

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 SEPTEMBER 2017**

	Note	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 9 MONTHS ENDED	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
		30/09/2017 Unaudited RM'000	30/09/2016 Restated RM'000	30/09/2017 Unaudited RM'000	30/09/2016 Restated RM'000
Continuing Operations					
Revenue	9, 14 & 15	71,915	93,262	227,908	278,924
Cost of sales		(66,568)	(85,313)	(205,657)	(239,967)
Gross profit		<u>5,347</u>	<u>7,949</u>	<u>22,251</u>	<u>38,957</u>
Other income	24	312	18,650	1,375	19,503
Administrative expenses		(7,217)	(10,765)	(24,297)	(28,326)
Selling and marketing expenses		(1,560)	(2,965)	(4,705)	(8,531)
	9	<u>(3,118)</u>	<u>12,869</u>	<u>(5,376)</u>	<u>21,603</u>
Finance costs		(2,813)	(4,033)	(9,195)	(13,111)
Interest income		290	534	1,036	1,360
Profit/(Loss) before tax	9	<u>(5,641)</u>	<u>9,370</u>	<u>(13,535)</u>	<u>9,852</u>
Income tax expense	20	(106)	6,200	(3,092)	6,142
Profit/(Loss) for the period		<u>(5,747)</u>	<u>15,570</u>	<u>(16,627)</u>	<u>15,994</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>(5,747)</u>	<u>15,570</u>	<u>(16,627)</u>	<u>15,994</u>
Profit/(Loss) attributable to:					
Owners of the Parent	14 & 15	(5,702)	15,685	(16,635)	15,999
Non-Controlling Interest		(45)	(115)	8	(5)
		<u>(5,747)</u>	<u>15,570</u>	<u>(16,627)</u>	<u>15,994</u>
Total comprehensive income/(loss) attributable to:					
Owners of the Parent		(5,702)	15,685	(16,635)	15,999
Non-Controlling Interest		(45)	(115)	8	(5)
		<u>(5,747)</u>	<u>15,570</u>	<u>(16,627)</u>	<u>15,994</u>
Earnings/(Loss) per ordinary share attributable to owners of the parent:					
Basic(sen)	26	<u>(9.33)</u>	<u>25.68</u>	<u>(27.23)</u>	<u>26.19</u>
Fully diluted(sen)	26	<u>(9.33)</u>	<u>25.68</u>	<u>(27.23)</u>	<u>26.19</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)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

	Note	As At 30 September 2017 (Unaudited) RM'000	As At 31 December 2016 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		18,644	54,282
Prepaid lease payments		22	44
Goodwill		2,264	2,264
Deferred tax assets		1,380	1,380
Total non-current assets		<u>22,310</u>	<u>57,970</u>
Current Assets			
Property development costs		16,191	14,513
Inventories		15,406	14,876
Accrued billing in respect to development cost		1,411	1,014
Trade receivables		131,224	164,806
Other receivables		14,372	12,388
Tax recoverable		1,181	1,295
Held-to-maturity investments		45,486	58,716
Cash and bank balances		3,011	2,566
		<u>228,282</u>	<u>270,174</u>
Assets held for sale		<u>54,846</u>	<u>15,696</u>
Total current assets		<u>283,128</u>	<u>285,870</u>
TOTAL ASSETS		<u>305,438</u>	<u>343,840</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		123,220	61,083
Share Premium		-	62,410
Other reserves		3,706	3,706
Accumulated losses		<u>(49,188)</u>	<u>(32,553)</u>
Equity attributable to owners of the parent		77,738	94,646
Non-controlling interest		<u>1,311</u>	<u>1,243</u>
Total equity		<u>79,049</u>	<u>95,889</u>
Non-current liabilities			
Bank borrowings	22	17,755	13,912
Deferred tax liabilities		<u>3,950</u>	<u>3,988</u>
		<u>21,705</u>	<u>17,900</u>
Current Liabilities			
Bank borrowings	22	135,067	171,909
Trade payables		22,352	23,474
Other payables		44,605	33,693
Amount due to directors		297	357
Tax payable		2,363	618
		<u>204,684</u>	<u>230,051</u>
Total liabilities		<u>226,389</u>	<u>247,951</u>
TOTAL EQUITY AND LIABILITIES		<u>305,438</u>	<u>343,840</u>
Net assets per share attributable to owners of the parent (RM)		<u>1.2727</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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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

