

SINMAH CAPITAL BERHAD (Company No: 301653 - V)

(formerly known as Farm's Best Berhad)

Incorporated in Malaysia

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2017**

	Note	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 6 MONTHS ENDED	
		CURRENT YEAR 30/06/2017 Unaudited RM'000	PRECEDING YEAR 30/06/2016 Restated RM'000	CURRENT YEAR 30/06/2017 Unaudited RM'000	PRECEDING YEAR 30/06/2016 Restated RM'000
Continuing Operations					
Revenue	9, 14 & 15	74,196	96,128	155,993	185,662
Cost of sales		(67,178)	(79,314)	(141,090)	(154,655)
Gross profit		<u>7,018</u>	<u>16,814</u>	<u>14,903</u>	<u>31,007</u>
Other income		2,500	386	5,080	853
Administrative expenses		(10,705)	(9,848)	(19,097)	(17,561)
Selling and marketing expenses		(1,565)	(2,535)	(3,145)	(5,566)
	9	<u>(2,752)</u>	<u>4,817</u>	<u>(2,259)</u>	<u>8,733</u>
Finance costs		(3,064)	(4,261)	(6,381)	(9,078)
Interest income		84	411	746	826
Profit/(Loss) before tax	9	<u>(5,732)</u>	<u>967</u>	<u>(7,894)</u>	<u>481</u>
Income tax expense	20	(2,835)	(22)	(2,986)	(58)
Profit/(Loss) for the period		<u>(8,567)</u>	<u>945</u>	<u>(10,880)</u>	<u>423</u>
Other comprehensive income/(loss), net of tax:					
Exchange differences arising on translation of					
foreign operation		0	0	0	0
Other comprehensive income/(loss), net of tax		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total comprehensive income/(loss) for the period		<u>(8,567)</u>	<u>945</u>	<u>(10,880)</u>	<u>423</u>
Profit/(Loss) attributable to:					
Owners of the Parent	14 & 15	(8,601)	833	(10,933)	313
Non-Controlling Interest		34	112	53	110
		<u>(8,567)</u>	<u>945</u>	<u>(10,880)</u>	<u>423</u>
Total comprehensive income/(loss) attributable to:					
Owners of the Parent		(8,601)	833	(10,933)	313
Non-Controlling Interest		34	112	53	110
		<u>(8,567)</u>	<u>945</u>	<u>(10,880)</u>	<u>423</u>
Earnings/(Loss) per ordinary share attributable to owners of the parent:					
Basic(sen)	26	<u>(14.08)</u>	<u>1.36</u>	<u>(17.90)</u>	<u>0.51</u>
Fully diluted(sen)	26	<u>(14.08)</u>	<u>1.36</u>	<u>(17.90)</u>	<u>0.51</u>

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements)

SINMAH CAPITAL BERHAD (Company No: 301653 - V)

(formerly known as Farm's Best Berhad)

*Incorporated in Malaysia***UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE QUARTER ENDED 30 JUNE 2017**

