SINMAH CAPITAL BERHAD (Company No: 301653 - V)
Incorporated in Malaysia
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2019

		INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMMULATIVE QUARTER 3 MONTHS ENDED	
	NOTE	CURRENT YEAR 30/6/2019 UNAUDITED RM'000	PRECEEDING YEAR 30/6/2018 UNAUDITED RM'000	CURRENT YEAR 30/62019 UNAUDITED RM'000	PRECEEDING YEAR 30/6/2018 UNAUDITED RM'000
Continuing Operations					
Revenue	9, 14 & 15	36,655	41,018	76,631	110,302
Cost of Sales		(34,216)	(39,061)	(70,110)	(101,503)
Gross Profit		2,439	1,957	6,521	8,799
Other income	23	3,061	6,124	3,354	6,887
Administrative expenses		(8,063)	(7,663)	(15,992)	(18,332)
Selling & marketing expenses		-	(106)	-	(406)
	9	(2,563)	312	(6,117)	(3,052)
Finance costs		(968)	(1,000)	(1,579)	(1,834)
Interest income		100	55	245	167
Loss before tax	9	(3,431)	(633)	(7,451)	(5,720)
Income tax expense	19	(20)	(4,372)	(7)	(4,507)
Profit/(loss) for the period		(3,451)	(5,005)	(7,458)	(10,227)
Other comprehensive income/(loss), net of tax:					
		0	0	0	0
Other comprehensive income/(loss), net of tax		0	0	0	0
Total comprehensive loss for the period		(3,451)	(5,005)	(7,458)	(10,227)
Loss attributable to:					
Owners of the parent	14 & 15	(3,366)	(4,941)	(7,313)	(10,136)
Non-Controlling Interest		(85)	(64)	(145)	(91)
		(3,451)	(5,005)	(7,458)	(10,227)
Total comprehensive income attributable to:					
Owners of the parent		(3,366)	(4,941)	(7,313)	(10,136)
Non-Controlling Interest		(85)	(64)	(145)	(91)
		(3,451)	(5,005)	(7,458)	(10,227)
Loss per ordinary share attributable to owners of the parent:					
Basic (sen)	27	(1.57)	(8.09)	(3.42)	(16.59)
Fully diluted (sen)	27	(1.34)	(8.09)	(2.90)	(16.59)

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements)

SINMAH CAPITAL BERHAD (Company No: 301653 - V)
Incorporated in Malaysia
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE QUARTER ENDED 30 JUNE 2019

	Note	As at 30 June 2019 (Unaudited) RM'000	As at 31 December 2018 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		16,310	16,041
Land use rights		21	21
Goodwill		14,466	2,264
Land held for development property		4,177	1,038
Total non-current assets		34,974	19,364
Current assets			
Property development costs		51,052	16,473
Inventories		11,714	14,419
Contract assets		650	1,500
Trade receivables	22	39,434	35,123
Other receivables		20,883	24,799
Tax recoverable		683	1,712
Held-to-maturity investments		20,638	25,301
Cash and bank balances		3,410	9,785
		148,464	129,112
Assets held for sale		-	-
Total current assets		148,464	129,112
TOTAL ASSETS		183,438	148,476
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		149,840	149,840
Warrants reserve		3,619	3,619
Accumulated losses		(64,218)	(56,905)
Equity attributable to owners of the parent		89,241	96,554
Non-controlling interest		24	958
Total equity		89,265	97,512
Non-current liabilities			
Bank borrowings	21	29,343	9,165
Deferred tax liabilities		636	653
		29,979	9,818
Current liabilities			
Bank borrowings	21	33,296	21,908
Trade payables		7,965	8,942
Other payables		20,666	8,292
Due to directors		1,706	-
Tax payable		561	2,004
		64,194	41,146
Total Liabilities		94,173	50,964
TOTAL EQUITY AND LIABILITIES		183,438	148,476
Net assets per share attributable to owners of the parent		0.4174	0.4516

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements)

SINMAH CAPITAL BERHAD (Company No: 301653 - V)
Incorporated in Malaysia
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2019

