

SOUTH MALAYSIA INDUSTRIES BERHAD

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

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2023**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Individual Period		Cumulative Period	
	3 Months		6 Months	
	1.10.2023 To 31.12.2023 RM'000	1.10.2022 To 31.12.2022 RM'000	1.7.2023 To 31.12.2023 RM'000	1.7.2022 To 31.12.2022 RM'000
Revenue	8,482	-	18,443	-
Operating Expenses	(10,416)	-	(22,049)	-
Other Expenses	(36)	-	(58)	-
Interest Income	49	-	102	-
Other Operating Income	118	-	244	-
Profit/(Loss) from Operations	(1,803)	-	(3,318)	-
Finance Costs	(240)	-	(483)	-
Profit/(Loss) before tax	(2,043)	-	(3,801)	-
Tax	(87)	-	(148)	-
Net profit/(loss) for the period	(2,130)	-	(3,949)	-
Other comprehensive income/(loss), net of tax				
Items that will not be reclassified subsequently to profit or loss				
- Financial assets at fair value through other comprehensive income	(369)	-	742	-
Other comprehensive income/(loss) for the period, net of tax	(369)	-	742	-
Total comprehensive income/(loss) for the period	(2,499)	-	(3,207)	-
Profit/(Loss) attributable to:				
Owners of the parent	(2,130)	-	(3,949)	-
Total comprehensive income/(loss) attributable to:				
Owners of the parent	(2,499)	-	(3,207)	-
Earnings/(Loss) per share attributable to				
Owners of the parent:				
Basic/Diluted (sen)	(1.01)	-	(1.88)	-

Note:

The Group has changed its financial year end from 31 December to 30 June. The previous audited financial statements were for the period of Eighteen (18 months) from 1 January 2022 to 30 June 2023 and thereafter, the financial year end shall be 30 June for each subsequent year. As such, there will be no comparative financial information available for the preceding year corresponding periods.

(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 period ended 30 June 2023).

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2023

Unaudited Condensed Consolidated Statement of Financial Position

	As at 31.12.2023 RM'000	As at 30.6.2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	5,493	6,089
Right-of-use assets	3,400	3,716
Investment properties	90,579	90,579
Inventories	5,067	5,392
Other investments	18,766	19,978
	123,305	125,754
Current assets		
Inventories	13,436	12,083
Trade and other receivables	7,592	5,952
Tax recoverable	289	287
Other investments	231	3,586
Deposits, bank and cash balances	9,756	12,415
	31,304	34,323
TOTAL ASSETS	154,609	160,077
EQUITY		
Capital and reserves attributable to the Owners of the parent		
Share capital	244,239	244,239
Reserves	1,350	207
Accumulated losses	(115,150)	(110,800)
TOTAL EQUITY	130,439	133,646
LIABILITIES		
Non-current liabilities		
Loans and borrowings	6,477	8,078
Deferred tax liabilities	1,765	1,619
	8,242	9,697
Current liabilities		
Trade and other payables	9,032	9,828
Loans and borrowings	6,896	6,906
	15,928	16,734
TOTAL LIABILITIES	24,170	26,431
TOTAL EQUITY AND LIABILITIES	154,609	160,077
Net assets per share (RM) attributable to Owners of the Parent	0.62	0.64

Note:

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(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial period ended 30 June 2023)

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2023

Unaudited Condensed Consolidated Statement of Changes in Equity

	Attributable to Owners of the Parent				
	Share Capital RM'000	Revaluation Reserve RM'000	Fair Value Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000
6 months Ended 31 December 2023					
At 1 July 2023	244,239	1,168	(961)	(110,800)	133,646
Profit/(Loss) for the period	-	-	-	(3,949)	(3,949)
Other comprehensive income/(loss) for the period	-	-	742	-	742
Total comprehensive income/(loss) for period	-	-	742	(3,949)	(3,207)
Transfer of loss on disposal of equity investments at fair value through Other Comprehensive Income to accumulated losses	-	-	401	(401)	-
At 31 December 2023	244,239	1,168	182	(115,150)	130,439

Note:

The Group has changed its financial year end from 31 December to 30 June. The previous audited financial statements were for the period of Eighteen (18 months) from 1 January 2022 to 30 June 2023 and thereafter, the financial year end shall be 30 June for each subsequent year. As such, there will be no comparative financial information available for the preceding year corresponding periods.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial period ended 30 June 2023)

