	(4,117)	(1,633)	(4,437)	(3,361)
Interest Income	2,270	303	2,437	882
Other Operating Income	17,664	511	21,825	1,247
Profit/(Loss) from Operations	15,012	(3,112)	2,142	(6,683)
Finance Costs	(234)	(302)	(1,005)	(1,244)
Profit/(Loss) before tax	14,778	(3,414)	1,137	(7,927)
Tax	(223)	160	(228)	(823)
Net profit/(loss) for the period	14,555	(3,254)	909	(8,750)
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss				
- Exchange translation difference of foreign operations	(7,259)	826	(7,469)	(63)
- Financial assets at fair value through other comprehensive income	1,644	459	629	774
Other comprehensive income for the period, net of tax	(5,615)	1,285	(6,840)	711
Total comprehensive income for the period	8,940	(1,969)	(5,931)	(8,039)
Profit/(Loss) attributable to:				
Owners of the parent	9,275	(2,940)	(3,738)	(7,680)
Non-controlling interests	5,280	(314)	4,647	(1,070)
	14,555	(3,254)	909	(8,750)
Total comprehensive income attributable to:				
Owners of the parent	(3,182)	(1,899)	(17,378)	(6,847)
Non-controlling interests	12,122	(70)	11,447	(1,192)
	8,940	(1,969)	(5,931)	(8,039)
Earnings/(Loss) per share attributable to				
Owners of the parent:				
Basic/Diluted (sen)	4.42	(1.40)	(1.78)	(3.66)

(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.)

SOUTH MALAYSIA INDUSTRIES BERHAD

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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2020

Condensed Consolidated Statement of Financial Position

	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	8,363	9,016
Right-of-use assets	4,547	5,062
Investment properties	96,876	85,218
Inventories	8,841	8,522
Other investments	25,876	24,523
Trade and other receivables	-	728
	144,503	133,069
Current assets		
Inventories	17,022	17,233
Trade and other receivables	20,635	34,603
Tax recoverable	99	271
Other investments	2,975	4,004
Deposits, bank and cash balances	5,877	14,356
	46,608	70,467
TOTAL ASSETS	191,111	203,536
EQUITY		
Capital and reserves attributable to the Owners of the parent		
Share capital	244,239	244,239
Reserves	6,105	19,745
Accumulated losses	(98,402)	(94,664)
Shareholders' equity	151,942	169,320
Non-controlling interests	-	(11,447)
TOTAL EQUITY	151,942	157,873
LIABILITIES		
Non-current liabilities		
Loans and borrowings	10,689	11,228
Deferred tax liabilities	995	943
	11,684	12,171
Current liabilities		
Trade and other payables	11,265	21,673
Loans and borrowings	16,216	11,632
Tax payable	4	187
	27,485	33,493
TOTAL LIABILITIES	39,169	45,663
TOTAL EQUITY AND LIABILITIES	191,111	203,536
Net assets per share (RM) attributable to Owners of the Parent	0.72	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.)

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2020

Condensed Consolidated Statement of Changes in Equity

	Attributable to Owners of the Parent					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	
12 months Ended 31.12.2020								
At 1.1.2020	244,239	18,287	1,168	290	(94,664)	169,320	(11,447)	157,873
Profit/(Loss) for the period	-	-	-	-	(3,738)	(3,738)	4,647	909
Other comprehensive income/(loss) for the period	-	(14,269)	-	629	-	(13,640)	6,800	(6,840)
Total comprehensive income/(loss) for period	-	(14,269)	-	629	(3,738)	(17,378)	11,447	(5,931)
At 31.12.2020	244,239	4,018	1,168	919	(98,402)	151,942	-	151,942
12 months Ended 31.12.2019								
At 1.1.2019	244,239	18,227	1,168	(483)	(86,984)	176,167	(10,255)	165,912
Profit/(Loss) for the period	-	-	-	-	(7,680)	(7,680)	(1,070)	(8,750)
Other comprehensive income/(loss) for the period	-	59	-	774	-	833	(122)	711
Total comprehensive income/(loss) for the period	-	59	-	774	(7,680)	(6,847)	(1,192)	(8,039)
At 31.12.2019	244,239	18,286	1,168	291	(94,664)	169,320	(11,447)	157,873

(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.)

