

**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 2021****Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	3 Months Ended		3 Months Ended	
	31.3.2021	31.3.2020 (Restated)	31.3.2021	31.3.2020 (Restated)
	RM'000	RM'000	RM'000	RM'000
Revenue	13,830	12,132	13,830	12,132
Operating Expenses	(14,435)	(15,345)	(14,435)	(15,345)
Other Expenses	(329)	(84)	(329)	(84)
Interest Income	4	60	4	60
Other Operating Income	265	2,584	265	2,584
Profit/(Loss) from Operations	(665)	(653)	(665)	(653)
Finance Costs	(352)	(290)	(352)	(290)
Profit/(Loss) before tax	(1,017)	(943)	(1,017)	(943)
Tax	(212)	(19)	(212)	(19)
Net profit/(loss) for the period	(1,229)	(962)	(1,229)	(962)
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss				
- Exchange translation difference of foreign operations	-	(1,466)	-	(1,466)
- Financial assets at fair value through other comprehensive income	2,691	(2,852)	2,691	(2,852)
Other comprehensive income for the period, net of tax	2,691	(4,318)	2,691	(4,318)
Total comprehensive income for the period	1,462	(5,280)	1,462	(5,280)
Profit/(Loss) attributable to:				
Owners of the parent	(1,229)	(794)	(1,229)	(794)
Non-controlling interests	-	(168)	-	(168)
	(1,229)	(962)	(1,229)	(962)
Total comprehensive income attributable to:				
Owners of the parent	1,462	(4,253)	1,462	(4,253)
Non-controlling interests	-	(1,027)	-	(1,027)
	1,462	(5,280)	1,462	(5,280)
<b>Earnings/(Loss) per share attributable to</b>				
<b>Owners of the parent:</b>				
Basic/Diluted (sen)	(0.59)	(0.38)	(0.59)	(0.38)

(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 2020.)

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021

## Condensed Consolidated Statement of Financial Position

	As at 31.3.2021	As at 31.12.2020 (Restated)	As at 1.1.2020 (Restated)
	RM'000	RM'000	RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8,030	8,363	9,016
Right-of-use assets	4,293	4,547	5,062
Investment properties	97,278	96,876	85,218
Inventories	8,470	8,427	8,219
Other investments	27,897	25,876	24,523
Trade and other receivables	-	-	728
	145,968	144,089	132,766
<b>Current assets</b>			
Inventories	14,902	16,770	17,011
Trade and other receivables	19,483	20,635	34,603
Tax recoverable	7	99	272
Other investments	3,633	2,975	4,004
Deposits, bank and cash balances	6,072	5,877	14,356
	44,097	46,356	70,246
<b>TOTAL ASSETS</b>	<b>190,065</b>	<b>190,445</b>	<b>203,012</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Owners of the parent</b>			
Share capital	244,239	244,239	244,239
Reserves	8,796	6,105	19,745
Accumulated losses	(100,297)	(99,068)	(95,188)
Shareholders' equity	152,738	151,276	168,796
<b>Non-controlling interests</b>	-	-	(11,447)
<b>TOTAL EQUITY</b>	<b>152,738</b>	<b>151,276</b>	<b>157,349</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	9,640	10,689	11,228
Deferred tax liabilities	1,046	995	943
	10,686	11,684	12,171
<b>Current liabilities</b>			
Trade and other payables	11,524	11,265	21,673
Loans and borrowings	15,115	16,216	11,632
Tax payable	2	4	187
	26,641	27,485	33,492
<b>TOTAL LIABILITIES</b>	<b>37,327</b>	<b>39,169</b>	<b>45,663</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>190,065</b>	<b>190,445</b>	<b>203,012</b>
Net assets per share (RM) attributable to Owners of the Parent	0.73	0.72	0.80

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020.)

