

**SOUTH MALAYSIA INDUSTRIES BERHAD**

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

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2021****Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	<b>3 Months Ended</b>		<b>6 Months Ended</b>	
	<b>30.6.2021</b>	<b>30.6.2020 (Restated)</b>	<b>30.6.2021</b>	<b>30.6.2020 (Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	12,322	6,778	26,153	18,909
Operating Expenses	(13,656)	(19,405)	(28,091)	(34,750)
Other Expenses	(40)	(67)	(369)	(150)
Interest Income	130	101	134	161
Other Operating Income	2,875	856	3,139	3,440
Profit/(Loss) from Operations	1,631	(11,737)	966	(12,390)
Finance Costs	(199)	(332)	(551)	(622)
Profit/(Loss) before tax	1,432	(12,069)	415	(13,012)
Tax	(34)	24	(246)	4
Net profit/(loss) for the period	1,398	(12,045)	169	(13,008)
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss				
- Exchange translation difference of foreign operations	-	1,073	-	(392)
- Financial assets at fair value through other comprehensive income	(1,767)	919	923	(1,934)
Other comprehensive income for the period, net of tax	(1,767)	1,992	923	(2,326)
Total comprehensive income for the period	(369)	(10,053)	1,092	(15,334)
Profit/(Loss) attributable to:				
Owners of the parent	1,398	(11,579)	169	(12,373)
Non-controlling interests	-	(466)	-	(635)
	1,398	(12,045)	169	(13,008)
Total comprehensive income attributable to:				
Owners of the parent	(369)	(9,674)	1,092	(13,927)
Non-controlling interests	-	(380)	-	(1,406)
	(369)	(10,053)	1,092	(15,334)
<b>Earnings/(Loss) per share attributable to</b>				
<b>Owners of the parent:</b>				
Basic/Diluted (sen)	0.67	(5.52)	0.08	(5.89)

(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 SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2021

### Condensed Consolidated Statement of Financial Position

	As at 30.6.2021	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	8,062	8,363	9,016
Right-of-use assets	3,936	4,547	5,062
Investment properties	97,289	96,876	85,218
Inventories	8,580	8,427	8,219
Other investments	26,130	25,876	24,523
Trade and other receivables	-	-	728
	143,997	144,089	132,766
<b>Current assets</b>			
Inventories	13,870	16,770	17,011
Trade and other receivables	16,632	20,635	34,603
Tax recoverable	39	99	272
Other investments	2,501	2,975	4,004
Deposits, bank and cash balances	7,423	5,877	14,356
	40,465	46,356	70,246
<b>TOTAL ASSETS</b>	<b>184,462</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	7,028	6,105	19,745
Accumulated losses	(98,899)	(99,068)	(95,188)
Shareholders' equity	152,368	151,276	168,796
<b>Non-controlling interests</b>	-	-	(11,447)
<b>TOTAL EQUITY</b>	<b>152,368</b>	<b>151,276</b>	<b>157,349</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	9,377	10,689	11,228
Deferred tax liabilities	1,046	995	943
	10,423	11,684	12,171
<b>Current liabilities</b>			
Trade and other payables	9,571	11,265	21,673
Loans and borrowings	12,099	16,216	11,632
Tax payable	1	4	187
	21,671	27,485	33,492
<b>TOTAL LIABILITIES</b>	<b>32,094</b>	<b>39,169</b>	<b>45,663</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>184,462</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 SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2021

### Condensed Consolidated Statement of Changes in Equity

	Attributable to Owners of the Parent					Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Foreign Exchange Reserve RM'000	Revaluation Reserve RM'000	Fair Value Reserve RM'000	Accumulated Losses RM'000	Total RM'000	
6 months Ended 30 June 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	-	-	-	-	169	169	169
Other comprehensive income/(loss) for the period	-	-	-	923	-	923	923
Total comprehensive income/(loss) for period	-	-	-	923	169	1,092	1,092
At 30 June 2021	244,239	3,170	1,168	2,690	(98,899)	152,368	152,368
6 months Ended 30 June 2020							
At 31 December 2019	244,239	18,287	1,168	290	(94,664)	169,320	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	157,349
Profit/(Loss) for the period	-	-	-	-	(12,373)	(12,373)	(13,008)
Other comprehensive income/(loss) for the period	-	379	-	(1,934)	-	(1,555)	(2,326)
Total comprehensive income/(loss) for the period	-	379	-	(1,934)	(12,373)	(13,928)	(15,334)
At 30.6.2020	244,239	18,666	1,168	(1,644)	(107,561)	154,868	142,015