SOUTH MALAYSIA INDUSTRIES BERHAD

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

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2020

Consolidated Statement of Cash Flows

	12 Months Ended 31.12.2020 RM'000	12 Months Ended 31.12.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	1,137	(7,927)
Adjustments for:		
Depreciation & amortisation	2,561	2,485
Other non-cash items	(14,123)	2,574
Dividend Income	(2,466)	(45)
Finance costs	1,005	1,244
Interest income	(2,437)	(882)
Operating profit/(loss) before working capital changes	<u>(14,323)</u>	<u>(2,551)</u>
Change in working capital:		
Property development costs	(1,405)	(837)
Inventories	301	1,730
Trade and other receivables	5,199	11,569
Trade and other payables	(2,441)	(2,355)
Cash generated from/(used in) operations	<u>(12,669)</u>	<u>7,556</u>
Interest paid	(992)	(1,265)
Tax paid	(186)	(123)
Net cash from/(used in) operating activities	<u>(13,847)</u>	<u>6,168</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	168	906
Expenditure on land held for property development	(319)	(242)
Acquisition of land for property development	-	(721)
Additions to investment properties	(22)	(1,081)
Proceeds from disposal of investment property	170	-
Proceeds from disposal of financial assets at fair value through profit or loss	7,196	4,395
Proceeds from disposal of financial assets at fair value through other comprehensive income	361	-
Purchase of financial assets at fair value through profit or loss	(7,464)	(8,392)
Purchase of property, plant and equipment	(1,392)	(1,747)
Purchase of right-of-use assets	(7)	(5)
Proceeds from disposal of property, plant and equipment	12	56
Net dividend received	2,466	45
Net cash from/(used in) investing activities	<u>1,169</u>	<u>(6,786)</u>

SOUTH MALAYSIA INDUSTRIES BERHAD

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

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2020

Consolidated Statement of Cash Flows

	12 Months Ended 31.12.2020 RM'000	12 Months Ended 31.12.2019 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans and borrowings, net drawdown/(repayment)	2,142	(1,932)
Repayment of lease liabilities	(113)	(136)
Net cash from/(used in) financing activities	<u>2,029</u>	<u>(2,068)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD	(10,649)	(2,686)
Effects of exchange translation differences on cash and cash equivalents	154	(53)
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><u>3,652</u></u>	<u><u>14,147</u></u>
Cash and Cash Equivalents at the end of the financial period comprises:		
Deposits, bank and cash balances	5,877	14,356
Bank overdrafts	(2,225)	(209)
	<u><u>3,652</u></u>	<u><u>14,147</u></u>

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 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 beginning on or after
Amendments to MFRS 16	Covid-19 - Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 & MFRS 16	Interest Rate Benchmark Reform - Phase 2	1 January 2021
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
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
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.

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2020

NOTES TO THE INTERIM FINANCIAL REPORT

A2 Auditors Report of the Previous Audited Financial Statements

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

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 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. Consequently, this has affected the Group's operation and performance during the period under review.

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.

Although the National Covid-19 Immunisation Programme is in place, it will take some time to achieve herd immunity. With the recovery of world economies in sight, the Group expects the overall market conditions to improve in 2021 but the Group notes that there are still impending Covid-19 risks that may impact the Group's performance.

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 December 2020.

A7 Dividends Paid

No dividend has been paid during the financial period ended 31 December 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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Registration No. 196901000152 (8482-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2020