	Note	Attributable to Owners of the Parent						Total Equity
		Non-distributable				Total	Non- Controlling Interest	
		Capital	Share Premium	Warrants Reserves interests	Accumulated Losses			
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		-	-	-	15,999	15,999	(5)	15,994
At 30 September 2016		61,083	62,410	3,706	(31,824)	95,375	1,218	96,593
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)	-	-	-	-	-
Utilisation of share premium account to defray expenses in relation to corporate proposals during the period	(a)	(273)	-	-	-	(273)	-	(273)
Total comprehensive income/(loss) for the period		-	-	-	(16,635)	(16,635)	8	(16,627)
Non-controlling interests contribution in new subsidiaries		-	-	-	-	-	60	60
At 30 September 2017		123,220	-	3,706	(49,188)	77,738	1,311	79,049

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. During the period, RM272,500 of the share premium account was utilised to defray corporate proposals expenses.

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

	Current Year 9 Months Unaudited 30/9/2017 RM'000	Preceding Year 9 Months Unaudited 30/9/2016 RM'000
Net profit/(loss) before tax	9 (13,535)	9,852
Adjustment for non-cash flow:-		
Depreciation and amortisation	3,540	5,965
Non cash items	8,158	(18,278)
Interest expense	9,195	13,111
Interest income	(1,036)	(1,360)
Operating profit before changes in working capital	6,322	9,290
Changes in working capital		
Net decrease in current assets	33,721	2,694
Net increase in current liabilities	9,731	21,277
Net cash generated from operating activities	49,774	33,261
Interest received	1,036	1,360
Interest paid	(9,195)	(13,111)
Tax paid	(1,386)	(1,081)
Net cash flows generated from operating activities	40,229	20,429
Investing Activities		
Purchase of property, plant and equipment	(7,582)	(3,997)
Proceeds from sale of subsidiary company, net cash	-	1,771
Proceeds from sale of property, plant and equipment	1,009	141
Net cash flows generated from/(used in) investing activities	(6,573)	(2,085)
Financing Activities		
Non-controlling interests contribution in new subsidiaries	60	-
Net repayments on bank borrowings	(30,103)	(22,962)
Net cash flows used in financing activities	(30,043)	(22,962)
Net Change in Cash & Cash Equivalents	3,613	(4,618)
Effects of exchange rate changes	-	-
Cash & Cash Equivalents at beginning of period	(13,796)	(7,959)
Cash & Cash Equivalents at end of period	(10,183)	(12,577)
Cash & Cash Equivalents comprises:		
Cash & bank balances	3,011	2,103
Overdraft	22 (13,194)	(14,680)
Cash & Cash equivalents at end of period	(10,183)	(12,577)
Included in the cash flows from operating activities are		
Cash receipts from customers	252,875	293,023
Cash payments to suppliers, contractors and employees	228,693	304,108

(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 and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

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 for 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 ("MFRS Framework").

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 30 September 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 September 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 September 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 nine months ended 30 September 2017 was as follows:

	<u>Poultry</u>	<u>Property development</u>	<u>Eliminations</u>	<u>Group</u>
	RM'000	RM'000	RM'000	RM'000
<u>2017</u>				
Revenue	589,098	16,521	(377,711)	227,908
Results				
Segment results	(4,514)	(218)	-	(4,732)
Unallocated costs				(644)
Loss from operations				(5,376)
Finance income				1,036
Finance costs				(9,195)
Loss before tax				(13,535)

Unallocated costs represent common costs and expenses incurred by the company and its dormant subsidiary companies.