(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 SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2021**

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### **Consolidated Statement of Cash Flows**

	<b>6 Months Ended 30.6.2021  RM'000</b>	<b>6 Months Ended 30.6.2020 (Restated) RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit/(Loss) before tax</b>	415	(13,012)
Adjustments for:		
Depreciation & amortisation	1,256	1,280
Other non-cash items	199	(2)
Dividend Income	(2,619)	(2,408)
Finance costs	551	622
Interest income	(134)	(161)
<b>Operating profit/(loss) before working capital changes</b>	<u>(332)</u>	<u>(13,681)</u>
<b>Change in working capital:</b>		
Inventories	2,747	(1,122)
Trade and other receivables	3,967	3,936
Trade and other payables	(1,850)	2,560
Cash generated from/(used in) operations	<u>4,532</u>	<u>(8,307)</u>
Interest paid	(396)	(532)
Tax paid	(138)	(172)
<b>Net cash from/(used in) operating activities</b>	<u>3,998</u>	<u>(9,011)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	135	162
Additions to investment properties	(413)	-
Proceeds from disposal of financial assets at fair value through profit or loss	4,188	4,552
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	(3,738)	(3,972)
Purchase of property, plant and equipment	(344)	(110)
Proceeds from disposal of property, plant and equipment	-	12
Net dividend received	2,619	2,408
<b>Net cash from/(used in) investing activities</b>	<u>2,976</u>	<u>3,052</u>

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## **INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2021**

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### **Consolidated Statement of Cash Flows**

	<b>6 Months Ended 30.6.2021  RM'000</b>	<b>6 Months Ended 30.6.2020 (Restated) RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loans and borrowings, net drawdown/(repayment)	(3,143)	(1,146)
Repayment of lease liabilities	(60)	(56)
Net cash from/(used in) financing activities	<u>(3,203)</u>	<u>(1,202)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD</b>	3,771	(7,161)
Effects of exchange translation differences on cash and cash equivalents	-	56
<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>7,423</u>	<u>7,042</u>
<b>Cash and Cash Equivalents at the end of the financial period comprises:</b>		
Deposits, bank and cash balances	7,423	7,042
Bank overdrafts	-	-
	<u>7,423</u>	<u>7,042</u>

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## INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 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 Financial 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
<b><u>At 1 January 2020</u></b>			
Accumulated losses	(94,664)	(524)	(95,188)
Inventories	25,754	(524)	25,230
<b><u>At 30 June 2020</u></b>			
Accumulated losses	(106,947)	(614)	(107,561)
Inventories	26,876	(614)	26,262

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## INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2021

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### NOTES TO THE INTERIM FINANCIAL REPORT

#### A1 Accounting Policies (continued)

<i><b>Consolidated Statement of Comprehensive Income and Consolidated Statement of Cash Flow</b></i>	As previously reported RM'000	Effect on adoption of MFRS 123 RM'000	Restated under MFRS 123 RM'000
<u>At 30 June 2020</u>			
Finance costs	532	90	622

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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## INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2021

### 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 30 June 2021.

#### A7 Dividends Paid

No dividend has been paid during the financial period ended 30 June 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.

	Property Development	Property & Investment Holding	Manufacturing & Trading	Others	Elimination	Total
6 months ended	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>30.6.2021</b>						
<b>Segment Revenue</b>						
External revenue	5,510	2,940	17,703	-	-	26,153
Intersegment revenue	-	799	-	-	(799)	-
	5,510	3,739	17,703	-	(799)	26,153
<b>Segment Results</b>						
Profit/(Loss) from operations	(375)	1,618	846	(1)	-	2,088
Interest Income	6	127	1	-	-	134
Finance costs	(61)	(340)	(150)	-	-	(551)
Depreciation & amortisation	(32)	(376)	(848)	-	-	(1,256)
Profit/(Loss) before tax	(462)	1,029	(151)	(1)	-	415
Taxation	(195)	(54)	3	-	-	(246)
Profit/(Loss) from ordinary activities after tax	(657)	975	(148)	(1)	-	169
Non-controlling interests	-	-	-	-	-	-
Net profit/(loss) attributable to owners of the parent	(657)	975	(148)	(1)	-	169
<b>Assets and Liabilities</b>						
Segment assets	25,514	129,661	28,408	879	-	184,462
Segment liabilities	7,912	15,750	8,429	3	-	32,094



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### NOTES TO THE INTERIM FINANCIAL REPORT