NOTES TO THE INTERIM FINANCIAL REPORT

12 months ended 31.12.2020	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	5,960	4,556	40,583	-	-	51,099
Intersegment revenue	-	2,524	-	-	(2,524)	-
	5,960	7,080	40,583	-	(2,524)	51,099
Segment Results						
Profit/(Loss) from operations	(10,558)	11,587	1,243	(6)	-	2,266
Interest Income	2,259	171	7	-	-	2,437
Finance costs	(1)	(652)	(352)	-	-	(1,005)
Depreciation & amortisation	(165)	(639)	(1,757)	-	-	(2,561)
Profit/(Loss) before tax	(8,465)	10,467	(859)	(6)	-	1,137
Taxation	(96)	(140)	12	(4)	-	(228)
Profit/(Loss) from ordinary activities after tax	(8,561)	10,327	(847)	(10)	-	909
Non-controlling interests	-	(4,647)	-	-	-	(4,647)
Net profit/(loss) attributable to owners of the parent	(8,561)	5,679	(847)	(10)	-	(3,738)
Assets and Liabilities						
Segment assets	27,439	131,260	31,540	872	-	191,111
Segment liabilities	9,702	18,246	11,218	3	-	39,169
12 months ended 31.12.2019						
	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	12,723	6,403	48,628	-	-	67,754
Intersegment revenue	-	3,305	-	-	(3,305)	-
	12,723	9,708	48,628	-	(3,305)	67,754
Segment Results						
Profit/(Loss) from operations	1,468	(7,383)	844	(9)	-	(5,080)
Interest Income	602	272	8	-	-	882
Finance costs	(1)	(673)	(570)	-	-	(1,244)
Depreciation & amortisation	(201)	(612)	(1,672)	-	-	(2,485)
Profit/(Loss) before tax	1,868	(8,396)	(1,390)	(9)	-	(7,927)
Taxation	(742)	(94)	13	-	-	(823)
Profit/(Loss) from ordinary activities after tax	1,126	(8,490)	(1,377)	(9)	-	(8,750)
Non-controlling interests	-	1,070	-	-	-	1,070
Net profit/(loss) attributable to owners of the parent	1,126	(7,420)	(1,377)	(9)	-	(7,680)
Assets and Liabilities						
Segment assets	42,661	126,691	33,311	873	-	203,536
Segment liabilities	11,253	22,353	12,051	6	-	45,663

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Registration No. 196901000152 (8482-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2020

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

SMI Wire Sdn Bhd ("SMIW"), a wholly owned subsidiary company of South Malaysia Industries Berhad, had on 22 January 2021 reported that one of its factory worker had Covid-19 symptoms which were subsequently confirmed by a screening test. SMIW had on 24 January 2021 and 2 February 2021 voluntarily undertaken a Covid-19 full screening exercise for all its workers, both foreign and local, at its factory located in Jalan Tampoi, Johor Bahru. Out of the 90 workers screened, 50 were Covid-19 positive. Affected workers were placed under quarantine and isolation. Sanitisation was also carried out at the factory premises and workers' accommodation.

SMIW had also taken an additional step to temporarily suspend the operation of the factory from 6.2.2021 to 15.2.2021. As at the date of this report, all workers have recovered and resumed work.

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 changes in the ruling state government had caused further delays to the finalisation of the agreement. As the deadline of 25 July 2020 for all outstanding obligations was not met, due to the prevailing circumstances, the Group, whose financials was also affected, decided to reduce its investment to a mere 19% at a consideration of RM1.43 million. The mutual settlement agreement was executed with the vendors on 27 January 2021.

The Group maintain the view that there is still potential in renewable energy business.

There were no changes in the composition of the Group during the current financial period ended 31 December 2020 except for:

- (a) the Group liquidated its subsidiary company, Hebei Smile Insun Entertainment Co., Ltd. The subsidiary company is a co-operative joint venture between SMI Leisure and Entertainment Ltd and Hubei Province Film Distribution Holding Company. The joint venture contract had expired on 30 December 2019.
- (b) the Group de-registered its two dormant subsidiary companies incorporated in China, Shanghai Yinxin Film Culture Entertainment Ltd and Shanghai Yonglian International Entertainment Co., Ltd.
- (c) the striking off of the Company's wholly-owned subsidiary company, Pacific Asia Development Inc., from the register of Corporate Affairs of the British Virgin Islands pursuant of Section 208 of the Companies Act, 2004
- (d) the submission of the application for voluntarily strike off of the Company's wholly-owned dormant subsidiary company, Sejagat Tenaga Sdn Bhd from the register of Companies Commission of Malaysia pursuant of Section 308 of the Companies Act, 1965.

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2020

NOTES TO THE INTERIM FINANCIAL REPORT

A13 Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities and contingent assets since 30 September 2020.

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 31.12.2020 RM'000
Rental income received / receivable from related parties	794
Management fee paid/payable to related parties	1,043
Advisory fee paid to a related party	<u>520</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

	31.12.2020 RM'000	31.12.2019 RM'000	Changes RM'000	%
3 Months Ended				
Revenue				
Property Development	2,823	3,357	(534)	-16%
Manufacturing & Trading	11,277	13,124	(1,847)	-14%
Property & Investment Holding	1,234	1,630	(396)	-24%
	<u>15,334</u>	<u>18,111</u>	<u>(2,777)</u>	<u>-15%</u>
Profit Before Tax				
Property Development	2,077	653	1,424	218%
Manufacturing & Trading	113	(383)	496	129%
Property & Investment Holding and Others	12,588	(3,684)	16,272	442%
	<u>14,778</u>	<u>(3,414)</u>	<u>18,192</u>	<u>533%</u>