	Note	As At 30 June 2017 (Unaudited) RM'000	As At 31 December 2016 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		18,542	54,282
Prepaid lease payments		37	44
Investment in associated companies		-	-
Quoted investments		-	-
Goodwill		2,264	2,264
Deferred tax assets		1,380	1,380
Total non-current assets		<u>22,223</u>	<u>57,970</u>
Current Assets			
Property development costs		17,119	14,513
Biological assets		-	-
Inventories		18,462	14,876
Accrued billing in respect to development cost		308	1,014
Trade receivables		149,790	164,806
Other receivables		13,183	12,388
Tax recoverable		1,925	1,295
Held-to-maturity investments		44,875	58,716
Cash and bank balances		3,925	2,566
		<u>249,587</u>	<u>270,174</u>
Assets held for sale		48,967	15,696
Total current assets		<u>29554</u>	<u>285,870</u>
TOTAL ASSETS		<u><u>320,777</u></u>	<u><u>343,840</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		123,493	61,083
Share Premium		-	62,410
Other reserves		3,706	3,706
Accumulated losses		(43,486)	(32,553)
Equity attributable to owners of the parent		<u>83,713</u>	<u>94,646</u>
Non-controlling interest		<u>1,296</u>	<u>1,243</u>
Total equity		<u>85,009</u>	<u>95,889</u>
Non-current liabilities			
Bank borrowings	22	17,843	13,912
Deferred tax liabilities		3,933	3,988
		<u>21,776</u>	<u>17,900</u>
Current Liabilities			
Bank borrowings	22	135,670	171,909
Trade payables		27,362	23,474
Other payables		47,223	33,693
Amount due to directors		357	357
Tax payable		3,380	618
		<u>213,992</u>	<u>230,051</u>
Total liabilities		<u>235,768</u>	<u>247,951</u>
TOTAL EQUITY AND LIABILITIES		<u><u>320,777</u></u>	<u><u>343,840</u></u>

	As At 30 June 2017 (Unaudited)	As At 31 December 2016 (Audited)
Net assets per share attributable to owners of the parent (RM)	<u>1.3705</u>	<u>1.5495</u>

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements)

SINMAH CAPITAL BERHAD (Company No: 301653 - V)

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Incorporated in Malaysia

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2017**

	Attributable to Owners of the Parent							Total Equity
	Note	Non-distributable			Accumulated Losses	Total	Non- Controlling Interest	
		Capital	Share Premium	Warrants Reserves interests				
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	
At 1 January 2016		61,083	62,410	3,706	(47,823)	79,376	1,223	80,599
Total comprehensive loss for the period		-	-	-	313	313	110	423
At 30 June 2016		<u>61,083</u>	<u>62,410</u>	<u>3,706</u>	<u>(47,510)</u>	<u>79,689</u>	<u>1,333</u>	<u>81,022</u>
At 1 January 2017		61,083	62,410	3,706	(32,553)	94,646	1,243	95,889
Adjustment for effects of Companies Act 2016	(a)	62,410	(62,410)	-	-	-	-	-
Total comprehensive income/(loss) for the period		-	-	-	(10,933)	(10,933)	53	(10,880)
At 30 June 2017		<u>123,493</u>	<u>-</u>	<u>3,706</u>	<u>(43,486)</u>	<u>83,713</u>	<u>1,296</u>	<u>85,009</u>

Note (a)

With the Companies Act 2016 ("CA 2016") that has taken effect on 31 January 2017, the credit standing in the share premium account of RM62,410,000 has been transferred to the share capital account. Pursuant to sub-section 618(3) and 618(4) of the CA 2016, the Group may exercise its right to use the credit amounts being transferred from share premium account within twenty four (24) months after commencement of the CA 2016. The Board of Directors will make a decision thereon by 31 January 2019.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements)

SINMAH CAPITAL BERHAD (Company No: 301653 - V)

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Incorporated in Malaysia

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2017**

	Current Year 6 Months Unaudited 30/6/2017 RM'000	Preceding Year 6 Months Unaudited 30/6/2016 RM'000
Net profit/(loss)loss before tax	9 (7,894)	481
Adjustment for non-cash flow:-		
Depreciation and amortisation	2,364	3,913
Non cash items	5,043	64
Interest expense	6,381	9,078
Interest income	(746)	(826)
Operating profit before changes in working capital	5,148	12,710
Changes in working capital		
Net decrease in current assets	16,445	8,846
Net increase in current liabilities	17,418	7,417
Net cash generated from operating activities	39,011	28,973
Interest received	746	826
Interest paid	(6,381)	(9,078)
Tax paid	(279)	(735)
Net cash flows generated from operating activities	33,097	19,986
Investing Activities		
Purchase of property, plant and equipment	(440)	(1,580)
Proceeds from sale of property, plant and equipment	1,009	55
Net cash flows generated from/(used in) investing activities	569	(1,525)
Financing Activities		
Net repayments on bank borrowings	(27,895)	(20,936)
Net cash flows used in financing activities	(27,895)	(20,936)
Net Change in Cash & Cash Equivalents	5,771	(2,475)
Effects of exchange rate changes	-	-
Cash & Cash Equivalents at beginning of period	(13,796)	(7,959)
Cash & Cash Equivalents at end of period	(8,025)	(10,434)
Cash & Cash Equivalents comprises:		
Cash & bank balances	3,925	3,662
Overdraft	22 (11,950)	(14,096)
Cash & Cash equivalents at end of period	(8,025)	(10,434)
Included in the cash flows from operating activities are		
Cash receipts from customers	165,509	182,484
Cash payments to suppliers, contractors and employees	139,721	(166,209)