#### A8 Segment Reporting (cont'd)

6 months ended 30.6.2020	Property & Investment			Others	Elimination	Total
	Property Development RM'000	Holding RM'000	Manufacturing & Trading RM'000			
<b>Segment Revenue</b>						
External revenue	646	1,973	16,290	-	-	18,909
Intersegment revenue	-	848	-	-	(848)	-
	646	2,821	16,290	-	(848)	18,909
<b>Segment Results</b>						
Profit/(Loss) from operations	(10,383)	(1,011)	124	(1)	-	(11,271)
Interest Income	(21)	181	1	-	-	161
Finance costs	(91)	(301)	(230)	-	-	(622)
Depreciation & amortisation	(102)	(304)	(874)	-	-	(1,280)
Profit/(Loss) before tax	(10,597)	(1,435)	(979)	(1)	-	(13,012)
Taxation	(4)	8	-	-	-	4
Profit/(Loss) from ordinary activities after tax	(10,601)	(1,427)	(979)	(1)	-	(13,008)
Non-controlling interests	-	635	-	-	-	635
Net profit/(loss) attributable to owners of the parent	(10,601)	(792)	(979)	(1)	-	(12,373)
<b>Assets and Liabilities</b>						
Segment assets	35,844	122,394	30,526	878	-	189,642
Segment liabilities	13,470	23,306	10,323	4	-	47,103

#### 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 30 June 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 30 June 2021.

#### A13 Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities and contingent assets since 31 March 2021.

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## **INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 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:

	6 months ended 30.6.2021 RM'000
Rental income received / receivable from related parties	398
Management fee paid/payable to related parties	690
Advisory fee paid to a related party	<u>260</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**

	30.6.2021 RM'000	30.6.2020 (Restated) RM'000	Changes RM'000	%
<b>3 Months Ended</b>				
<b><u>Revenue</u></b>				
Property Development	2,369	192	2,177	1132%
Manufacturing & Trading	8,364	5,836	2,528	43%
Property & Investment Holding	1,589	750	839	112%
	<u>12,322</u>	<u>6,778</u>	<u>5,544</u>	<u>82%</u>
<b><u>Profit Before Tax</u></b>				
Property Development	(475)	(8,948)	8,473	95%
Manufacturing & Trading	(113)	(829)	716	86%
Property & Investment Holding and Others	2,020	(2,292)	4,312	188%
	<u>1,432</u>	<u>(12,069)</u>	<u>13,501</u>	<u>112%</u>

The Group registered revenue of RM12.32 million and profit before tax of RM1.43 million in the second quarter ended 30 June 2021 as compared to a revenue of RM6.78 million and a loss before tax of RM12.07 million in the preceding year corresponding quarter. The manufacturing and trading division recorded a higher revenue of RM8.36 million in the second quarter ended 30 June 2021 as compared to RM5.84 million in the second quarter 2020 mainly due higher selling price and higher demand after the Government lifted the MCO 2.0 on 4.3.2021 while revenue in the second quarter ended 30 June 2020 was badly affected by MCO from 18.3.2020 to 3.5.2020.

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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 RM2.37 million in the second quarter 2021, an increase of RM2.18 million mainly due to contribution from projects in Ipoh. As for the property and investment holding division, the revenue was higher at RM1.59 million in second quarter 2021 as compared to RM0.75m in second quarter 2020 mainly due to improvement in the carpark operation as a result of revision in parking rates and the absence of free parking during MCO from 18.3.2020 to 3.5.2020.

The Group recorded a profit before tax of RM1.43 million in the period under review as compared to a loss of RM12.07 million in the second quarter ended 30 June 2020 mainly due to a RM2.6 million dividend income from the New Zealand investment and lower operation expenses after the Group exited China in May 2020.

The property development division recorded a loss of RM0.48m in the second quarter 2021 as compared to RM8.95 million loss in the second quarter 2020 mainly due to higher contribution from the projects in Ipoh as a result of the Home Ownership Campaign stamp duty exemption for purchase of residential homes and lower operating expenses.

The Group's manufacturing and trading division recorded a lower loss of RM113k in the second quarter 2021 as compared to RM829k loss in the second quarter 2020 mainly due to higher gross profit margin as a result of higher selling prices and sales quantities.

The Group's property and investment holding division has recorded a profit of RM2.02 million in the second quarter 2021 as compared to a loss of RM2.29 million in the second quarter 2020 mainly due to a dividend income of RM2.6 million from the New Zealand investment, higher car park operation income offset by lower operating costs.