Segment information for the nine months ended 30 September 2016 was as follows:

	<u>Poultry</u>	<u>Property development</u>	<u>Eliminations</u>	<u>Group</u>
	RM'000	RM'000	RM'000	RM'000
<u>2016(Restated)</u>				
Revenue	643,560	22,684	(387,320)	278,924
Results				
Segment results	3,149	603	-	3,752
Unallocated gains				17,851
Profit from operations				21,603
Finance income				1,360
Finance costs				(13,111)
Profit before tax				9,852

Unallocated gains represent gains on disposal of subsidiary, net off common costs and expenses incurred by the company and its 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 September 2017, except for the following:

On 23 November 2017, the shareholders of the Company had approved the proposed disposals of Group's breeder and broiler lands and assets.

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 11 July 2017, the wholly owned subsidiary of the Company, Sinmah Development Sdn Bhd ("SDSB") had acquired 70,000 Ordinary 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.

12. Contingent Liabilities

The Company provides corporate guarantee to financial institutions for all unsecured credit facilities granted to subsidiaries amounting to RM150.93 million as at 30 September 2017.

13. Capital Commitments

Material capital commitments not provided for in the interim financial statements as at 30 September 2017 amounted to:

	RM'000
Approved and contracted for:	
Purchase consideration for the land measuring 77.94 acres held as part of PN 43209, Lot 6934,	48,760
Upgrading of feedmill production system	748
	<hr/>
	49,508
	<hr/> <hr/>

14. Review of Current Quarter Events and Performance

The Group’s performance for the current year’s third quarter ended 30 September 2017 compared to the preceding year’s third quarter ended 30 September 2016 is as shown in Table 1 , Table 2 and Table 3 below:

Table 1: Financial review for current quarter and financial year to date

	Individual Period (3 rd Quarter)		Changes (Amount/%)	Cumulative Period		Changes (Amount/%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
	30/9/2017 RM’000	30/9/2016 RM’000		30/9/2017 RM’000	30/9/2016 RM’000	
Revenue	71,915	93,262	(21,347), (23%)	227,908	278,924	(51,016), (18%)
Operating profit/(loss)	(3,118)	12,869	(15,987), (>100%)	(5,376)	21,603	(26,979), (>100%)
Profit/ (loss) before interest and tax	(2,828)	13,403	(16,231), (>100%)	(4,340)	22,963	(27,303), (>100%)
Profit/ (loss) before tax	(5,641)	9,370	(15,011), (>100%)	(13,535)	9,852	(23,387), (>100%)
Profit/ (loss) after tax	(5,747)	15,570	(21,317), (>100%)	(16,627)	15,994	(32,621), (>100%)
Profit/ (loss) attributable to Ordinary Equity Holders of the Parent	(5,702)	15,685	(21,387), (>100%)	(16,635)	15,999	(32,634), (>100%)

Table 2: Revenue by Segment (Current Quarter and Corresponding Quarter)

Description	3 months ended	3 months ended	Increase/(Decrease)	
	30-Sep-17	30-Sep-16	RM’000	%
Revenue	RM’000	RM’000	RM’000	%
- Poultry	68,135	88,689 (Restated)	(20,554)	(23)
- Property development	3,780	4,573	(793)	(17)
	77,434	93,262		

For the current quarter ended 30 September 2017, the poultry segment recorded a lower revenue of RM68.14 million as compared with RM88.69 million in the corresponding quarter ended 30 September 2016, a decrease of 23%. 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.

The property development segment posted a lower revenue of RM3.78 million in the current quarter ended 30 September 2017 as compared to the revenue of RM4.57 million in the corresponding quarter ended 30 September 2016, a decrease of 17%. This was due to lower recognition of revenue on the percentage of completion basis in the current quarter ended 30 September 2017 as compared to corresponding quarter ended 30 September 2016.

