

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 31 MARCH 2018**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 MONTHS ENDED		3 MONTHS ENDED	
		CURRENT YEAR 31/3/2018 Unaudited RM'000	PRECEDING YEAR 31/3/2017 Restated RM'000	CURRENT YEAR 31/3/2018 Unaudited RM'000	PRECEDING YEAR 31/3/2017 Audited RM'000
Continuing Operations					
Revenue	9, 14 & 15	69,284	81,796	69,284	81,796
Cost of sales		(62,442)	(73,911)	(62,442)	(73,911)
Gross profit		<u>6,842</u>	<u>7,885</u>	<u>6,842</u>	<u>7,885</u>
Other income	23	763	2,580	763	2,580
Administrative expenses		(10,671)	(8,391)	(10,671)	(8,391)
Selling and marketing expenses		(300)	(1,580)	(300)	(1,580)
	9	(3,366)	494	(3,366)	494
Finance costs		(1,834)	(3,318)	(1,834)	(3,318)
Interest income		113	663	113	663
Loss before tax	9	<u>(5,087)</u>	<u>(2,161)</u>	<u>(5,087)</u>	<u>(2,161)</u>
Income tax expense	19	(135)	(152)	(135)	(152)
Loss for the period		<u>(5,222)</u>	<u>(2,313)</u>	<u>(5,222)</u>	<u>(2,313)</u>
Other comprehensive loss, net of tax:					
Exchange differences arising on translation of foreign operation		0	0	0	0
Other comprehensive loss, net of tax		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total comprehensive loss for the period		<u>(5,222)</u>	<u>(2,313)</u>	<u>(5,222)</u>	<u>(2,313)</u>
Loss attributable to:					
Owners of the Parent	14 & 15	(5,195)	(2,333)	(5,195)	(2,333)
Non-Controlling Interest		(27)	20	(27)	20
		<u>(5,222)</u>	<u>(2,313)</u>	<u>(5,222)</u>	<u>(2,313)</u>
Total comprehensive loss attributable to:					
Owners of the Parent		(5,195)	(2,333)	(5,195)	(2,333)
Non-Controlling Interest		(27)	20	(27)	20
		<u>(5,222)</u>	<u>(2,313)</u>	<u>(5,222)</u>	<u>(2,313)</u>
Earnings/(Loss) per ordinary share attributable to owners of the parent:					
Basic(sen)	25	<u>(8.50)</u>	<u>(3.82)</u>	<u>(8.50)</u>	<u>(3.82)</u>
Fully diluted(sen)		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for year ended 31 December 2017 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 31 MARCH 2018**

	Note	As At 31 March 2018 (Unaudited) RM'000	As At 31 December 2017 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		11,452	11,038
Prepaid lease payments		22	22
Goodwill		2,264	2,264
Deferred tax assets		2,246	2,246
Total non-current assets		<u>15,844</u>	<u>57,970</u>
Current Assets			
Property development costs		19,452	18,361
Inventories		11,700	12,867
Trade receivables		79,521	94,600
Other receivables		88,853	93,241
Tax recoverable		1,509	1,506
Held-to-maturity investments		19,699	18,313
Cash and bank balances		2,617	3,815
		<u>222,351</u>	<u>242,703</u>
Assets held for sale		17,345	17,345
Total current assets		<u>240,696</u>	<u>260,848</u>
TOTAL ASSETS		<u>256,680</u>	<u>275,618</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		123,220	123,220
Other reserves		3,706	3,706
Accumulated losses		(22,720)	(17,525)
Equity attributable to owners of the parent		104,206	109,401
Non-controlling interest		1,469	1,496
Total equity		<u>105,675</u>	<u>110,897</u>
Non-current liabilities			
Bank borrowings	21	14,513	16,324
Deferred tax liabilities		2,152	2,123
		<u>16,665</u>	<u>18,447</u>
Current Liabilities			
Bank borrowings	21	80,560	88,009
Trade payables		17,133	19,876
Other payables		19,370	20,943
Amount due to ultimate holding company		6,331	7,900
Progress billings		2,885	969
Tax payable		8,061	8,5779
		<u>134,340</u>	<u>146,274</u>
Total liabilities		<u>151,005</u>	<u>164,721</u>
TOTAL EQUITY AND LIABILITIES		<u>256,680</u>	<u>275,618</u>
Net assets per share attributable to owners of the parent (RM)		<u>1.7060</u>	<u>1.7910</u>