##### For the Six Months Period

6 Months Ended	30.6.2021	30.6.2020	Changes	
	RM'000	RM'000	RM'000	%
<b><u>Revenue</u></b>				
Property Development	5,510	646	4,864	753%
Property & Investment Holding and Others	2,940	1,973	967	49%
Manufacturing & Trading	17,703	16,290	1,413	9%
	<u>26,153</u>	<u>18,909</u>	<u>7,244</u>	<u>38%</u>
<b><u>Profit Before Tax</u></b>				
Property Development	(462)	(10,597)	10,135	96%
Property & Investment Holding and Others	1,028	(1,436)	2,464	172%
Manufacturing & Trading	(151)	(979)	828	85%
	<u>415</u>	<u>(13,012)</u>	<u>13,427</u>	<u>103%</u>

The Group's revenue of RM26.15 million for the financial period ended 30 June 2021 represents a 38% or RM7.24 million increase from RM18.91 million in the corresponding period ended 30 June 2020. The property division recorded an increase of RM4.86 million due higher contribution from the on-going projects in Ipoh. The manufacturing and trading division recorded an increase in revenue of RM1.41 million as compared to the corresponding period ended 30 June 2020 mainly due to higher gross profit margin despite lower sales quantities. As for the property and investment holding division, the revenue was 49% higher at RM2.94 million in the financial period ended 30 June 2021 due to higher car park income as a result of revision of parking rates and higher occupancy rates.

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## INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2021

### NOTES TO THE INTERIM FINANCIAL REPORT

#### B1 Review of Performance of the Company and its Principal Subsidiaries (cont'd)

##### For the Six Months Period (cont'd)

Gross profit margin of the Group was higher at 14.7% for financial period ended 30 June 2021 as compared to 3.2% for the corresponding period ended 30 June 2020 mainly due to higher profit margin of the carpark operation division and the manufacturing and trading division.

The Group recorded a profit before tax of RM0.42 million for the financial period ended 30 June 2021 as compared to a loss of RM13.01 million in the corresponding period ended 30 June 2020. A lower loss of RM0.46 million was recorded by the property division as compared to RM10.6 million loss for the financial period ended 30 June 2020. This was mainly due to higher contribution from the on-going Ipoh projects and lower operating expenses. The manufacturing and trading division recorded a lower loss before tax of RM0.15 million as compared to RM0.98 million in the corresponding period ended 30 June 2020 as a result of higher gross profit margin and lower operating expenses.

In the financial period ended 30 June 2021, the Group's property and investment holding division recorded a profit of RM1.03 million as compared to a loss of RM1.44 million in the financial period ended 30 June 2020. The lower loss of RM2.46 million was mainly due higher carpark operation income as a result of revision of parking rates and lower operating expenses after the Group exited China in May 2020.

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

##### Second Quarter 2021 vs First Quarter 2021

	Current Quarter 30.6.2021 RM'000	Immediate Preceding Quarter 31.3.2021 RM'000	Changes	
			RM'000	%
<b>Revenue</b>				
Property Development	2,369	3,141	(771)	-25%
Manufacturing & Trading	8,364	9,338	(974)	-10%
Property & Investment Holding	1,589	1,352	238	18%
	12,322	13,830	(1,506)	-11%
<b>Profit Before Tax</b>				
Property Development	(475)	14	(489)	-3549%
Manufacturing & Trading	(113)	(38)	(75)	-197%
Property & Investment Holding and Others	2,020	(993)	3,013	303%
	1,432	(1,017)	2,449	241%

During the 3 months ended 30 June 2021, the Group's revenue of RM12.32 million represents a decrease of RM1.51 million or 11% from the RM13.83 million revenue recorded in the preceding 3 months ended 31 March 2021. The property division recorded a lower revenue of RM2.37m in the current quarter as compared to RM3.14m in the first quarter 2021 as the sales and progress of development work were affected by Phase 1 total lockdown ("FMCO") of the National Recovery Plan ("NRP") from 1.6.2021 to 3.7.2021. The manufacturing and trading division recorded a lower revenue of RM8.36 million in the second quarter 2021, as compared with RM9.34 million in the first quarter 2021 mainly due to the closure of factory from 1.6.2021 to 28.6.2021 during the FMCO of the NRP.

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## **INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 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)**

##### **Second Quarter 2021 vs First Quarter 2021 (cont'd)**

As for the property and investment holding division, the revenue was 18% higher at RM1.59 million in the current quarter as compared to RM1.35 million in the preceding quarter due to an additional fixed car park rental for 800 bays in the second quarter 2021.