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2023

Unaudited Consolidated Statement of Cash Flows

	6 Months Ended 31.12.2023 RM'000	6 Months Ended 31.12.2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(3,801)	-
Adjustments for:		
Depreciation & amortisation	1,101	-
Other non-cash items	1	-
Dividend Income	(12)	-
Finance costs	483	-
Interest income	(102)	-
Operating profit/(loss) before working capital changes	<u>(2,330)</u>	<u>-</u>
Change in working capital:		
Inventories	(1,027)	-
Trade and other receivables	(1,667)	-
Trade and other payables	(780)	-
Cash generated from/(used in) operations	<u>(5,804)</u>	<u>-</u>
Interest paid	(484)	-
Tax paid	(4)	-
Net cash from/(used in) operating activities	<u>(6,292)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	91	-
Proceeds from disposal of financial assets	6,811	-
Purchase of financial assets	(1,480)	-
Purchase of property, plant and equipment	(174)	-
Purchase of right-of-use assets	(16)	-
Net dividend received	12	-
Net cash from/(used in) investing activities	<u>5,244</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans and borrowings, net drawdown/(repayment)	(2,231)	-
Repayment of lease liabilities	(84)	-
Net cash from/(used in) financing activities	<u>(2,315)</u>	<u>-</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD	<u>(3,363)</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>11,762</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>8,399</u>	<u>-</u>

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2023

Unaudited Consolidated Statement of Cash Flows

	6 Months Ended 31.12.2023 RM'000	6 Months Ended 31.12.2022 RM'000
Cash and Cash Equivalents at the end of the financial period comprises:		
Deposits, bank and cash balances	9,756	-
Bank overdrafts	(1,357)	-
	<u>8,399</u>	<u>-</u>

Note:

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2023

NOTES TO THE INTERIM FINANCIAL REPORT

A1 Basis of Preparation

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 period ended 30 June 2023. 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 period ended 30 June 2023.

Change in Financial Year End

On 31 March 2023, the Company announced that the Board of Directors approved the change of the Company's financial year end from 31 December to 30 June. Due to the change, the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income, Unaudited Condensed Consolidated Statement of Changes in Equity and Unaudited Consolidated Statement of Cash Flows for the financial period ended 30 September 2023 are not comparable with the individual and cumulative quarter previously reported.

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 period ended 30 June 2023, except for the adoption of the following new standards and amendments to standards issued by Malaysian Accounting Standard Board ("MASB") which are effective for the financial period beginning on or after 1 January 2023:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

The adoption of the above new standards and amendments to standards has no significant impact on the financial statements of the Group.

The Group has not early adopted the following new standards and amendments to standards that have been issued by MASB but not yet effective for the Group:

Effective for financial periods beginning on or after 1 January 2024:

Amendments to MFRS 16	Lease liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 107	Supplier Financial Arrangements

Effective for financial periods beginning on or after 1 January 2025:

Amendments to MFRS 121	Lack of Exchangeability
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Effective date deferred to a date to be determined by MASB:

Amendments to MFRS 10 & 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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NOTES TO THE INTERIM FINANCIAL REPORT

A1 Basis of Preparation (Cont'd)

The Group intend to adopt the above new standards and amendments to standards, if applicable, when they become effective.

The initial application of the abovementioned new standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Group.

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

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.

A5 Changes in Accounting Estimates

There were no changes in estimates of amount reported in prior interim periods or prior financial period 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 2023.

A7 Dividends Paid

No dividend has been paid during the financial period ended 31 December 2023.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2023

NOTES TO THE INTERIM FINANCIAL REPORT

A8 Segment Reporting

The Group is organised 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

6 months ended 31.12.2023	Property Development RM'000	Property & Investment Holding RM'000	Manufacturing & Trading RM'000	Elimination RM'000	Total RM'000
Segment Revenue					
External revenue	2,329	3,702	12,412	-	18,443
Intersegment revenue	-	1,799	-	(1,799)	-
	<u>2,329</u>	<u>5,501</u>	<u>12,412</u>	<u>(1,799)</u>	<u>18,443</u>
Segment Results					
Profit/(Loss) from operations	(1,232)	(242)	(845)	-	(2,319)
Interest Income	73	8	21	-	102
Finance costs	(1)	(249)	(233)	-	(483)
Depreciation & amortisation	(7)	(255)	(839)	-	(1,101)
Profit/(Loss) before tax	<u>(1,167)</u>	<u>(738)</u>	<u>(1,896)</u>	<u>-</u>	<u>(3,801)</u>
Taxation	(2)	(153)	7	-	(148)
Net profit/(loss) attributable to owners of the parent	<u>(1,169)</u>	<u>(891)</u>	<u>(1,889)</u>	<u>-</u>	<u>(3,949)</u>
Assets and Liabilities					
Segment assets	24,349	109,777	20,483	-	154,609
Segment liabilities	6,298	10,853	7,019	-	24,170