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## INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021

### 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 March 2021								
At 31 December 2020, as previously reported	244,239	3,170	1,168	1,767	(98,402)	151,942	-	151,942
Effect on adoption of MFRS 123	-	-	-	-	(666)	(666)	-	(666)
At 1 January 2021, as restated	244,239	3,170	1,168	1,767	(99,068)	151,276	-	151,276
Profit/(Loss) for the period	-	-	-	-	(1,229)	(1,229)	-	(1,229)
Other comprehensive income/(loss) for the period	-	-	-	2,691	-	2,691	-	2,691
Total comprehensive income/(loss) for period	-	-	-	2,691	(1,229)	1,463	-	1,463
At 31 March 2021	244,239	3,170	1,168	4,458	(100,297)	152,739	-	152,739
3 months Ended 31 March 2020								
At 31 December 2019	244,239	18,287	1,168	290	(94,664)	169,320	(11,447)	157,873
Effect on adoption of MFRS 123	-	-	-	-	(524)	(524)	-	(524)
At 1 January 2020, as restated	244,239	18,287	1,168	290	(95,188)	168,796	(11,447)	157,349
Profit/(Loss) for the period	-	-	-	-	(794)	(794)	(168)	(962)
Other comprehensive income/(loss) for the period	-	(607)	-	(2,852)	-	(3,459)	(859)	(4,318)
Total comprehensive income/(loss) for the period	-	(607)	-	(2,852)	(794)	(4,253)	(1,027)	(5,280)
At 31.3.2020	244,239	17,680	1,168	(2,562)	(95,982)	164,543	(12,474)	152,069

(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 2020.)

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## INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021

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### Consolidated Statement of Cash Flows

	3 Months Ended 31.3.2021  RM'000	3 Months Ended 31.3.2020 (Restated)  RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit/(Loss) before tax</b>	(1,017)	(943)
Adjustments for:		
Depreciation & amortisation	615	619
Other non-cash items	172	69
Dividend Income	(5)	(2,383)
Finance costs	352	290
Interest income	(4)	(60)
<b>Operating profit/(loss) before working capital changes</b>	<u>113</u>	<u>(2,408)</u>
<b>Change in working capital:</b>		
Inventories	1,825	(125)
Trade and other receivables	1,143	2,692
Trade and other payables	262	(1,890)
Cash generated from/(used in) operations	<u>3,343</u>	<u>(1,731)</u>
Interest paid	(354)	(243)
Tax paid	(71)	(94)
Net cash from/(used in) operating activities	<u>2,918</u>	<u>(2,068)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	4	60
Additions to investment properties	(401)	-
Proceeds from disposal of financial assets at fair value through profit or loss	1,702	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	529	-
Purchase of financial assets at fair value through profit or loss	(2,384)	-
Purchase of property, plant and equipment	(29)	(64)
Net dividend received	5	2,383
Net cash from/(used in) investing activities	<u>(574)</u>	<u>2,379</u>

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021

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## Consolidated Statement of Cash Flows

	3 Months Ended 31.3.2021  RM'000	3 Months Ended 31.3.2020 (Restated)  RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loans and borrowings, net drawdown/(repayment)	(1,818)	(1,501)
Repayment of lease liabilities	(31)	(35)
Net cash from/(used in) financing activities	<u>(1,849)</u>	<u>(1,536)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD</b>	495	(1,225)
Effects of exchange translation differences on cash and cash equivalents	-	66
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<u>3,652</u>	<u>14,147</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u>4,147</u>	<u>12,988</u>
<b>Cash and Cash Equivalents at the end of the financial period comprises:</b>		
Deposits, bank and cash balances	6,072	12,988
Bank overdrafts	(1,925)	-
	<u>4,147</u>	<u>12,988</u>

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## INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021

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### 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 2020. 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 2020.

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 2020, except for the adoption of the following Malaysian Financing Reporting Standards ("MFRS"), amendments to MFRS and Issues Committee ("IC") Interpretation which are effective for the financial period beginning on or after 1 January 2021:

Amendment to MFRS 16	Covid-19 - Related Rent Concessions
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 & MFRS 16	Interest Rate Benchmark Reform - Phase 2

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.