		Attributable to owners of the parent					
			Non-Distributable				
	Note	Capital RM'000	Warrants Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
At 1 January 2018		123,220	3,706	(17,525)	109,401	1,496	110,897
Total comprehensive income for the financial period		-	-	(10,136)	(10,136)	(91)	(10,227)
At 30 June 2018		123,220	3,706	(27,661)	99,265	1,405	100,670
At 1 January 2019		149,840	3,619	(56,905)	96,554	958	97,512
Non-controlling interests in acquisition of new subsidiaries		-	-	-	-	282	282
Non-controlling interests in disposal of subsidiaries		-	-	-	-	(1,071)	(1,071)
Total comprehensive income for the financial period		-	-	(7,313)	(7,313)	(145)	(7,458)
At 30 June 2019		149,840	3,619	(64,218)	89,241	24	89,265

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements)

SINMAH CAPITAL BERHAD (Company No: 301653 - V)
Incorporated in Malaysia
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2019

	Note	Current Year To-Date (Unaudited) 30 June 2019 RM'000	Preceding Year To-Date (Unaudited) 30 June 2018 RM'000
Net loss before tax	9	(7,453)	(5,720)
Adjustments for non-cash flow:			
Depreciation and amortisation		600	784
Non-cash items		(425)	3,356
Interest expense		1,579	2,835
Interest income		(245)	(167)
Operating (loss)/profit before changes in working capital		(5,942)	1,088
Changes to working capital			
Net decrease in current assets		1,568	87,986
Net increase/(decrease) in current liabilities		(8,226)	(20,447)
Net cash (used in)/generated from operating activities		(12,600)	68,627
Interest received		245	167
Interest paid		(1,579)	(2,835)
Tax paid		(438)	(4,189)
Net cash flows (used in)/generated from operating activities		(14,372)	61,770
Investing activities			
Purchase of property, plant and equipment		(200)	(2,460)
Proceeds from sale of property, plant and equipment		687	21,961
Land and development expenditure		(470)	-
Decrease in held to maturity investments		4,662	-
Net cash outflow from acquisition of new subsidiries		(11,022)	-
Net cash flows generated from/(used in) investing activities		(6,343)	19,501
Financing activities			
Net proceeds on drawdown/(repayments) of bank borrowings		12,787	(63,979)
Repayment to ultimate holding company		-	(6,661)
Non-controlling interests in acquisition of new subsidiaries		282	-
Net cash flows generated from/(used in) financing activities		13,069	(70,640)
Net changes in cash and cash equivalents		(7,646)	10,631
Effects of exchange rate changes		-	-
Cash and cash equivalents at beginning of the period		4,941	(7,331)
Cash and cash equivalents at the end of the period		2,705	3,300
Cash and cash equivalents comprise:			
Cash and bank balances		3,410	6,332
Overdraft	22	(6,115)	(3,032)
Cash and cash equivalents at the end of the year		(2,705)	3,300
Included in the cash flows from operating activities are:			
Cash receipts from customers		70,321	126,653
Cash payments to suppliers, contractors and employees		94,775	134,099

(The Condensed Consolidated Statements of Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements)

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 2018. 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 2018.

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 2018.

On 1 January 2019, the Group adopted the following FRSs, Amendmends to FRSs and IC Interpretations:-

Deascription	Effective for annual periods beginning on or after
MFRS 16: Leases	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January2019
FRS 9: Financial Instruments (IFRS 9 issued by IASB in July 2014	1 January2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January2019
Amendments to FRS 128: Long-term Interests in Associates and Joint Ventures	1 January2019
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January2019

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:

Description	Effective for annual periods beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS3: Definition of a Business	1 January 2020
Amendments to MFRS 101: Definition of Material	1 January 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 10 and FMRS 128: Sale or Contribution of Assets between an Investor and its Associates and Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above MFRSs when they become effective.

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 and the Company except as mentioned below:

<u>MFRS 16: Leases</u>

MFRS 16, which upon effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

3. Auditors' Report on Preceding Annual Financial Statements

The audited financial statements for the year ended 31 December 2018 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 2019.

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 2019.