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for year ended 31 December 2017 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 31 MARCH 2018**

Note	Attributable to Owners of the Parent						Non-Controlling Interest	Total Equity
	Non-distributable				Total	RM '000		
	Capital	Share Premium	Warrants Reserves interests	Accumulated Losses				
RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	
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	-	-	-	(2,333)	(2,333)	20	(2,313)	
At 31 March 2017	<u>61,083</u>	<u>-</u>	<u>3,706</u>	<u>(34,886)</u>	<u>92,313</u>	<u>1,263</u>	<u>93,576</u>	
At 1 January 2018	123,220	-	3,706	(17,525)	109,401	1,496	110,897	
Total comprehensive loss for the period	-	-	-	(5,195)	(5,195)	(27)	(5,222)	
At 31 March 2018	<u>123,220</u>	<u>-</u>	<u>3,706</u>	<u>(22,720)</u>	<u>104,206</u>	<u>1,469</u>	<u>105,675</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. 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 2017 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 31 MARCH 2018**

	Current Year 3 Months Unaudited 31/3/2018 RM'000	Preceding Year 3 Months Unaudited 31/3/2017 RM'000
Net loss before tax	9 (5,087)	(2,161)
Adjustment for non-cash flow:-		
Depreciation and amortisation	253	1,202
Non cash items	5,318	2,079
Interest expense	1,834	3,318
Interest income	(113)	(663)
Operating profit before changes in working capital	2,205	3,775
Changes in working capital		
Net decrease in current assets	12,735	24,695
Net (decrease)/increase in current liabilities	(2,363)	5,019
Net cash generated from operating activities	12,577	33,489
Interest received	113	663
Interest paid	(1,834)	(3,318)
Tax paid	(629)	(112)
Net cash flows generated from operating activities	10,227	30,722
Investing Activities		
Purchase of property, plant and equipment	(668)	(211)
Proceeds from sale of property, plant and equipment	70	973
Net cash flows (used in)/generated from investing activities	(598)	762
Financing Activities		
Repayment to ultimate holding company	(1,569)	-
Net drawdown/(repayments) on bank borrowings	(8,669)	(28,341)
Net cash flows used in financing activities	(10,238)	(28,341)
Net Change in Cash & Cash Equivalents	(609)	3,143
Effects of exchange rate changes	-	-
Cash & Cash Equivalents at beginning of period	(7,331)	(13,796)
Cash & Cash Equivalents at end of period	(7,940)	(10,653)
Cash & Cash Equivalents comprises:		
Cash & bank balances	2,617	3,250
Overdraft	21 (10,557)	(13,903)
Cash & Cash equivalents at end of period	(7,940)	(10,653)
Included in the cash flows from operating activities are		
Cash receipts from customers	79,976	85,314
Cash payments to suppliers, contractors and employees	72,379	69,805

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for year ended 31 December 2017 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 2017. 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 2017.

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 2017.

On 1 January 2018, 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>
MFRS 9: Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	1 January 2018
Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

The adoption of the above amendments and Annual Improvements to Standards did not have any material impact on the Group and the Company's financial statements upon their initial application.

The following MFRSs, Amendments to FRSs and IC Interpretations were issued by the MASB but are not yet effective to the Group:

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
MFRS 16: Leases	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019
FRS 9: Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to FRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS Standards 2015 - 2017 Cycles	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associates and Joint Venture	Deferred until further notice

The initial application of the abovementioned standards, amendments or interpretations are not expected to have any material impact to the financial statements of the Group upon first adoption.

3. Auditors' Report on Preceding Annual Financial Statements

The audited financial statements for the year ended 31 December 2017 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 31 March 2018.

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 31 March 2018.