As total revenue decreased, the Group posted a loss attributable to owners of the parent of RM5.70 million during the current quarter ended 30 September 2017 as opposed to a profit attributable to owners of the parent of RM15.69 million in the corresponding quarter ended 30 September 2016. The adverse results during the current quarter ended 30 September 2017 were mainly due to RM18.22 million gain on disposal of a subsidiary company during the corresponding quarter ended 30 September 2016. Furthermore, there was a decrease in average selling price of live broiler during the current quarter ended 30 September 2017 compared with the corresponding quarter ended 30 September 2016.

Table 3: Revenue by Segment (Cumulative Period and Corresponding Period)

Description	9 months ended	9 months ended	Increase/(Decrease)	
	30-Sep-17	30-Sep-16	RM'000	%
	RM'000	RM'000		
		(Restated)		
Revenue				
- Poultry	219,118	262,873	(43,755)	(17)
- Property development	8,790	16,051	(7,261)	(45)
	227,908	278,924		

For the nine months ended 30 September 2017, the poultry segment recorded a lower revenue of RM219.12 million as compared with RM262.87 million in the corresponding period ended 30 September 2016, a decrease of 17%. 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 nine months ended 30 September 2017 when compared to the corresponding period.

The property development segment posted a lower revenue of RM8.79 million in the nine months ended 30 September 2017 as compared to the revenue of RM16.05 million in the corresponding period ended 30 September 2016, a decrease of 45%. This was mainly due to lower recognition of revenue on the percentage of completion basis in the nine months ended 30 September 2017 as compared to corresponding period ended 30 September 2016.

As total revenue decreased, the Group posted a loss attributable to owners of the parent of RM16.64 million during the nine months ended 30 September 2017 as opposed to a profit attributable to owners of the parent of RM16.00 million in the corresponding period ended 30 September 2016. This was mainly due to RM18.22 million gain on disposal of a subsidiary company in 2016.

The adverse results during the nine months ended 30 September 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 during the second quarter of 2017.

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 company is also trying to resolve the matter through the IRB's Dispute Resolution Proceedings ("DRP"). The DRP has been set to take place on 13 Disember 2017.

15. Comparison to Preceding Quarter's Results

The Group's performance for the current quarter ended 30 September 2017 compared to the previous quarter ended 30 June 2017 is as shown in Table 4 and Table 5 below:

Table 4: Financial review for current quarter compared with immediate preceding quarter

	Current Quarter	Immediate Preceding Quarter	Changes (Amount/%)
	30/9/2017	30/6/2017	
	RM'000	RM'000	
Revenue	71,915	74,196	(2,281), (3%)
Operating profit/(loss)	(3,118)	(2,752)	(366), (13%)
Profit/(loss) before interest and tax	(2,828)	(2,668)	(160), (6%)
Profit/(loss) before tax	(5,641)	(5,732)	91, 2%
Profit/(loss) after tax	(5,747)	(8,567)	2,820, 33%
Profit/(loss) attributable to Ordinary Equity Holders of the Parent	(5,702)	(8,601)	2,899, 34%

Table 5: Revenue by Segment (Current Quarter Compared With Immediate Preceding Quarter)

Description	3 months	3 months	Increase/(Decrease)	
	ended 30-Sep-17 RM'000	ended 30-Jun-17 RM'000 (Restated)	RM'000	%
Revenue				
-Poultry	68,135	71,817	(3,682)	(5)
-Property development	3,780	2,379	1,401	59
	71,915	74,196		

For the current quarter ended 30 September 2017, the poultry segment posted a lower revenue of RM68.14 million compared to the turnover of RM71.82 million recorded in the previous quarter ended 30 June 2017, a decrease of 5%. The decrease was mainly due decrease in average selling price of live broilers during the current quarter ended 30 September 2017.