#### IFRIC Agenda Decision on MFRS 123 Borrowing Costs

On 18 December 2018, the Malaysian Accounting Standards Board ("MASB") has issued for public comment six Tentative Agenda Decisions ("TAD") published by the IFRS Interpretations Committee, including the TAD on International Accounting Standards 23 *Borrowing Costs* ("IAS 23") relating to over time transfer of constructed good.

The MASB observed that non-private entities in the real estate industry might need to change their accounting policy as a result of the Agenda Decision on IAS 23. In ensuring consistent application of the MFRSs, which are word for-word the IFRS Standards, the MASB has decided that an entity shall apply the change in accounting policy as a result of the Agenda Decision on IAS 23 to financial statements on annual periods beginning on or after 1 July 2020.

The effect on the adoption of MFRS 123 of the Group's Financial Statements is described below:

<b><i>Consolidated Statement of Financial Position</i></b>	As previously reported RM'000	Effect on adoption of MFRS 123 RM'000	Restated under MFRS 123 RM'000
<u>At 1 January 2020</u>			
Accumulated losses	(94,664)	(524)	(95,188)
Inventories	25,754	(524)	25,230
<u>At 31 March 2020</u>			
Accumulated losses	(95,411)	(571)	(95,982)
Inventories	25,881	(571)	25,310

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021

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## NOTES TO THE INTERIM FINANCIAL REPORT

### A1 Accounting Policies (continued)

<i>Consolidated Statement of Comprehensive Income and Consolidated Statement of Cash Flow</i>	As previously reported RM'000	Effect on adoption of MFRS 123 RM'000	Restated under MFRS 123 RM'000
<u>At 31 March 2020</u> Finance costs	243	47	290

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
Amendment to MFRS 16	Covid-19 - Related Rent Concessions beyond 30 June 2021	1 April 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 MFRS 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.

### 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

Besides the current Covid-19 pandemic, 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.

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## NOTES TO THE INTERIM FINANCIAL REPORT

### 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 2021.

### A7 Dividends Paid

No dividend has been paid during the financial period ended 31 March 2021.

### 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.

3 months ended 31.3.2021	Property	Property & Investment	Manufacturing	Others	Elimination	Total
	Development	Holding	& Trading			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>						
External revenue	3,141	1,351	9,338	-	-	13,830
Intersegment revenue	-	400	-	-	(400)	-
	<u>3,141</u>	<u>1,751</u>	<u>9,338</u>	<u>-</u>	<u>(400)</u>	<u>13,830</u>
<b>Segment Results</b>						
Profit/(Loss) from operations	60	(640)	526	(0)	-	(54)
Interest Income	3	1	0	-	-	4
Finance costs	(33)	(178)	(141)	-	-	(352)
Depreciation & amortisation	(16)	(176)	(423)	-	-	(615)
Profit/(Loss) before tax	<u>14</u>	<u>(993)</u>	<u>(38)</u>	<u>(0)</u>	<u>-</u>	<u>(1,017)</u>
Taxation	(161)	(54)	3	-	-	(212)
Profit/(Loss) from ordinary activities after tax	<u>(147)</u>	<u>(1,047)</u>	<u>(35)</u>	<u>(0)</u>	<u>-</u>	<u>(1,229)</u>
Non-controlling interests	-	-	-	-	-	-
Net profit/(loss) attributable to owners of the parent	<u>(147)</u>	<u>(1,047)</u>	<u>(35)</u>	<u>(0)</u>	<u>-</u>	<u>(1,229)</u>
<b>Assets and Liabilities</b>						
Segment assets	26,525	132,422	30,246	872	-	190,065
Segment liabilities	<u>9,024</u>	<u>18,229</u>	<u>10,071</u>	<u>3</u>	<u>-</u>	<u>37,327</u>



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## NOTES TO THE INTERIM FINANCIAL REPORT