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements)

SINMAH CAPITAL BERHAD (301653-V)

(Formerly known as Farm's Best Berhad)

(Incorporated in Malaysia)

A) Notes in accordance to requirements under Financial Reporting Standards ("FRS") No. 134 - Interim Financial Reporting

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016. These 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 year ended 31 December 2016.

2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2016.

On 1 January 2017, the Group adopted the following FRSs, Amendments to FRSs and IC Interpretations:-

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to FRS 107: Disclosure Initiative	1 Jan 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 Jan 2017
Annual Improvements to FRSs 2014 - 2016 Cycle: Amendments to FRS 12	1 Jan 2017

The adoption of the above standards did not have any material impact on the financial performance or position of the Group.

At the date of these interim financial statements, the following FRSs, Amendments to FRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group:

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Annual Improvements to FRSs 2014 - 2016 Cycle: Amendments to FRS 1	1 Jan 2018
Amendments to FRS 128	1 Jan 2018
FRS 9: Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 Jan 2018
Amendments to FRS 2: Classification and measurement of Share-based payment Transactions	1 Jan 2018
Amendments to FRS 140: Transfers of Investment Property	1 Jan 2018
Amendments to FRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 Jan 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 Jan 2018
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

Note:

* Entities that meet the specific criteria in FRS 4, paragraph 20B, may choose to defer the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly will be required to prepare financial statements using MFRS Framework in their first MFRS financial statements for the financial year ending 31 December 2018. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework.

The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company have not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these interim financial statements for the period ended 31 March 2017 could be different if prepared under the MFRS Framework.

3. Auditors' Report on Preceding Annual Financial Statements

The audited financial statements for the year ended 31 December 2016 were reported without any qualification.

4. Comments about Seasonal or Cyclical factors

The Company operations are not affected by any seasonal or cyclical factors.

5. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 June 2017.

6. Changes in Estimates

There were no changes in estimates that had any material effect to the financial statements in the quarter under review.

7. Debt and equity securities

There were no issuances, repurchases and repayments of debt and equity securities for the current quarter and financial year to-date.

8. Dividends paid

No dividend has been declared for the current quarter ended 30 June 2017.

9. Segmental information

The Group is organized into two main business segments:

- (i) Poultry – This consists of manufacturing and wholesale of animal feeds, poultry breeding, hatchery operations, contract farming, poultry processing and trading of feeds, day-old chicks, medications and vaccines.
- (ii) Property development – This consists of development and construction of residential and commercial properties.

Business segment

Segment information for the six months ended 30 June 2017 was as follows:

	<u>Poultry</u>	<u>Property</u>	<u>Eliminations</u>	<u>Group</u>
	RM'000	development RM'000	RM'000	RM'000
<u>2017</u>				
Revenue	393,985	9,437	(247,429)	155,993
Results				
Segment results	(1,427)		-	(2,014)
Unallocated costs		(587)		(245)
Loss from operations				(2,259)
Finance income				746
Finance costs				(6,381)
Loss before tax				(7,894)

Segment information for the six months ended 30 June 2016 was as follows:

	<u>Poultry</u>	<u>Property</u>	<u>Eliminations</u>	<u>Group</u>
	RM'000	development RM'000	RM'000	RM'000
<u>2016(Restated)</u>				
Revenue	393,957	13,866	(222,161)	185,662
Results				
Segment results	8,358	595	-	8,953
Unallocated costs				(220)
Profit from operations				8,733
Finance income				826
Finance costs				(9,078)
Profit before tax				481

Unallocated costs represent common costs and expenses incurred in dormant subsidiary companies.