9. Segmental information

The Group is organized into three 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.

(iii) Healthcare – This consists of setting up and running of hospitals and clinics.

Business segment

Segment information for the six months ended 30 June 2019 was as follows:

	Poultry	Property development	Healthcare	Eliminations	Group
	RM'000	RM'000	RM'000		RM'000
2019					
Revenue	106,193	14,947	-	(44,509)	76,631
Results					
Segment results	(5,600)	(1,478)	(448)	2,289	(5,237)
Unallocated expense					(880)
Loss from operations					(6,117)
Finance income					245
Finance costs					(1,579)
Loss before tax					(7,451)

Segment information for the six months ended 30 June 2018 was as follows:

	Poultry	Property development	Healthcare	Eliminations	Group
	RM'000	RM'000	RM'000		RM'000
2018					
Revenue	248,124	7,226	-	(145,048)	110,302
Results					
Segment results	1,839	(968)	(188)	(3,591)	(2,908)
Unallocated expense					(144)
Loss from operations					(3,052)
Finance income					167
Finance costs					(2,835)
Loss before tax					(5,720)

Unallocated expenses refer to the expenses of holding company and inactive subsidiaries within the Group.

10. Subsequent Events

As at the date of this report, there were no material events subsequent to the current quarter ended 30 June 2019, except as follows:

On 31 July 2019, Sinmah Development Sdn. Bhd. ("SDSB"), a wholly-owned subsidiary of the Company had entered into a Sale and Purchase Agreement with Mr. Chin Huan Ngi ("the Vendor") to purchase a piece of freehold vacant land held under individual title known as Geran 5499, Lot 953, Mukim Durian Tunggal, Daerah Alor Gajah measuring approximately 4.5199 hectares (11.169 acres) for a total sales consideration of RM7,297,824.60 for property development purposes.

The Group expects to complete the purchase by 30 November 2019.

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 as follows:

On 4 April, 2019, the Company had incorporated a wholly owned subsidiary known as SAH Medical Sdn. Bhd. ("SMSB") under the Companies Act, 2016 with an issued share capital of RM100.00 comprising 100 ordinary shares.

The intended principal activities of SMSB are hospital development, management and construction and to carry on all healthcare related activities. Upon incorporation, SMSB shall become a wholly-owned subsidiary of the Company.

On 15 April, 2019, Sah Medical Sdn. Bhd. ("SMSB"), the wholly-owned subsidiary of SCB had incorporated a new subsidiary known as SAH Medical Center (Melawati) Sdn. Bhd. ("SMCMSB") under the Companies Act, 2016. The intended principal activities are hospital development, management and construction and to carry on all healthcare related activities.

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

On 9 May 2019, the Company announced the re-organisation exercise involving the transfer of 1,000 ordinary shares in the equity of SAH Medical Center (Segamat) Sdn. Bhd. ("SMC Segamat") from SAH Medical Center Sdn. Bhd. ("SMCSB"), the 95%-owned subsidiary of Sinmah Amegajaya Healthcare Sdn. Bhd. ("SAHSB"), the 70%-owned subsidiary of SCB to SAH Medical Sdn. Bhd. ("SMSB") for a total cash consideration of RM1,000.00. The re-organisation is for the purpose of streamlining and realigning the businesses and business units of Sinmah Capital Berhad group ("the Group") into more distinct business segments.

Currently, equity interest in SMC Segamat are wholly held by SMCSB. Hence, after the reorgnisation, SMC Segamat will be a wholly-owned subsidiary of SMSB. (hereinafter referred to as "the Reorganisation"). SMSB is currently a wholly-owned subsidiary of SCB. SMC Segamat is currently a wholly-owned subsidiary of SMCSB.

On 21 May, 2019, the 70% owned subsidiary of the Company, Sinmah Amegajaya Healthcare Sdn. Bhd. ("SAHSB") had incorporated a new subsidiary known as SAH Medical Center (Batu Kawan) Sdn. Bhd. ("SMC Batu Kawan") under the Companies Act, 2016. The intended principal activities are hospital development, management and construction and to carry on all healthcare related activities.