### A8 Segment Reporting (cont'd)

3 months ended 31.3.2020	Property &			Others RM'000	Elimination RM'000	Total RM'000
	Property Development RM'000	Investment Holding RM'000	Manufacturing & Trading RM'000			
<b>Segment Revenue</b>						
External revenue	453	1,224	10,455	-	-	12,132
Intersegment revenue	-	412	-	-	(412)	-
	<u>453</u>	<u>1,636</u>	<u>10,455</u>	<u>-</u>	<u>(412)</u>	<u>12,132</u>
<b>Segment Results</b>						
Profit/(Loss) from operations	(1,597)	1,119	254	-	-	(224)
Interest Income	46	14	-	-	-	60
Finance costs	(47)	(159)	(84)	-	-	(290)
Depreciation & amortisation	(50)	(119)	(320)	-	-	(489)
Profit/(Loss) before tax	<u>(1,648)</u>	<u>855</u>	<u>(150)</u>	<u>-</u>	<u>-</u>	<u>(943)</u>
Taxation	(3)	(16)	-	-	-	(19)
Profit/(Loss) from ordinary activities after tax	<u>(1,651)</u>	<u>839</u>	<u>(150)</u>	<u>-</u>	<u>-</u>	<u>(962)</u>
Non-controlling interests	-	168	-	-	-	168
Net profit/(loss) attributable to owners of the parent	<u>(1,651)</u>	<u>1,007</u>	<u>(150)</u>	<u>-</u>	<u>-</u>	<u>(794)</u>
<b>Assets and Liabilities</b>						
Segment assets	40,161	122,811	30,701	873	-	194,546
Segment liabilities	<u>10,425</u>	<u>22,450</u>	<u>9,596</u>	<u>6</u>	<u>-</u>	<u>42,477</u>

### 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

There were no material events subsequent to the current financial period ended 31 March 2021 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 2021.

### A13 Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities and contingent assets since 31 December 2020.

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## INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021

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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 31.3.2021 RM'000
Rental income received / receivable from related parties	200
Management fee paid/payable to related parties	304
Advisory fee paid to a related party	<u>130</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

	31.3.2021	31.3.2020 (Restated)	Changes	
	RM'000	RM'000	RM'000	%
<b>3 Months Ended</b>				
<b><u>Revenue</u></b>				
Property Development	3,141	453	2,688	593%
Manufacturing & Trading	9,338	10,455	(1,117)	-11%
Property & Investment Holding	1,351	1,224	127	10%
	<u>13,830</u>	<u>12,132</u>	<u>1,698</u>	<u>14%</u>
<b><u>Profit Before Tax</u></b>				
Property Development	14	(1,648)	1,662	101%
Manufacturing & Trading	(38)	(150)	112	75%
Property & Investment Holding and Others	(993)	855	(1,848)	-216%
	<u>(1,017)</u>	<u>(943)</u>	<u>(74)</u>	<u>-8%</u>

The Group registered revenue of RM13.83 million and loss before tax of RM1.02 million in the first quarter ended 31 March 2021 as compared to a revenue of RM12.13 million and a loss before tax of RM0.94 million in the preceding year corresponding quarter. The manufacturing and trading division recorded a lower revenue of RM9.34 million in the first quarter ended 31 March 2021 as compared to RM10.46 million in the first quarter 2020 mainly due to effect of the Movement Control Order 2.0 ("MCO 2.0") effective from 13 January 2021 to 4 March 2021.

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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 revenue of RM3.14 million in the first quarter 2021, an increase of RM2.69 million mainly due to contribution from projects in Ipoh. As for the property and investment holding division, the revenue was higher at RM1.35 million in first quarter 2021 as compared to RM1.22m in first quarter 2020 mainly due to improvement in the carpark operation as a result of revision in parking rates.

The Group recorded a loss before tax of RM1.02 million in the period under review as compared to RM0.94 million in the first quarter ended 31 March 2020 mainly due to the absence of dividend income of RM2.37 million from the New Zealand investment.