A9 Valuation of Property, Plant & Equipment

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

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NOTES TO THE INTERIM FINANCIAL REPORT

A10 Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the current financial period ended 31 December 2023 up to the date of this report other than as announced by the Company on 19 May 2023 in relation to: (1) a notice of intention dated 18 April 2023 received from Honsin Apparel Sdn Bhd ("Honsin") and HIQ Media (Malaysia) Sdn Bhd ("HIQ Media") to move resolutions requiring special notice pursuant to Sections 206(3) and 322 of the Companies Act 2016; (2) a request for record of depositors dated 26 April 2023 and 17 May 2023; and (3) the Originating Summons No. WA-24NCC-269-05/2023 ("OS").

During the case management held on 18 May 2023, the legal counsel for the Company, Messrs Gideon Tan Razali Zaini informed the Court that the 3rd to 7th defendants named in the OS (which are all the Directors of the Company) should not be named as parties to the OS and as such, the 3rd to 7th defendants reserve their rights and will apply to strike out the claim against them. Upon hearing the submissions from both parties, the Court gave the following directions:-

- (a) the defendants to file affidavit in reply to OS by 30 May 2023;
- (b) the parties to file any interlocutory applications by 30 May 2023;
- (c) the parties to file and exchange written submissions for the OS by 20 June 2023; and
- (d) the hearing for the OS is fixed on 17 August 2023.

The Company had on 30 May 2023 filed a striking out application to the OS filed against the 3rd to 7th defendants, however, such application was dismissed by the Court on 17 August 2023. The Court had also in the same hearing allowed Honsin and HIQ Media (collectively, "Plaintiffs") to amend the OS. As at 17 August 2023, the Court has yet to make any finding of facts in relation to the OS and the main hearing to determine the rights of the Plaintiffs to the record of depositors of the Company has been fixed on 11 September 2023.

The Court had during the hearing on 11 September 2023 reserved its decision and stated that its decision will only be delivered on 2 October 2023.

The Court in its decision which was given on 2 October 2023, allowed the Plaintiffs' Amended Originating Summons (Enclosure 39), and ordered the following:

- (i) a declaration that the Plaintiffs are entitled to the Record of Depositors of the Company ("ROD") as at 26 April 2023 and the ROD as at 17 May 2023 for the purposes of convening the proposed Extraordinary General Meeting ("EGM");
- (ii) an EGM of the Company may be convened pursuant to Section 314 of the Companies Act 2016 ("the Court Convened Meeting") within 50 days from the date of such order for the purpose of considering and if thought fit passing the resolutions set forth in the Plaintiffs' notice dated 18 April 2023;
- (iii) the Company and the second defendant do, jointly and severally, provide the Plaintiffs with the ROD as at the next market day after the date of such order, within 3 market days immediately thereafter, in hardcopy only as furnished by Bursa Malaysia Depository Sdn Bhd ("BMDSB");
- (iv) the notice of the Court Convened Meeting may be issued by the Plaintiffs within 3 working days from the receipt of the ROD as required under (iii) above;
- (v) the Company and the second defendant do, jointly and severally, provide the Plaintiffs with the ROD as at a date not less than 3 market days before the Court Convened Meeting or any adjournment thereof at a time not less than 48 hours before the Court Convened Meeting or any adjournment in hardcopy only as furnished by BMDSB.

The Court also ordered that RM30,000 to be paid by the Company to the Plaintiffs as costs.

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A10 Material Events Subsequent to the End of the Interim Period (Cont'd)

The legal counsel for the defendants have orally applied to Court for a stay of the order and the Court has granted an interim stay of the order until 16 October 2023 and the Court has fixed for the hearing of the stay of the order on 16 October 2023.

No orders were made by the Court against the Directors of the Company.

On 17 October 2023, the Court dismissed the Company's appeal for the stay of execution and ordered the Company to pay RM5,000 as costs to be awarded to the Plaintiffs. The Company had on 17 October 2023 filed a notice of motion to the Court of Appeal applying for a stay of execution of the order dated 2 October 2023 given by the High Court in relation to the OS. Upon hearing the submission from the parties on 27 October 2023, the Court of Appeal granted the Company a stay of execution of such High Court order dated 2 October 2023 pending a full appeal to be heard. The case management was fixed on 2 January 2024.