SMC Batu Kawan was incorporated with an issued share capital of RM100.00 comprising 100 ordinary shares. 100% of the issued share capital of SMC Batu Kawan is owned by SAHSB. Upon incorporation, SMC Batu Kawan shall become a wholly-owned subsidiary of SAHSB.

On 30 May, 2019, the Company announced the re-organisation exercise involving the transfer of the entire equity of Realtemas Realty Sdn. Bhd. ("RRSB") and Cosmal Enterprise Sdn. Bhd. from Sinmah Development Sdn. Bhd. ("SDSB") to Sinmah Land Services Sdn Bhd, ("SLSSB") and the transfer of 51% equity interest of Syarikat Perniagaan Suann Sdn. Bhd. from Sinmah Livestocks Sdn. Bhd. ("SLSB") to SLSSB for a total cash consideration of RM3.00. The re-organisation is for the purpose of streamlining and realigning the businesses and business units of Sinmah Capital Berhad group ("the Group") into more distinct business segments.

After the re-organisation, RRSB and will become a wholly-owned subsidiaries of SLSSB and SPSSB will become a 51%-owned subsidiary of SLSSB and the wholly-owned subsidiary of SPSSb, Suann Food Processors Sdn. Bhd. will become an indirect subsidiary of SLSSB.

On 30 May 2019, the Company entered into a Sale and Purchase Agreement with Time Broadway Sdn. Bhd. ("TBSB") to dispose off 3,000,000 ordinary shares in Sinmah Breeders Sdn. Bhd. ("SBSB") for a total cash consideration of RM1.00 only ("Disposal 1").

On 30 May 2019, SLSB entered into a Sale and Purchase Agreement with TBSB to dispose off 250,000 ordinary shares in Dee Huat Farming Trading Sdn. Bhd. ("DHFT") for a total cash consideration of RM1.00 only ("Disposal 2").

On 30 May 2019, SLSB entered into a Sale and Purchase Agreement with TBSB to dispose off 5,600,000 ordinary shares in Bersatu Segar Sdn. Bhd. ("BSSB") for a total cash consideration of RM30,000.00 only ("Disposal 3").

The full sales considerations were received by the Company and SL:SB on 3 June 2019. Hence, the three disposals were completed on 3 June 2019, whereby SBSB, DHFT and BSSB ceases to be members of the Sinmah Group.

12. Contingent Liabilities

The Company provides corporate guarantee to financial institutions for all unsecured credit facilities granted to subsidiaries amounting to RM60.97 million as at 30 June 2019.

13. Capital Commitments

There were no material capital commitments not provided for in the interim financial statements as at 30 June 2019.

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 2019 compared to the preceding year's second quarter ended 30 June 2018 is shown in Table 1, Table 2 and Table 3.

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

	Individual Period (2nd Quarter)		Changes (Amount/%)	Cumulative Period (6 Months)		Changes (Amount/%)
	Current Year 30/6/2019 RM'000	Preceding Year 30/6/2018 RM'000		Current Year 30/6/2019 RM'000	Preceding Year 30/6/2018 RM'000	
Revenue	36,655	41,018	(4,363), (11%)	376,631	110,302	(33,671), (31%)
Loss before interest and tax	(2,563)	312	(2,875), (>100%)	(6,117)	(3,052)	(3,065), (>100%)
Loss before tax	(3,431)	(633)	(2,798) (>100%)	(7,451)	(5,720)	(1,731), (30%)
Loss after tax	(3,451)	(5,005)	1,554, 31%	(7,458)	(10,227)	2,769, 27%
Loss attributable to Ordinary Equity Holders of the Parent	(3,366)	(4,941)	1,575, 32%	(7,313)	(10,136)	2,823, 28%

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

Description	3 months ended 30-Jun-19 RM'000	3 months ended 30-Jun-18 RM'000	Increase/(Decrease) RM'000	%
Revenue				
- Poultry	32,303	39,490	(7,187)	(18)
- Property development	4,352	1,528	2,824	>100
	36,655	41,018		

For the current quarter ended 30 June 2019, the poultry segment recorded a lower revenue of RM32.30 million as compared with RM39.49 million in the corresponding quarter ended 30 June 2018, a decrease of 18%. The decrease was mainly due to decrease in sales volume and average selling price of live broilers during the quarter ended 30 June 2019 as compared to the corresponding quarter ended 30 June 2018.