The property development division recorded a profit of RM14k in the first quarter 2021 as compared to RM1.65 million profit in the first quarter 2020 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 lower loss of RM38k in the first quarter 2021 as compared to RM150k in the first quarter 2020 mainly due to higher gross profit margin as a result of higher selling prices.

The Group's property and investment holding division has recorded a loss of RM0.99 million in the first quarter 2021 as compared to a profit of RM0.86 million in the first quarter 2020 mainly due to the absence of the dividend income of RM2.37 million from the New Zealand investment offset by lower operating costs.

### 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 2021 vs Fourth Quarter 2020

	Current Quarter 31.3.2021	Immediate Preceding Quarter 31.12.2020 (Restated)	Changes	
	RM'000	RM'000	RM'000	%
<b>Revenue</b>				
Property Development	3,141	2,823	318	11%
Manufacturing & Trading	9,338	11,277	(1,939)	-17%
Property & Investment Holding	1,351	1,398	(47)	-3%
	<u>13,830</u>	<u>15,498</u>	<u>(1,668)</u>	<u>-11%</u>
<b>Profit Before Tax</b>				
Property Development	14	2,315	(2,301)	-99%
Manufacturing & Trading	(38)	113	(151)	-134%
Property & Investment Holding and Others	(993)	12,582	(13,575)	-108%
	<u>(1,017)</u>	<u>15,010</u>	<u>(16,026)</u>	<u>-107%</u>

During the 3 months ended 31 March 2021, the Group's revenue of RM13.83 million represents a decrease of RM1.68 million or 11% from the RM15.50 million revenue recorded in the preceding 3 months ended 31 December 2020. Property division recorded a higher revenue of RM3.14m in the current quarter as compared to RM2.82m in the fourth 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 lower revenue of RM9.34 million in the first quarter 2021, as compared with RM11.28 million in the fourth quarter 2020 mainly due to the market apprehension amid the implementation of MCO 2.0 from 13 January 2021 to 4 March 2021.

# **SOUTH MALAYSIA INDUSTRIES BERHAD**

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(Incorporated in Malaysia)

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021

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## **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)**

#### **First Quarter 2021 vs Fourth Quarter 2020 (cont'd)**

As for the property and investment holding division, the revenue was 3% lower at RM1.35 million in the current quarter as compared to RM1.4 million in the preceding quarter due to the slight decrease in car park income due to the implementation of MCO 2.0.

The Group recorded a loss before tax of RM1.02 million in the first quarter 2021, a higher loss of RM16.03 million as compared to a profit of RM15.01 million in the fourth quarter 2020 mainly due the absence of RM16.3m crystallisation of forex gain on liquidation of overseas subsidiaries, RM1.16m fair value gain of investment properties offset by impairment of receivables of RM2.4m and impairment of investment of RM1.43m.

The property development division recorded a profit of RM14k in the first quarter 2021 as compared to a profit of RM2.32 million in the fourth quarter 2020 mainly due to the higher operating costs and lower interest income in the period under review.

The Group's manufacturing and trading division recorded a loss of RM38k in the first quarter 2021 as compared to a profit of RM113k in the fourth quarter 2021 mainly due the impact of the MCO 2.0 implemented from 13 January 2021 to 4 March 2021.

The Group's property & investment holding division recorded a loss before tax of RM0.99 million in the first quarter 2021, a higher loss of RM13.58 million as compared to a profit of RM12.59 million in the fourth quarter 2020 mainly due the absence of RM16.3m crystallisation of forex gain on liquidation of overseas subsidiaries, RM1.16m fair value gain of investment properties offset by impairment of receivables of RM2.4m and impairment of investment of RM1.43m.