The property development segment posted a higher revenue of RM3.78 million in the current quarter ended 30 September 2017 as compared to the revenue of RM2.38 million in the preceding quarter ended 30 June 2017, an increase of 59%. This was due to higher recognition of revenue on the percentage of completion basis in the current quarter ended 30 September 2017 as compared to previous quarter ended 30 June 2017.

The Group posted a loss attributable to owners of the parent of RM5.70 million during the current quarter ended 30 September 2017 as compared to a loss attributable to owners of the parent of RM8.60 million during the previous quarter ended 30 June 2017.

The lower losses during the quarter ended 30 September 2017 were mainly due to additional tax liability and penalty imposed by the Inland Revenue Board on two (2) of the Company's subsidiaries totaling RMRM5.56 million during the preceding quarter ended 30 June 2017. However, this was partially offset by a decrease in average selling price of live broilers during the current quarter ended 30 September 2017.

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 company is also trying to resolve the matter through the IRB's Dispute Resolution Proceedings ("DRP"). The DRP has been set to take place on 13 Disember 2017.

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 approximate the average selling price during the quarter under review. However, ts the Extraordinary General Meeting of the Company, its shareholders had approved the proposed disposals of the Group's breeder farm lands and assets and broiler farm lands and assets to enable the Group to recognise the pre-tax gain on disposal of approximately RM66.03 million over the coming financial quarter and beyond.

Furthermore, the Company had on 15 September 2017, submitted its application pertaining to its Multiple Proposals which were announced on 8 June 2017, 20 July 2017, 21 July 2017 and 28 July 2017. The Multiple Proposals, if approved, will enable the Group to diversify into property development on a bigger scale as its poultry operations wind down following the proposed disposals of the Group's breeder and broiler farms lands and assets. At the date of this report, Bursa Malaysia Securities Berhad had approved the Company's draft circular, subject to conditions to be met prior to printing of the circular.

17. Disclosure of Realised and Unrealised Profits or Losses

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

	As at 30-Sep-17 RM'000 (Unaudited)	As at 31-Jun-17 RM'000 (Unaudited)
Total accumulated losses of the Group and its subsidiaries:		
Total accumulated losses of the Group and its subsidiaries:		
- Realised	78,110	66,936
- Unrealised	1,880	1,880
	<u>79,990</u>	<u>68,816</u>
Less: Consolidation adjustments	(30,802)	(25,330)
	<u>49,188</u>	<u>43,486</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 Sep 2017 RM'000	Preceding Year Quarter ended 30 Sep 2016 RM'000	Current Year to-date 30 Sep 2017 RM'000	Preceding Year to-date 30 Sep 2016 RM'000
Depreciation and amortization	1,176	2,051	3,540	5,965
Foreign exchange loss / (gain)	(22)	(1)	16	48
(Gain) / loss on disposal of properties, plant and equipment	-	3	(457)	(61)
Gain on disposal of subsidiary companies	-	18,218	-	18,218
Gain on disposal of associated companies	-	-	-	-
Impairment loss of investment in associated companies	-	-	-	-
Impairment loss on trade receivables	3,115	8,981	8,615	14,891
Impairment of goodwill	-	-	-	-
Provision for write-off of receivables	-	-	-	-
Provision for write-off of inventories	-	-	-	-
Gain or loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-
Interest income	(290)	(534)	(1,036)	(1,360)
Interest expense	2,813	4,033	9,195	13,111

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 Sep 2017	30 Sep 2017	30 Sep 2016	30 Sep 2016
	RM '000	RM '000	RM '000	RM '000
Current tax	(90)	(3,131)	41	(384)
Deferred tax	(16)	39	6,159	6,526
Total tax expense	(106)	(3,092)	6,200	6,142

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:

1) Proposed Disposals

Following on from announcements made to Bursa Malaysia Securities Berhad ("BMSB") on 25 November 2016, 29 November 2016, 6 January 2017, 24 January 2017, 17 March 2017, 22 March 2017, 19 May 2017, 29 September 2017, 4 October 2017 and 7 November 2017, the shareholders the company had on 23 November 2017 approved the proposed disposals of breeder and broiler farm land and assets for a total sales consideration of RM121,526,100.