The property development segment posted a higher revenue of RM4.35 million in the current quarter ended 30 June 2019 as compared to the revenue of RM1.53 million in the corresponding quarter ended 30 June 2018, an increase of more than 100%. This was due to higher recognition of revenue on the percentage of completion basis during the current quarter ended 30 June 2019 as compared to the corresponding quarter ended 30 June 2018. In addition, the Group obtained a construction contract worth RM12.34 million where revenue was recognised since the second quarter of the financial year ended 31 December 2018.

Although total revenue decreased, the Group posted a lower loss attributable to owners of the parent of RM3.37 million during the current quarter ended 30 June 2019 as compared to a loss attributable to owners of the parent of RM4.94 million in the corresponding quarter ended 30 June 2018. The lower loss during the current quarter ended 30 June 2019 was mainly due to a lower loss on impairment of trade receivables of RM2.0 million during the current quarter ended 30 June 2019 compared to RM3.2 million during the corresponding quarter ended 30 June 2018.

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

Description	6 months ended 30-Jun-19 RM'000	6 months ended 30-Jun-18 RM'000	Increase/(Decrease) RM'000	%
Revenue				
- Poultry	66,196	106,023	(39,827)	(38)
- Property development	10,435	4,279	6,156	>100
	76,631	69,284		

For the six months period ended 30 June 2019, the poultry segment recorded a lower revenue of RM66.20 million as compared with RM106.02 million in the corresponding period ended 30 June 2018, a decrease of 38%. The decrease was mainly due to decrease in sales volume and average selling price of live broilers during the six months ended 30 June 2019 as compared to the corresponding period ended 30 June 2018.

The property development segment posted a higher revenue of 10.44 million in the six months period ended 30 June 2019 as compared to the revenue of RM4.28 million in the corresponding period ended 30 June 2018, an increase of more than 100%. This was mainly due to a higher recognition of revenue on the percentage of completion basis in the six months ended 30 June 2019 as compared to the corresponding period ended 30 June 2018.

Although revenue decreased, the Group posted a lower loss attributable to owners of the parent of RM7.31 million during the six months period ended 30 June 2019 as compared to a loss attributable to owners of the parent of RM 10.14 million in the corresponding period ended 30 June 2018. The lower loss was mainly due to a lower loss on impairment of trade receivables of RM2.0 million during the six months period ended 30 June 2019 compared to RM8.58 million during the corresponding period ended 30 June 2018.

15. Comparison to Preceding Quarter's Results

The Group’s performance for the current quarter ended 30 June 2019 compared to the previous quarter ended 31 March 2019 is as shown in Table 4 and Table 5 below:

Table 4: Financial review for current quarter compared with the immediately preceding quarter

	3 months ended 30 June 2019 RM’000	3 months ended 31 March 2019 RM’000	Changes (RM’000/%)
Revenue	36,655	39,976	-3,321, -26%
Loss before interest and tax	(2,563)	(3,554)	991, 28%
Loss before tax	(3,431)	(4,020)	589, 15%
Loss after tax	(3,451)	(4,007)	556, 14%
Loss attributable to Ordinary Equity Holders of the Parent	(3,366)	(3,947)	581, 15%

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

Description	3 months ended 30-Jun-19 RM’000	3 months ended 31-Mar-19 RM’000	Increase/(Decrease) RM’000	Increase/(Decrease) %
Revenue				
- Poultry	32,303	33,893	(1,590)	(5)
- Property development	4,352	6,083	(1,731)	(28)
	36,655	39,976		

For the current quarter ended 30 June 2019, the poultry segment posted a lower revenue of RM32.30 million compared to the turnover of RM33.89 million recorded in the previous quarter ended 31 March 2019, a decrease of 5%. The decrease was mainly due to decrease in average selling price of live broilers during the current quarter ended 30 June 2019.