The Group recorded a profit before tax of RM1.43 million in the second quarter 2021, an improvement as compared to a loss of RM1.02 million in the first quarter 2021 mainly due a dividend income of RM2.6 million from the Group's investment in New Zealand.

The property development division recorded a loss of RM475k in the second quarter 2021 as compared to a profit of RM14k in the first quarter 2021 as the sales and progress development works of the projects were affected by the FMCO.

The Group's manufacturing and trading division recorded a higher loss of RM113k in the second quarter 2021 as compared to a RM38k loss in the first quarter 2021 mainly due to the impact of the FMCO implemented in June 2021.

The Group's property & investment holding division recorded a profit before tax of RM2.02 million in the second quarter 2021, an improvement of RM3.01 million as compared to a loss of RM0.99 million in the first quarter 2021 mainly due to the RM2.6 million dividend from the Group's investment in New Zealand and higher income from the car park operation as a result of additional fixed car park rental for 800 bays in the second quarter 2021.

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

Bank Negara Malaysia has revised the projected GDP growth of Malaysia to between 3% and 4% in 2021, accounting for the impact of the re-imposition of the nationwide containment measures and the gradual re-opening of the economic sectors and the pace of the 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. 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 the division 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. However, 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.

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

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### **NOTES TO THE INTERIM FINANCIAL REPORT**

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

Not applicable.

#### **B5 Taxation**

	<b>3 months Ended 30.6.2021 RM'000</b>	<b>6 months Ended 30.6.2021 RM'000</b>
Taxation based on the results for the period:		
Malaysian taxation	34	196
Transfer to/(from) deferred taxation	-	50
	<u>34</u>	<u>246</u>
Under/(Over) provision of taxation in respect of prior year	-	-
	<u>34</u>	<u>246</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 30 June 2021.

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## **INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2021**

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### **NOTES TO THE INTERIM FINANCIAL REPORT**

#### **B7 Group Borrowings**

	<b>As at 30.6.2021 RM'000</b>	<b>As at 30.6.2020 RM'000</b>
<b>Current</b>		
Secured (RM denominated):-		
- Lease liabilities (fixed interest rate)	-	107
- Bankers' acceptance (floating interest rate)	6,040	7,855
- Term loan (floating interest rate)	1,860	2,006
- Revolving credit (floating interest rate)	4,200	-
	<u>12,099</u>	<u>9,968</u>
<b>Non-current</b>		
Secured (RM denominated):-		
- Lease liabilities (fixed interest rate)	-	10
- Term loan (floating interest rate)	9,377	11,471
	<u>9,377</u>	<u>11,481</u>
<b>Borrowings maturity:</b>		
Less than one year	12,099	9,968
Later than one year and not later than two years	2,928	2,558
Later than two years and not later than five years	6,250	7,804
Later than five years	199	1,119
	<u>21,476</u>	<u>21,449</u>
 The weighted average effective rates per annum are as follows:		
- Lease liabilities	-	3.72%
- Bankers' acceptance	4.80%	5.34%
- Term loan	4.71%	5.51%
- Revolving credit	4.46%	-
 The proportion of debts are as follows:		
- Fixed interest rate	0.0%	0.5%
- Floating interest rate	100.0%	99.5%

#### **B8 Derivative Financial Instruments**

There were no derivative financial instruments as at financial period ended 30 June 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 SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 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 30 June 2021.

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

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

	3 Months Ended		6 Months Ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
(a) Other income including investment income	(2,854)	(795)	(3,022)	(3,345)
(b) Depreciation and amortisation	641	661	1,256	1,280
(c) Provision for and write-off/(write-back) of receivables	26	9	35	(32)
(d) Loss/(Gain) on disposal of quoted investments	(0)	(22)	141	(22)
(e) Foreign exchange loss/(gain)	0	(6)	1	20
(f) Gain on disposal of investment property	-	-	-	(41)
(g) Impairment/(reversal) of other investment	(13)	-	23	-

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 30 June 2021.

#### **B12 Earnings per Share**

	3 Months Ended		6 Months Ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	(Restated) RM'000
<b>(a) Basic Earnings per Share</b>				
Net profit/(loss) attributable to owners of the parent	1,398	(11,579)	169	(12,373)
Weighted average number of shares in issue ('000)	209,940	209,940	209,940	209,940
Basic earnings/(loss) per share (sen)	0.67	(5.52)	0.08	(5.89)

#### **(b) Diluted Earnings per Share**

There is no dilutive event as at 30 June 2021 and 30 June 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: 28 September 2021