2) Multiple Proposals

Following on from announcements made to BMSB on 8 July 2017, 20 July 2017, 27 July 2017, 15 September 2017 and 7 September 2017, BMSB had approved the following multiple proposals:

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

At the date of this report, BMSB had approved the Company's draft circular, subject to conditions to be met prior to printing of the circular.

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	13,194	-	13,194
Bankers Acceptance	28,958	-	28,958
Revolving Credit	86,920	-	86,920
Hire Purchase Creditors	750	1,140	1,890
Term Loans	5,245	16,615	21,860
	135,067	17,755	152,822

23. Trade Receivables

	Financial period ended 30 September 2017	Immediate preceding financial year ended 31 December 2016
	RM'000	RM'000
Trade receivables		
Third parties	188,928	213,896
Impairment losses		
- brought forward	(49,089)	(28,742)
- impaired during the period/year	(8,615)	(22,608)
- reversed during the period/year	-	2,272
- written off during the period/year	-	(11)
	(57,704)	(49,089)
	131,224	164,807

The Group's normal credit term for trade receivables ranges from 30 to 120 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition. There are no trade receivables due from related parties.

The Group has no significant concentration of credit risk that may arise from exposures to a single receivable or groups of receivables.

Ageing analysis of trade receivables is as follows:

	Financial period ended 30 September 2017	Immediate preceding financial year ended 31 December 2016
	RM'000	RM'000
Neither past due nor impaired	69,966	78,206
Past due not impaired:		
Up to 60 days past due	44,398	59,707
More than 60 days	16,860	26,894
	61,258	86,601
	131,224	164,807
Impaired	57,704	49,089
	188,928	213,896

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 30 September 2017, trade receivables of approximately RM61,258,000 (31 December 2016: RM86,601,000) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to approximately RM57,704,000 relates to customers that are in financial difficulties, have defaulted on payments and / or have disputed on billings. These balances are expected to be recovered through the Group's debt recovery process.

Commentaries on the recoverability of trade receivables which exceeded the average credit term granted

All trade receivables which exceeded the average credit terms are closely monitored by the Group's credit control team. Delinquent cases are handed over promptly to external lawyers for further recovery action.

24. Other Income

	Current Year Quarter Ended 30/9/2017 RM'000	Preceding Year Quarter Ended 30/9/2016 RM'000	Current Year Cumulative Period Ended 30/9/2017 RM'000	Preceding Year Cumulative Period Ended 30/9/2017 RM'000
Other income comprises the following:				
Rental income	155	107	412	304
Sales of used packaging materials, scrap & others	80	122	256	584
Miscellaneous other income	77	71	250	298
Bad debts recovered	-	-	-	31
Gain on disposal of property, plant and equipment	-	132	457	68
Gain on disposal of subsidiary company	-	18,218	-	18,218
	<u>312</u>	<u>18,650</u>	<u>1,375</u>	<u>19,503</u>

25. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 23 November 2017.

26. 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.

27. Dividend

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

28. 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 30/09/2017	Preceding Year Quarter Ended 30/09/2016	Current Year To-Date 30/09/2017	Preceding Year To-Date 30/09/2016
Earnings/(Loss) attributable to owners of the parent (RM'000)	(5,702)	15,685	(16,635)	15,999
Weighted average number of shares - ('000)	61,083	61,083	61,083	61,083
Basic earnings/(loss) per share (sen)	(9.33)	25.68	(27.23)	26.19

29. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with resolution of the Directors on 23 November 2017.