The Group registered revenue of RM15.33 million and profit before tax of RM14.78 million in the fourth quarter ended 31 December 2020 as compared to a revenue of RM18.11 million and a loss before tax of RM3.41 million in the preceding year corresponding quarter. The manufacturing and trading division recorded a lower revenue of RM11.28 million in the fourth quarter ended 31 December 2020 as compared to RM13.12 million in the fourth quarter 2019 mainly due to effect of the Movement Control Order ("CMCO") effective from 14 October 2020 to 31 December 2020.

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2020

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 revenue of RM2.82 million in the fourth quarter 2020, a decrease of RM0.53 million due to full recognition of profit from the Pinnacle project in 2019. As for the property and investment holding division, the revenue was lower at RM1.23 million in fourth quarter 2020 as compared to RM1.63m in third 2019 mainly due to lower rental income after cessation of China operation in December 2019.

The Group recorded a profit before tax of RM14.78 million in the period under review as compared to a loss of RM3.41 million in the fourth quarter ended 31 December 2019 mainly due to the crystallisation of forex gain on liquidation of overseas subsidiaries of RM16.3 million, RM1.16m fair value gain of investment properties and lower expenses after cessation of China operation in December 2019 offset by impairment of receivables of RM2.46m and impairment of investment of RM1.43m.

The property development division recorded a profit of RM2.08 million in the fourth quarter 2020 as compared to RM0.65 million in the fourth quarter 2019 mainly due to higher contribution from projects in Ipoh as a result of the Home Ownership Campaign stamp duty exemption for purchase of residential homes.

The Group's manufacturing and trading division recorded a profit of RM113k in the fourth quarter 2020 as compared to RM0.38 million loss in the fourth quarter 2019 mainly due to higher gross profit margin as a result higher selling prices and lower fixed costs.

The Group's property and investment holding division has recorded a profit of RM12.59 million in the fourth quarter 2020 as compared to a loss of RM3.68 million in the fourth quarter 2019 mainly due to the RM16.3m crystallisation of forex gain on liquidation of overseas subsidiaries, RM1.16m fair value gain of investment properties and lower expenses after cessation of China operation in December 2019 offset by impairment of receivables of RM2.4m and impairment of investment of RM1.43m.

For the Twelve Months Period

12 Months Ended	31.12.2020	31.12.2019	Changes	
	RM'000	RM'000	RM'000	%
Revenue				
Property Development	5,960	12,723	(6,763)	-53%
Property & Investment Holding and Others	4,556	6,403	(1,847)	-29%
Manufacturing & Trading	40,583	48,628	(8,045)	-17%
	<u>51,099</u>	<u>67,754</u>	<u>(16,655)</u>	<u>-25%</u>
Profit Before Tax				
Property Development	(8,465)	2,136	(10,601)	-496%
Property & Investment Holding and Others	10,461	(8,673)	19,134	221%
Manufacturing & Trading	(859)	(1,390)	531	38%
	<u>1,137</u>	<u>(7,927)</u>	<u>9,064</u>	<u>114%</u>

The Group's revenue of RM51.10 million for the financial period ended 31 December 2020 represents a 25% or RM16.65 million decrease from RM67.75 million in the corresponding period ended 31 December 2019. The property division recorded a decrease of RM6.76 million due the absence of contribution from the Pinnacle Kelana Jaya project and the lower contribution from the on-going projects in Ipoh. The manufacturing and trading division recorded a decrease in revenue of RM8.05 million as compared to the corresponding period ended 31 December 2019 mainly due to decrease in sales quantities from March 2020 to May 2020 as a result of the MCO. As for the property and investment holding division, the revenue was 29% lower at RM4.55 million in 2020 due to lower car park income as a result of the MCO, lower rental income as a result of lower occupancy rate and cessation of the China operation in December 2019.

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2020

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)

Gross profit margin of the Group was lower at 9.9% for financial period ended 31 December 2020 as compared to 18.4% for the corresponding period ended 31 December 2019 mainly due to lower profit margin of the property division.