9. Segmental information

The Group is organized into two main business segments:

- (i) Poultry – This consists of manufacturing and wholesale of animal feeds, contract farming, 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 3 months ended 31 March 2018 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>2018</u>				
Revenue	161,530	5,850	(98,096)	69,284
Results				
Segment results	(3,267)	(34)	-	(3,301)
Unallocated costs				(65)
Profit from operations				(3,366)
Finance income				113
Finance costs				(1,834)
Loss before tax				(5,087)

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

Segment information for the 3 months ended 31 March 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	209,402	4,920	(132,525)	81,796
Results				
Segment results	1,088	(493)	-	595
Unallocated costs				(101)
Profit from operations				494
Finance income				663
Finance costs				(3,318)
Loss before tax				(2,161)

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 31 March 2018., except for the following:

On 6 April, 2018, the 70% owned subsidiary of the Company, Sinmah Amegajaya Healthcare Sdn. Bhd. ("SAHSB") had incorporated a new subsidiary known as SAH Medical Center Sdn. Bhd. ("SMCSB") under the Companies Act, 2016. The intended principal activities are hospital development, management and construction and healthcare investment.

SMCSB was incorporated with an issued share capital of RM1,000.00 comprising 1,000 ordinary shares. 100% of the issued share capital of SMSB is owned by SAHSB. Upon incorporation, SMCSB shall become a wholly-owned subsidiary of SAHSB.

The above incorporation does not have any effect on the issued share capital of the Company and has no material effect on the earnings and net assets of the Company and its subsidiaries for the financial year ending 31 December 2018.

None of the directors and/or substantial shareholders of the Company, or persons connected to such director and/or substantial shareholder has any interest, direct or indirect, in the said incorporation.

An announcement was duly made to Bursa Malaysia Securities Berhad on 9 April, 2018.

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 13 March, 2018, the 70% owned subsidiary of the Company, Sinmah Amegajaya Healthcare Sdn. Bhd. ("SAHSB") had incorporated a new subsidiary known as SAH Mutiara Sdn. Bhd. ("SMSB") under the Companies Act, 2016. The intended principal activities are investment holding, property development and construction.

SMSB was incorporated with an issued and paid-up share capital of RM1,000.00 comprising 1,000 ordinary shares. 85% of the issued and paid-up share capital of SMSB is owned by SAHSB and 15% is owned by K Shanmuganathan A/L Krisnan.

The above incorporation does not have any effect on the issued and paid-up share capital of the Company and has no material effect on the earnings and net assets of the Company and its subsidiaries for the financial year ending 31 December 2018.

None of the directors and/or substantial shareholders of the Company, or persons connected to such director and/or substantial shareholder has any interest, direct or indirect, in the said incorporation.

An announcement was duly made to Bursa Malaysia Securities Berhad on 13 March, 2018.

12. Contingent Liabilities

The Company provides corporate guarantee to financial institutions for all unsecured credit facilities granted to subsidiaries amounting to RM93.98 million as at 31 March 2018.

13. Capital Commitments

Material capital commitments not provided for in the interim financial statements as at 31 March 2018 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	<u>748</u>
	<u>49,508</u>

14. Review of Current Quarter Events and Performance

The Group’s performance for the current year’s first quarter ended 31 March 2018 compared to the preceding year’s first quarter ended 31 March 2017 is shown in Table 1 and Table 2.

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

	Individual Period (4 th Quarter)		Changes (Amount/ %)	Cumulative Period		Changes (Amount/ %)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
	31/3/2018 RM’000	31/3/2017 RM’000		31/3/2018 RM’000	31/3/2017 RM’000	
Revenue	69,284	81,796	(12,512), (15%)	69,284	81,796	(12,512), (15%)
Loss before interest and tax	(3,306)	494	(3,800), >100%	(3,306)	494	(3,800), >100%
Loss before tax	(5,087)	(2,161)	(2,926), >100%	(5,087)	(2,161)	(2,926), >100%
Loss after tax	(5,222)	(2,313)	(2,909), >100%	(5,222)	(2,313)	(2,909), >100%
Loss attributable to Ordinary Equity Holders of the Parent	(5,195)	(2,333)	(2,862) >100%	(5,195)	(2,333)	(2,862) >100%

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

Description	3 months ended	3 months ended	Increase/(Decrease)	
	31-Mar-18	31-Mar-17	RM’000	%
Revenue	RM’000	RM’000	RM’000	%
- Poultry	66,533	79,164	(12,631)	(16)
- Property development	2,751	2,632	119	5
	69,284	81,796		

For the current quarter ended 31 March 2018, the poultry segment recorded a lower revenue of RM66.53 million as compared with RM79.16 million in the corresponding quarter ended 31 March 2017, a decrease of 16%. The decrease was mainly due to decrease in sales volume of live broilers during the current quarter ended 31 March 2018 as compared to the corresponding quarter ended 31 March 2017.