10. Subsequent Events

As at the date of this report, there were no material events subsequent to the current quarter ended 30 June 2017, except for the following:

Acquisition of 70% Owned New Subsidiary

On 11 July 2017, the wholly owned subsidiary of the Company, Sinmah Development Sdn Bhd ("SDSB") had acquired 70,000 Ordinary Shares of Sinmah Shares of Sinmah Amegajaya Healthcare Sdn Bhd ("SAHSB") for a total cash consideration of RM70,000.

SAHSB was incorporated on 27 March 2017 under the Companies Act 2016 and the principal activities of SAHSB is to acquire or set up and run hospitals, clinics, nursing homes, maternity and planning units and pathological laboratories, provide medical plans, deal in all types of medical equipment, medicines, pharmaceutical products and all other activities related thereto without limitations. As at 11 July 2017, the issued share capital of SAHSB is RM100,000.00 comprising 100,000 ordinary shares. 70% of the issued share capital of SAHSB is owned by SDSB and 30% is owned by Amegajaya Ventures Sdn Bhd.

Announcements were duly made to Bursa Malaysia on 12 and 14 July 2017 on the above acquisition of new subsidiary company.

Change of Company Secretary

On 13 July 2017, Pn. Shahniza Anom Binti Elias resigned as the Company Secretary and in her place, the Company appointed Ms. Teo Soon Mei of E-Dynamic Companies Services as the new Company Secretary.

Announcements on the above change were duly made to Bursa Malaysia on 13 July 2017.

11. Changes to the composition of the Group

There were no changes in the composition of the Group in the current quarter under review, except for the following:

On 7 June 2017, the wholly owned subsidiary of the Company, Sinmah Development Sdn Bhd ("SDSB") had incorporated a new subsidiary known as Sinmah Development JV Sdn. Bhd. ("SDJV") under the Companies Act, 2016. The intended principal activity is to undertake the joint venture project to be entered between SDSB and Encorp Bukit Katil Sdn Bhd ("EBKSB").

SDJV was incorporated with an issued and paid-up share capital of RM10.00 comprising 10 ordinary shares. 70% of the issued and paid-up share capital of SDJV is owned by SDSB and 30% is owned by EBKSB.

With that, SDJV has become a 70% owned subsidiary of SDSB.

An announcement to Bursa Malaysia was duly made on 7 June 2017.

12. Contingent Liabilities

The Company provides corporate guarantee to financial institutions for all unsecured credit facilities granted to subsidiaries amounting to RM149.25 million as at 30 June 2017.

13. Capital Commitments

There were no material capital commitments during the quarter under review.

B) Notes in accordance to requirements under Chapter 9, Appendix 9B of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements

14. Review of Current Quarter Events and Performance

The Group’s performance for the current year’s second quarter ended 30 June 2017 compared to the preceding year’s second quarter ended 30 June 2016 is as shown in Table A below:

Table A

Description	3 months ended	3 months ended	Increase/(Decrease)	
	30-Jun-17	30-Jun-16	RM'000	%
	RM'000	RM'000		
		(Restated)		
Revenue				
- Poultry	71,817	85,749	(13,932)	(16)
- Property development	2,379	10,379	(8,000)	(77)
	74,196	96,128		
Profit/(Loss) attributable to owners of the parent	(8,601)	833	(9,434)	(>100)

Detailed analysis for current quarter and corresponding quarter

For the current quarter ended 30 June 2017, the poultry segment recorded a lower revenue of RM71.82 million as compared with RM85.75 million in the corresponding quarter ended 30 June 2016, a decrease of 16%. The decrease was mainly due to revenue from processed poultry products being included as part of group revenue in 2016 but now excluded as the Group had disposed off the subsidiary company during the fourth quarter of 2016. However, this is partially offset by increase in average selling price of live broilers during the current quarter when compared to the corresponding quarter.