The Group recorded a profit before tax of RM1.14 million for the financial period ended 31 December 2020 as compared to a loss of RM7.93 million in the corresponding period ended 31 December 2019. A loss of RM8.46 million was recorded by the property division as compared to a profit of RM2.14 million for the financial period ended 31 December 2019. This was mainly due the absence of contribution from Pinnacle project and completed projects in Ipoh and higher operating costs. The manufacturing and trading division recorded a lower loss before tax of RM0.86 million as compared to RM1.39 million in the corresponding period ended 31 December 2019 as a result of lower operating expenses.

In the financial period ended 31 Decemebr 2020, the Group's property and investment holding division recorded a profit of RM10.46 million as compared to a loss of RM8.67 million in the financial period ended 31 December 2019. The lower loss of RM19.1 million was mainly due to the dividend income of RM2.37 million from the Group's investment in New Zealand, the crystallisation of forex gain on liquidation of overseas subsidiaries of RM16.3 million, RM1.16m fair value gain of investment properties and lower expenses after cessation of China operation in December 2019 offset by impairment of receivables of RM2.4m and impairment of investment of RM1.43m.

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

Fourth Quarter 2020 vs Third Quarter 2020

	Current Quarter 31.12.2020 RM'000	Immediate Preceding Quarter 30.9.2020 RM'000	Changes	
			RM'000	%
Revenue				
Property Development	2,823	2,491	332	13%
Manufacturing & Trading	11,277	13,016	(1,739)	-13%
Property & Investment Holding	1,234	1,179	55	5%
	<u>15,334</u>	<u>16,686</u>	<u>(1,352)</u>	<u>-8%</u>
Profit Before Tax				
Property Development	2,077	(35)	2,112	5979%
Manufacturing & Trading	113	7	106	1471%
Property & Investment Holding and Others	12,588	(692)	13,280	1919%
	<u>14,778</u>	<u>(720)</u>	<u>15,498</u>	<u>2152%</u>

During the 3 months ended 31 December 2020, the Group's revenue of RM15.33 million represents a decrease of RM1.35 million or 8% from the RM16.69 million revenue recorded in the preceding 3 months ended 30 September 2020. Property division recorded a higher revenue of RM2.82m in the current quarter as compared to RM2.49m in the third quarter 2020 mainly due to the sales secured from on-going projects in Ipoh as a result of the Home Ownership Campaign stamp duty exemption for purchase of residential homes. The manufacturing and trading division recorded a higher revenue of RM13.02 million in the third quarter 2020, as compared with RM11.28 million in the fourth quarter 2020 mainly due to the surge in sales quantities from July 2020 to September 2020 post the MCO imposed from 18 March 2020 to 3 May 2020.

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2020

NOTES TO THE INTERIM FINANCIAL REPORT

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)

Fourth Quarter 2020 vs Third Quarter 2020 (cont'd)

As for the property and investment holding division, the revenue was 5% higher at RM1.23 million in the current quarter as compared to RM1.18 million in the preceding quarter due to slightly improved car park income after the increase parking rates in September 2020.

The Group recorded a profit before tax of RM14.78 million in the fourth quarter 2020, a lower loss of RM15.5 million as compared to a loss of RM0.72 million in the third quarter 2020 mainly due the lower operating costs, RM16.3m crystallisation of forex gain on liquidation of overseas subsidiaries, RM1.16m fair value gain of investment properties and lower expenses after cessation of China operation in December 2019 offset by lower car park income due to free parking during MCO, impairment of receivables of RM2.4m and impairment of investment of RM1.43m.

The property development division recorded a profit of RM2.08 million in the fourth quarter 2020 as compared to a loss of RM0.04 million in the third quarter 2020 mainly due to the higher revenue and lower operating costs in the period under review.

The Group's manufacturing and trading division recorded a profit of RM0.11 million in the fourth quarter 2020 as compared to RM0.01 million loss in the third quarter 2020 mainly due a 2.7% increase in gross margin resulting from a 6% increase in selling price.

The Group's property and investment holding division recorded a profit of RM12.59 million in the fourth quarter 2020 as compared to a loss of RM0.69 million in the third quarter 2020 mainly due the RM16.3m crystallisation of forex gain on liquidation of overseas subsidiaries, RM1.16m fair value gain of investment properties and lower expenses after cessation of China operation in December 2019 offset by impairment of receivables of RM2.4m and impairment of investment of RM1.43m.