### **B3 Commentary on Prospects**

Covid-19 adversely affected the world economy in general since 2020. In Malaysia, GDP contracted by 5.6% in 2020 and Bank Negara Malaysia has projected a GDP growth of between 6% and 7.5% in 2021, accounting for the roll-out of the National Covid-19 Vaccination Programme. The uncertainty will prevail in 2021 with the emergence of new Covid-19 variants which spread rapidly and were linked to high fatality rates, and this have a significant impact on the Group's 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 and will strive to minimise losses in the current financial year.

The investment holding division's rental income was impacted by MCO with tenants faced with curtailment of operations and rental discounts granted in 2020 and first quarter of 2021. As the situation is expected to remain unchanged in 2021, results for this division is not expected to improve in the current financial year. 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.

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## 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  
31.3.2021  
RM'000**

Taxation based on the results for the period:

Malaysian taxation	162
Transfer to/(from) deferred taxation	50
	<hr/>
	212
Under/(Over) provision of taxation in respect of prior year	-
	<hr/>
	212

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 2021.

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## NOTES TO THE INTERIM FINANCIAL REPORT

### B7 Group Borrowings

	As at 31.3.2021 RM'000	As at 31.3.2020 RM'000
<b>Current</b>		
Secured (RM denominated):-		
- Lease liabilities (fixed interest rate)	29	109
- Bankers' acceptance (floating interest rate)	6,197	7,398
- Term loan (floating interest rate)	2,764	1,840
- Revolving credit (floating interest rate)	4,200	-
- Bank overdrafts (floating interest rate)	1,925	-
	<u>15,115</u>	<u>9,347</u>
<b>Non-current</b>		
Secured (RM denominated):-		
- Lease liabilities (fixed interest rate)	-	29
- Term loan (floating interest rate)	9,640	11,739
	<u>9,640</u>	<u>11,768</u>
<b>Borrowings maturity:</b>		
Less than one year	15,115	9,347
Later than one year and not later than two years	2,907	3,297
Later than two years and not later than five years	6,607	7,427
Later than five years	126	1,044
	<u>24,755</u>	<u>21,115</u>
 The weighted average effective rates per annum are as follows:		
- Lease liabilities	3.46%	3.68%
- Bankers' acceptance	4.80%	5.55%
- Term loan	4.74%	5.61%
- Revolving credit	4.46%	-
- Bank overdrafts	7.05%	-
 The proportion of debts are as follows:		
- Fixed interest rate	0.1%	0.7%
- Floating interest rate	<u>99.9%</u>	<u>99.3%</u>

### B8 Derivative Financial Instruments

There were no derivative financial instruments as at financial period ended 31 March 2021.

### B9 Material Litigation

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

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## INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021

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### NOTES TO THE INTERIM FINANCIAL REPORT

#### B10 Dividends

The Directors do not recommend any payment of dividend for the financial period ended 31 March 2021.

#### B11 Profit/(Loss) From Operations

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

	3 Months Ended	
	31.3.2021	31.3.2020
	RM'000	RM'000
(a) Other income including investment income	(149)	(2,502)
(b) Depreciation and amortisation	615	619
(c) Provision for and write-off/(write-back) of receivables	9	(41)
(d) Loss/(Gain) on disposal of quoted investments	(115)	-
(e) Foreign exchange loss/(gain)	1	26
(f) Gain on disposal of investment property	-	(41)
(g) Impairment of other investment	292	-

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 2021.

#### B12 Earnings per Share

	3 Months Ended	
	31.3.2021	31.3.2020 (Restated)
	RM'000	RM'000
<b>(a) Basic Earnings per Share</b>		
Net profit/(loss) attributable to owners of the parent	(1,229)	(794)
Weighted average number of shares in issue ('000)	209,940	209,940
Basic earnings/(loss) per share (sen)	(0.59)	(0.38)

#### (b) Diluted Earnings per Share

There is no dilutive event as at 31 March 2021 and 31 March 2020. Therefore, the diluted EPS is the same as the basic EPS.

By Order of the Board

**Tan Siew Chin**

Company Secretary

Kuala Lumpur

Date: 31 May 2021