The property development segment posted a higher revenue of RM2.75 million in the current quarter ended 31 March 2018 as compared to the revenue of RM2.63 million in the corresponding quarter ended 31 March 2017, an increase of 5%. This was due to higher recognition of revenue on the percentage of completion basis in the current quarter ended 31 March 2018 as compared to corresponding quarter ended 31 December 2017.

As a result of the decreased revenue, the Group posted a loss attributable to owners of the parent of RM5.20 million during the current quarter ended 31 March 2018 as compared to a loss attributable to owners of the parent of RM2.33 million in the corresponding quarter ended 31 March 2017. The adverse results during the current quarter ended 31 Mar 2018, were mainly due to decrease in sales volume of live broilers during the quarter ended 31 March 2018 as compared to the corresponding quarter ended 31 March 2017.

Furthermore, there was an increase in provision for impairment loss on trade receivables of RM2.89 million during the quarter ended 31 March 2018 as compared to the corresponding quarter ended 31 March 2017.

15. Comparison to Preceding Quarter's Results

The Group's performance for the current quarter ended 31 March 2018 compared to the previous quarter ended 31 December 2017 is as shown in Table 3 and Table 4 below:

Table 3: Financial review for current quarter compared with immediate preceding quarter

	Current Quarter 31/3/2018 RM'000	Immediate Preceding Quarter 31/12/2017 RM'000	Changes (Amount/%)
Revenue	69,284	71,623	(2,339), (3%)
Profit/(loss) before interest and tax	(3,366)	39,418	(42,784), (>100%)
Profit/(loss) before tax	(5,087)	37,809	(42,896), (>100%)
Profit/(loss) after tax	(5,222)	30,256	(35,478), (>100%)
Profit/(loss) attributable to Ordinary Equity Holders of the Parent	(5,195)	30,098	(35,293), (>100%)

Table 4: Revenue by Segment (Current Quarter Compared With Immediate Preceding Quarter)

Description	3 months ended 31/3/2018 RM'000	3 months ended 31/12/2017 RM'000	Increase/(Decrease)	
			RM'000	%
Revenue				
-Poultry	66,533	70,833	(4,300)	(6)
-Property development	2,751	790	1,961	(>100)
	69,284	71,623		

For the current quarter ended 31 March 2018, the poultry segment posted a lower revenue of RM66.53 million compared to the turnover of RM70.83 million recorded in the previous quarter ended 31 December 2017, a decrease of 6%. The decrease was mainly due to decrease in sales volume of live broilers during the current quarter ended 31 March 2018.

The property development segment posted a higher revenue of RM2.75 million in the current quarter ended 31 March 2018 as compared to the revenue of RM0.79 million in the preceding quarter ended 31 December 2017, an increase of more than 100%. This was due to higher recognition of revenue on the percentage of completion basis in the current quarter ended 31 March 2018 as compared to previous quarter ended 31 December 2017.

There was a gain on disposal of breeder and broiler farm assets of RM52.52 million during the previous quarter ended 31 December 2017 but no such gain during the quarter ended 31 March 2018. As such, the Group showed a loss attributable to owners of the parent of RM5.20 million during the quarter ended 31 March 2018 as opposed to a profit attributable to owners of the parent of RM30.10 million during the previous quarter ended 31 December 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, the remaining disposal of breeder and broiler farm assets will be completed subsequent to the quarter under review. As such, the Group is hopeful of producing a positive set of results for the second quarter of the financial year ending 31 December 2018.

17. 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.