The property development segment posted a lower revenue of RM2.38 million in the current quarter ended 30 June 2017 as compared to the revenue of RM10.38 million in the corresponding quarter ended 30 June 2016, a decrease of 77%. This was due to lower recognition of revenue on the percentage of completion basis in the current quarter ended 30 June 2017 as compared to corresponding quarter ended 30 June 2016.

As total revenue decreased, the Group posted a loss attributable to owners of the parent of RM8.60 million during the current quarter ended 30 June 2017 as opposed to a profit attributable to owners of the parent of RM0.83 million in the corresponding quarter ended 30 June 2016. The adverse results during the current quarter ended 30 June 2017 were also affected by additional tax liability and penalty imposed by the Inland Revenue Board on two (2) of the subsidiaries totaling RMRM5.56 million.

The Group has filed appeals on the additional tax liability and penalty imposed on its affected subsidiary companies. As at the date of this report, the Inland Revenue Board had agreed to accept the Group’s proposal to pay the additional tax liability and penalty in 48 monthly installments while the appeal process is ongoing.

The Group's performance for the six months ended 30 June 2017 as compared to the six months ended 30 June 2016 is as shown in Table B below:

Table B

Description	6 months ended	6 months ended	Increase/(Decrease)	
	30-Jun-17	30-Jun-16	RM'000	%
	RM'000	RM'000		
		(Restated)		
Revenue				
- Poultry	150,982	174,184	(18,191)	(10)
- Property development	5,011	11,478	(6,467)	(56)
	155,993	185,662		
Profit/(Loss) attributable to owners of the parent	(10,933)	313	(11,246)	(>100)

For the six months ended 30 June 2017, the poultry segment recorded a lower revenue of RM150.98 million as compared with RM174.18 million in the corresponding period ended 30 June 2016, a decrease of 10%. The decrease was mainly due to revenue from processed poultry products which were included as part of group revenue in 2016 but now excluded as the Group had disposed off the subsidiary company during the fourth quarter of 2016. However, this is partially offset by increase in average selling price of live broilers during the six months ended 30 June 2017 when compared to the corresponding period.

The property development segment posted a lower revenue of RM5.01 million in the six months ended 30 June 2017 as compared to the revenue of RM11.48 million in the corresponding period ended 30 June 2016, a decrease of 56%. This was due to lower recognition of revenue on the percentage of completion basis in the six months ended 30 June 2017 as compared to corresponding period ended 30 June 2016.

As total revenue decreased, the Group posted a loss attributable to owners of the parent of RM10.93 million during the six months ended 30 June 2017 as opposed to a profit attributable to owners of the parent of RM0.31 million in the corresponding period ended 30 June 2016.

The adverse results during the six months ended 30 June 2017 were also affected by additional tax liability and penalty imposed by the Inland Revenue Board on two (2) of the Company's subsidiaries totaling RMRM5.56 million.

The Group has filed appeals on the additional tax liability and penalty imposed on its affected subsidiary companies. As at the date of this report, the Inland Revenue Board had agreed to accept the Group's proposal to pay the additional tax liability and penalty in 48 monthly installments while the appeal process is ongoing.