B3 Commentary on Prospects

Covid-19 is an unfavourable factor affected the 2020 world economy in general. In Malaysia, 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. With the reopening of the economic sectors and the National Covid-19 Vaccination Programme, the Government forecast an improved GDP growth of up to 7.5% in 2021. The uncertainty will prevail in 2021 and this have a significant impact on the manufacturing and property sectors. The property glut situation is not expected to improve in 2021. 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 2021.

As for the manufacturing division, demand for galvanized wires is expected to remain sluggish in 2021. The manufacturing division will strive to minimise losses in 2021.

The investment holding division's rental income was impacted by MCO with tenants faced with curtailment of operations and rental discounts granted in 2020. As the situation is expected to remain unchanged in 2021, results for this division is not expected to improve in 2021. The car park operation's results is expected to improve in 2021 with the increase in parking rates, improved efficiency and take up rates with the installation of the new cashless parking system.

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2020

NOTES TO THE INTERIM FINANCIAL REPORT

B3 Commentary on Prospects (cont'd)

Faced with the current uncertainties and unfavourable market conditions, the Group's result in 2021 is not expected to improve.

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

Not applicable.

B5 Taxation

	3 months Ended 31.12.2020 RM'000	12 months Ended 31.12.2020 RM'000
Taxation based on the results for the period:		
Malaysian taxation	140	145
Overseas taxation	(0)	34
Transfer to/(from) deferred taxation	88	52
	<u>228</u>	<u>231</u>
Under/(Over) provision of taxation in respect of prior year	(5)	(3)
	<u>223</u>	<u>228</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 2020.

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2020

NOTES TO THE INTERIM FINANCIAL REPORT

B7 Group Borrowings

	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
Current		
Secured (RM denominated):-		
- Lease liabilities (fixed interest rate)	60	122
- Bankers' acceptance (floating interest rate)	7,013	8,326
- Term loan (floating interest rate)	2,718	2,975
- Revolving credit (floating interest rate)	4,200	-
- Bank overdrafts (floating interest rate)	2,225	209
	<u>16,216</u>	<u>11,632</u>
Non-current		
Secured (RM denominated):-		
- Lease liabilities (fixed interest rate)	-	51
- Term loan (floating interest rate)	10,689	11,177
	<u>10,689</u>	<u>11,228</u>
Borrowings maturity:		
Less than one year	16,216	11,632
Later than one year and not later than two years	2,853	3,210
Later than two years and not later than five years	7,557	6,887
Later than five years	279	1,131
	<u>26,905</u>	<u>22,860</u>
 The weighted average effective rates per annum are as follows:		
- Lease liabilities	3.66%	3.74%
- Bankers' acceptance	5.09%	5.84%
- Term loan	5.19%	5.98%
- Revolving credit	4.54%	-
- Bank overdrafts	7.05%	8.08%
 The proportion of debts are as follows:		
- Fixed interest rate	0.2%	0.8%
- Floating interest rate	<u>99.8%</u>	<u>99.2%</u>

B8 Derivative Financial Instruments

There were no derivative financial instruments as at financial period ended 31 December 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 FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2020

NOTES TO THE INTERIM FINANCIAL REPORT

B10 Dividends

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

B11 Profit/(Loss) From Operations

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

	3 Months Ended		12 Months Ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
(a) Other income including investment income	(162)	(497)	(3,872)	(1,168)
(b) Depreciation and amortisation	568	827	2,561	2,485
(c) Provision for and write-off/(write-back) of receivables	2,457	(1)	2,389	(63)
(d) Loss/(Gain) on disposal of quoted investments	(1)	-	(383)	(3)
(e) Foreign exchange loss/(gain)	(16)	(5)	8	41
(f) Gain on disposal of investment property	(41)	-	(41)	-
(g) Impairment of investment	1,428	-	1,428	-
(h) Inventories write-down	87	125	87	125
(i) Forex gain on liquidation of subsidiary companies	(16,302)	-	(16,302)	-
(j) Fair value adjustment of investment properties	(1,288)	1,427	(1,159)	2,417

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 December 2020.

B12 Earnings per Share

	3 Months Ended		12 Months Ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
(a) Basic Earnings per Share				
Net profit/(loss) attributable to owners of the parent	9,275	(2,940)	(3,738)	(7,680)
Weighted average number of shares in issue ('000)	209,940	209,940	209,940	209,940
Basic earnings/(loss) per share (sen)	4.42	(1.40)	(1.78)	(3.66)

(b) Diluted Earnings per Share

There is no dilutive event as at 31 December 2020 and 31 December 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: 23 March 2021