18. Profit/(Loss) before tax

	Current Year	Preceding Year	Current	Preceding
	Quarter ended	Quarter ended	Year to-date	Year to-date
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortization	253	1,202	253	1,202
Foreign exchange loss / (gain)	34	44	34	44
(Gain) / loss on disposal of properties, plant and equipment	(69)	(422)	(69)	(422)
Gain on disposal of subsidiary companies	-	-	-	-
Gain on disposal of associated companies	-	-	-	-
Impairment loss of investment in associated companies	-	-	-	-
Impairment loss on trade receivables	5,394	2,500	5,394	2,500
Impairment of goodwill	-	-	-	-
Provision for write-off of receivables	-	-	-	-
Provision for write-off of inventories	-	-	-	-
Gain or loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-
Interest income	(113)	(663)	(113)	(663)
Interest expense	1,834	3,318	1,834	3,318

19. 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
	31 Mar 2018	31 Mar 2018	31 Mar 2017	31 Mar 2017
	RM '000	RM '000	RM '000	RM '000
Current tax	(106)	(106)	(201)	(201)
Deferred tax	(29)	(29)	49	49
Total tax expense	<u>(135)</u>	<u>(135)</u>	<u>(152)</u>	<u>(152)</u>

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

20. Corporate Proposals

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

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, The proposals have been approved by the Company's shareholders at an Extraordinary General Meeting held on 2 May 2018 and Bursa had also approved an extension of time till 30 September 2018 to complete the proposals.

21. 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	10,557	-	10,557
Bankers Acceptance	23,556	-	23,556
Revolving Credit	40,858	-	40,858
Hire Purchase Creditors	529	569	1,098
Term Loans	5,060	13,944	19,004
	<hr/>	<hr/>	<hr/>
	80,560	14,513	95,073

22. Trade Receivables

	Financial period ended 31 March 2018	Immediate preceding financial year ended 31 December 2017
	RM'000	RM'000
Trade receivables		
Third parties	158,709	168,394
Impairment losses		
- brought forward	(73,794)	(49,089)
- impaired during the quarter/year	(5,394)	(24,705)
- reversed during the quarter/year	-	-
- written off during the quarter/year	-	-
	<hr/>	<hr/>
	(79,188)	(73,794)
	<hr/>	<hr/>
	79,521	94,600

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 31 March 2018	Immediate preceding financial year ended 31 December 2017
	RM'000	RM'000
Neither past due nor impaired	31,726	38,515
Past due not impaired:		
Up to 60 days past due	25,723	31,538
More than 60 days	22,072	24,547
	<u>47,795</u>	<u>56,085</u>
	79,521	94,600
Impaired	<u>79,188</u>	<u>73,794</u>
	<u>158,709</u>	<u>168,394</u>

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

As at 31 March, trade receivables of approximately RM47,795,000 (31 December 2017: RM56,085,000) 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 RM79,188,000 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.

23. Other Income

	Current Year Quarter Ended 31/3/2018	Preceding Year Quarter Ended 31/3/2017	Current Year Cumulative Period Ended 31/3/2018	Preceding Year Cumulative Period Ended 31/3/2017
	RM'000	RM'000	RM'000	RM'000
Other income comprises the following:				
Rental income	47	23	47	23
Sales of used packaging materials, scrap & others	4	3	4	3
Sales of corn	454	-	454	-
Reimbursement of expenses	-	1,980	-	1,980
Miscellaneous other income	104	144	104	144
Bad debts recovered	51	-	51	-
Gain on disposal of property, plant and equipment	69	430	69	430
Gain on foreign exchange (realised)	34	-	34	-
	<u>763</u>	<u>2,580</u>	<u>763</u>	<u>2,580</u>

24. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 28 May 2018.

25. 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 which has now been forwarded by the Inland Revenue Department to the Special Commissioners of Income Tax for registration for trial.

26. Dividend

No interim dividend has been declared for the quarter ended 31 March 2018 (31 March 2017: Nil).

27. 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 31/3/2018	Preceding Year Quarter Ended 31/3/2017	Current Year To-Date 31/3/2018	Preceding Year To-Date 31/3/2017
Loss attributable to owners of the parent (RM'000)	(5,195)	(2,333)	(5,195)	(2,333)
Weighted average number of shares - ('000)	61,083	61,083	61,083	61,083
Basic loss per share (sen)	(8.50)	(3.82)	(8.50)	(3.82)

28. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with resolution of the Directors on 28 May 2018.