15. Comparison to Preceding Quarter's Results

The Group's performance for the current quarter ended 30 June 2017 compared to the previous quarter ended 31 March 2017 is as shown in Table C below:

Table C

Description	3 months ended 30-Jun-17 RM'000	3 months ended 31-Mar-17 RM'000 (Restated)	Increase/(Decrease)	
			RM'000	%
Revenue				
-Poultry	71,817	79,164	(7,347)	(9)
-Property development	2,379	2,632	(253)	(10)
	74,196	81,796		
Loss attributable to owners of the parent	(8,601)	(2,333)	(6,268)	(>100)

For the current quarter ended 30 June 2017, the poultry segment posted a lower revenue of RM71.82 million compared to the turnover of RM79.16 million recorded in the previous quarter ended 31 March 2017, a decrease of 9%. The decrease was mainly due decrease in average selling price and sales volume of live broilers during the current quarter ended 30 June 2017.

The property development segment posted a lower revenue of RM2.38 million in the current quarter ended 30 June 2017 as compared to the revenue of RM2.63 million in the preceding quarter ended 31 March 2017, a decrease of 9%. This was due to lower recognition of revenue on the percentage of completion basis in the current quarter ended 30 June 2017 as compared to previous quarter ended 31 March 2017.

The Group posted a loss attributable to owners of the parent of RM8.60 million during the current quarter ended 30 June 2017 as compared to a loss attributable to owners of the parent of RM2.33 million during the previous quarter ended 31 March 2017. This was mainly due to decrease in average selling price and sales volume of live broilers during the current quarter ended 30 June 2017.

The adverse results during the quarter ended 30 June 2017 were also affected by additional tax liability and penalty imposed by the Inland Revenue Board on two (2) of the Company's subsidiaries totaling RMRM5.56 million.

The Group has filed appeals on the additional tax liability and penalty imposed on its affected subsidiary companies. As at the date of this report, the Inland Revenue Board had agreed to accept the Group's proposal to pay the additional tax liability and penalty in 48 monthly installments while the appeal process is ongoing.

16. Prospects

As at the date of this report, the average purchase costs of imported raw materials remain stable and approximate the average prices during the quarter under review. The average selling price of live broilers is also expected to be similar to the average selling price during the quarter under review. However, as the additional tax assessments and penalties totaling RM5.56 million have been taken up in the books of the Group during the second quarter ending 30 June 2017, the Group expects to produce a better set of results during the coming quarter of the financial year ending 31 December 2017.

17. Disclosure of Realised and Unrealised Profits or Losses

The accumulated losses as at 30 June 2017 and 31 March are analysed as follows:

	As at 30-Jun-17 RM'000 (Unaudited)	As at 31-Mar-17 RM'000 (Unaudited)
Total accumulated losses of the Group and its subsidiaries:		
Total accumulated losses of the Group and its subsidiaries:		
- Realised	66,936	63,351
- Unrealised	1,880	1,880
	<u>68,816</u>	<u>65,231</u>
Less: Consolidation adjustments	(25,330)	(32,812)
	<u>43,486</u>	<u>32,420</u>

The disclosure of realised and unrealised losses above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purposes.

18. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

19. Profit/(Loss) before tax

	Current Year Quarter ended 30 Jun 2017 RM'000	Preceding Year Quarter ended 30 Jun 2016 RM'000	Current Year to-date 30 Jun 2017 RM'000	Preceding Year to-date 30 Jun 2016 RM'000
Profit before tax is arrived at after charging/(crediting):-				
Depreciation and amortization				
Depreciation and amortization	1,162	2,030	2,364	3,914
Foreign exchange loss / (gain)	(6)	42	38	49
(Gain) / loss on disposal of properties, plant and equipment	(35)	(49)	(457)	(64)
Loss on disposal of subsidiary companies	-	-	-	-
Gain on disposal of associated companies	-	-	-	-
Impairment loss of investment in associated companies	-	-	-	-
Impairment loss on trade receivables	3,000	5,000	5,500	5,000
Impairment of goodwill	-	-	-	-
Provision for write-off of receivables	-	-	-	-
Provision for write-off of inventories	-	-	-	-
Gain or loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-
Interest income	(83)	(412)	(746)	(826)
Interest expense	3,063	4,262	6,381	9,078