During the case management held on 2 January 2024, since the High Court has yet to provide its grounds of decision, the Court of Appeal has fixed another date on 6 March 2024 for parties to update on the status of filing of the court papers.

The Company had on 11 October 2023 written to Securities Commission of Malaysia ("SC") to follow up on the complaint lodged on 23 March 2023 by the Company with SC and the Takeover and Mergers Panel of SC ("Takeover Panel") in respect of a breach of Section 218(2) of the Capital Market Services Act 2007 ("CMSA") and Rule 15 of Rules on Take-Overs, Mergers and Compulsory Acquisitions ("Take-Over Rules") against Honsin and HIQ Media as well as the persons who are acting in concert with them because the Company has cogent evidence that Honsin and HIQ Media and the persons acting in concert with them had failed to make a mandatory general offer to the Company's shareholders pursuant to Section 218(2) of the CMSA, when it is the obligations of Honsin, HIQ Media and the persons acting in concert with them to do so. Further, Rule 15 of the Take-Over Rules also provides that a party required to make a mandatory general offer shall not be appointed to the board of the company until the offer document is dispatched save and unless consent is granted by the SC. Such complaint was publicly announced via a press release dated 4 April 2023 and published by The Edge Markets. It was also reported by The Edge Markets on 10 April 2023 that the SC has received a complaint from the Company and the SC was looking into the matter. To-date, the SC has not given a written decision of SC and the Takeover Panel on the complaint lodged by the Company.

The Company had on 30 October 2023 received from the Plaintiffs a notice of appeal filed with the Court of Appeal, to appeal on part of the High Court order given in relation to the OS where certain prayers of the Plaintiffs have been dismissed by the High Court.

On 5 December 2023, the Company received from the solicitors of the Plaintiffs another Writ and Statement of Claim filed with the High Court of Malaya in Kuala Lumpur.

The Plaintiffs have sought amongst others the following declarations:-

- 1 That the rights of the Plaintiffs have been violated and that amongst others the directors of the Company have failed to exercise their powers for the proper purpose and in good faith in requesting an extension of time to hold the 52nd Annual General Meeting of the Company ("AGM");

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A10 Material Events Subsequent to the End of the Interim Period (Cont'd)

- 2 That the application for an extension of time to hold the AGM was done with a common intention between the defendants to further strengthen their control over the board of directors of the Company;
- 3 That the extension of time given to the Company to hold the AGM is invalid, null and void and has no effect.

The Board of the Company however was of the view that the above suit was frivolous and vexatious as the allegations made against the defendants contain errors of facts and there was no cause of action as the issue of holding an AGM was a management prerogative. As such, the Board of the Company had given instruction to the Company's legal counsel to apply for striking out of the above suit.

A11 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial period ended 31 December 2023.

A12 Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities and contingent assets since 30 September 2023.

A13 Outstanding Commitments

There were no outstanding commitments for the financial period under review.

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A14 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 31.12.2023 RM'000
Rental income received / receivable from related parties	525
Management fee paid/payable to related parties	629
Lease expenses paid/payable to related parties	9
Advisory fee paid to a related party	<u>60</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

Financial period ended 31.12.2023

	Revenue		Loss Before Tax	
	Current RM'000	Cummulative RM'000	Current RM'000	Cummulative RM'000
Property Development	529	2,329	(736)	(1,167)
Manufacturing & Trading	6,075	12,412	(1,011)	(1,896)
Property & Investment Holding	1,878	3,702	(295)	(738)
	<u>8,482</u>	<u>18,443</u>	<u>(2,042)</u>	<u>(3,801)</u>

The Group registered revenue of RM8.48 million and loss before tax of RM2.04 million in the current quarter ended 31 December 2023.

The Group registered revenue of RM18.44 million and loss before tax of RM3.80 million in the cumulative 6 months period ended 31 December 2023.

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

	Current Quarter 31.12.2023 RM'000	Immediate Preceding Quarter 30.9.2023 RM'000	Changes	
			RM'000	%
Revenue	8,482	9,962	(1,480)	-15%
Loss Before Tax	(2,042)	(1,759)	(284)	-16%

During the 3 months ended 31 December 2023, the Group's revenue of RM8.48 million represents a decrease of RM1.48 million or 15% from the RM9.97 million revenue recorded in the preceding 3 months ended 30 September 2023 mainly due to lower contribution from the manufacturing and trading and property development divisions.

The Group recorded a loss before tax of RM2.04 million in the current quarter, a higher loss of RM0.28 million as compared to a loss of RM1.76 million in the immediate preceding quarter mainly due to higher loss of manufacturing and trading and property development divisions offset by higher profit from the property and investment holding division.

B3 Commentary on Prospects

The Malaysian economy normalised to 3.7% in 2023 after a strong growth of 8.7% in 2022. Growth moderated amid a challenging external environment with slower global trade, geopolitical tensions and tighter monetary policies. Bank Negara Malaysia has projected moderate growth of 4% to 5% in 2024 driven by resilient domestic expenditure with continued employment and wage growth and improvement in external demand and tourism sector.

The Group's car park business is expected to improve in line with the recovery in economic activities. The property glut situation is not expected to improve in the immediate future. In the short term, the Group will remain cautious and focus on selling the unsold units at Kelana Jaya and the continuation of its existing projects in Perak. The manufacturing division will strive to minimise its losses whilst the investment holding division's rental income and car park income are expected to improve in line with the strengthening of the economic performance.

Faced with the uncertainties surrounding the geopolitical tensions on the global growth and the corresponding rise in global commodity prices, rising inflation and tightening in the global financial market conditions, the Group's result is not expected to improve.

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

Not applicable.

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B5 Taxation	3 months Ended 31.12.2023 RM'000	6 months Ended 31.12.2023 RM'000
Taxation based on the results for the period:		
Malaysian taxation	-	2
Transfer to/(from) deferred taxation	87	146
	<hr/>	<hr/>
	87	148
Under/(Over) provision of taxation in respect of prior year	-	-
	<hr/>	<hr/>
	87	148

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 2023.

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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2023

NOTES TO THE INTERIM FINANCIAL REPORT

B7 Group Borrowings

	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
Current		
Secured (RM denominated):-		
- Lease liabilities (fixed interest rate)	103	115
- Term loan (floating interest rate)	3,130	3,054
- Trust receipt (floating interest rate)	306	104
- Revolving credit (floating interest rate)	2,000	3,000
- Bank overdrafts (floating interest rate)	1,357	-
	<u>6,896</u>	<u>6,273</u>
Non-current		
Secured (RM denominated):-		
- Lease liabilities (fixed interest rate)	155	50
- Term loan (floating interest rate)	6,322	9,450
	<u>6,477</u>	<u>9,500</u>
Borrowings maturity:		
Less than one year	6,896	6,273
Later than one year and not later than two years	2,935	3,183
Later than two years and not later than five years	3,078	4,906
Later than five years	464	1,411
	<u>13,373</u>	<u>15,773</u>
 The weighted average effective rates per annum are as follows:		
- Lease liabilities	5.64%	6.97%
- Term loan	6.95%	6.44%
- Trust receipt	7.95%	7.45%
- Revolving credit	6.02%	5.53%
- Bank overdrafts	8.05%	7.80%
 The proportion of debts are as follows:		
- Fixed interest rate	1.9%	1.0%
- Floating interest rate	<u>98.1%</u>	<u>99.0%</u>

B8 Derivative Financial Instruments

There were no derivative financial instruments as at financial period ended 31 December 2023.

B9 Material Litigation

As at the date of this report, there is no pending material litigation for the Group other than as disclosed in A10.

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2023

NOTES TO THE INTERIM FINANCIAL REPORT

B10 Dividends

The Directors do not recommend any payment of dividend for the financial period ended 31 December 2023.

B11 Profit/(Loss) From Operations

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

	3 Months Ended 31.12.2023 RM'000	6 Months Ended 31.12.2023 RM'000
(a) Other income including investment income	(115)	(219)
(b) Depreciation and amortisation	535	1,101
(c) Provision for and write-off/(write-back) of receivables	27	38
(d) Loss/(Gain) on disposal of quoted investments	129	387
(e) Foreign exchange loss/(gain)	1	(3)
(f) Impairment/(reversal) of other investment	(1)	(7)

Other than the above, there were no loss/(gain) on derivatives, and exceptional items for the current quarter and financial period ended 31 December 2023.

B12 Earnings per Share

	3 Months Ended 31.12.2023 RM'000	6 Months Ended 31.12.2023 RM'000
(a) Basic Earnings per Share		
Net profit/(loss) attributable to owners of the parent	(2,130)	(3,949)
Weighted average number of shares in issue ('000)	209,940	209,940
Basic earnings/(loss) per share (sen)	(1.01)	(1.88)

(b) Diluted Earnings per Share

There is no dilutive event as at 31 December 2023. Therefore, the diluted EPS is the same as the basic EPS.

By Order of the Board

Tan Siew Chin

Company Secretary

Kuala Lumpur

Date: 22 February 2024