20. Taxation

The income tax (expense)/income to the Group for the current quarter under review is as follows:

	Quarter ended	Year to-date	Quarter ended	Year to-date
	30 Jun 2017	30 Jun 2017	30 Jun 2016	30 Jun 2016
	RM '000	RM '000	RM '000	RM '000
Current tax	(2,841)	(3,041)	(82)	(425)
Deferred tax	6	55	60	367
Total tax expense	<u>(2,835)</u>	<u>(2,986)</u>	<u>(22)</u>	<u>(58)</u>

The tax charge is in respect of profits of certain subsidiaries which do not enjoy group loss relief and other tax incentives.

21. Corporate Proposals

There were no corporate proposals in the current quarter under review, except for the following:

On 21 April 2017, the Company announced that the Memorandum of Understanding (“MOU”) between Sinmah Development Sdn. Bhd., a wholly-owned subsidiary of the Company and Encorp Bukit Katil Sdn. Bhd. have been mutually extended to a further 3 months period with effect from 30 April 2017. A joint venture company was duly incorporated on 7 June 2017. In relation to this, the Company had on 8 July, 20 July and 27 July announced the following multiple proposals:

1. Proposed Joint Venture;
2. Proposed Rights Issue;
3. Proposed Exemption; and
4. Proposed SIS

Bursa Securities through its letter dated 27 July 2017 granted the Company an extension of time until 15 September 2017 to submit the draft circular to shareholders in relation to the multiple proposals.

22. Group Borrowings

Group borrowings and debt securities as at the end of the reporting period:

(a) The borrowings of the Group are secured by way of fixed and floating charges over certain assets and negative pledges over assets of the Group, corporate guarantees from the Company’s certain existing operating subsidiaries and undertaking by the holding company to fully repay the facilities should the Company be unable to meet its obligations.

(b) Group borrowings as at the end of the reporting period are as follows:-

	Short term	Long term	Total
	RM'000	RM'000	RM'000
Bank Overdraft	11,950	-	11,950
Bankers Acceptance	29,453	-	29,453
Revolving Credit	86,762	-	86,762
Hire Purchase Creditors	778	1,389	2,167
Term Loans	4,627	16,454	21,081
	<u>133,570</u>	<u>17,843</u>	<u>151,413</u>

23. Financial Instruments

Fair value hierarchy

As at 30 June 2017, the Group held the following financial instruments carried at fair value on the statement of financial position:

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1, that are observable for asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

At 30 June 2017

	Level 1	Level 2	Total
	RM '000	RM '000	RM '000
Assets measured at fair value			
Quoted investments at fair value through profit or loss	-	-	-

At 30 June 2016

	Level 1	Level 2	Total
	RM '000	RM '000	RM '000
Assets measured at fair value			
Quoted investments at fair value through profit or loss	-	-	-

There were no off balance sheet financial instruments as at 25 August 2017.

24. Material Litigations

There was no material litigation for the current quarter under review, except for the Group's appeal against the additional tax liability and penalty on two (2) of the Company's subsidiary companies as mentioned in Note 14 and 15 above.

25. Dividend

No interim dividend has been declared for the quarter ended 30 June 2017 (30 June 2016: Nil).

26. Earnings Per Share

Basic earnings/(loss) per share

The basic earnings/(loss) per share is calculated by dividing the profit for the period attributable to owners of the parent by the weighted average number of ordinary shares in issue during the current quarter and current year-to-date respectively as follows:

	Current Year Quarter Ended 30/06/2017	Preceding Year Quarter Ended 30/06/2016	Current Year To-Date 30/06/2017	Preceding Year To-Date 30/06/2016
Earnings/(Loss) attributable to owners of the parent (RM'000)	(8,601)	833	(10,933)	313
Weighted average number of shares - ('000)	61,083	61,083	61,083	61,083
Basic earnings/(loss) per share (sen)	(14.08)	1.36	(17.90)	0.51

27. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with resolution of the Directors on 25 August 2017.