The property development segment posted a lower revenue of RM4.35 million in the current quarter ended 30 June 2019 as compared to the revenue of RM6.08 million in the preceding quarter ended 31 March 2019, a decrease of 28%. This was due to lower recognition of revenue on the percentage of completion basis in the current quarter ended 30 June 2019 as compared to previous quarter ended 31 March 2019.

Although revenue decreased, the Group posted a lower loss attributable to owners of the parent of RM3.37 million during the current quarter ended 30 June 2019 as compared to a loss attributable to owners of the parent of RM3.95 million during the preceding quarter ended 31 December 2018. The lower loss during the current quarter ended 30 June 2019, were mainly due to a pre-tax gain on disposal of subsidiary companies of RM2.18 million recognised on completion of the disposals.

16. Prospects

The disposal of the Group’s feed milling assets is expected to be completed during the 4th quarter of 2019. With that, the Group’s poultry activities are limited to broiler contract farming and broiler trading. Furthermore, the disposal of the feed milling assets will result in a pre-tax profit of RM18.0 million during the 4th quarter of 2019.

In the meantime, for the property development division the Group has completed the acquisition of Budi Saja Sdn Bhd and Meadow Assets Sdn Bhd during the quarter under review. As such, the Group expects to see some positive contribution for the remaining of the financial year ending 31 December 2019, especially from Budi Saja Sdn Bhd on its development of the Bukit Gambir project in Muar, for which a soft launch was carried out on 22 June 2019.

For the healthcare division, the Group had on 31 July 2019 signed Supplemental SPA 1 and Supplemental SPA 2in connection with the purchase of the Nilai properties which was announced on 17 January 2019. The Group is now raising the necessary funding to complete the transactions. In the meantime, the Group is obtaining the necessary approval for the construction of a hospital, which entails demolishing the original building which was used as a hotel by the vendor as the consultants advised that it is more cost effective to demolish and re-construct a new building rather than refurbish the hotel building.

Based on the above, the Group expects to produce a better set of results during the remaining of the financial year ending 31 December 2019.

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 Quarter ended 30 Jun 2019 RM'000	Preceding Year Quarter ended 30 Jun 2018 RM'000	Current Year to-date 30 Jun 2019 RM'000	Preceding Year to-date 30 Jun 2018 RM'000
Depreciation and amortization	315	531	600	784
Foreign exchange loss / (gain)	-	(6)	(4)	38
(Gain) / loss on disposal of properties, plant and equipment	-	(5,160)	2	(5,229)
Gain on disposal of subsidiary companies	(2,162)	-	(2,162)	-
Gain on disposal of associated companies	-	-	-	-
Impairment loss of investment in associated companies	-	-	-	-
Impairment loss on trade receivables	2,000	3,196	2,000	8,584
Impairment of goodwill	-	-	-	-
Provision for write-off of receivables	-	-	-	-
Provision for write-off of inventories	-	-	-	-
Gain or loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-
Interest income	(100)	(55)	(245)	(167)
Interest expense	968	1,000	1,579	2,835

19. Taxation

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

	Quarter ended 30 Jun 2019 RM '000	Year to-date 30 Jun 2019 RM '000	Quarter ended 30 Jun 2018 RM '000	Year to-date 30 Jun 2018 RM '000
Current tax – income tax	(24)	(24)	(3,617)	(3,723)
Current tax – real property gains tax	-	-	(2,544)	(2,544)
Deferred tax	4	17	1,789	1,760
Total tax income/(expense)	(20)	7	(4,372)	(4,507)

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:

On 17 January 2019, the Company announced the following proposals:

(i) Proposed diversification of the business of Sinmah Capital Berhad and its subsidiaries ("Sinmah Group") into healthcare business ("Proposed Diversification");

(ii) SAH Medical Center Sdn Bhd ("SMCSB") had on 17 January 2019 entered into a conditional sale and purchase agreement with The Aston Holiday Sdn Bhd ("Vendor") ("SPA 1") to acquire a piece of freehold land together with a three-star hotel ("Property 1") erected thereon, for a cash consideration of RM23,000,000 ("Purchase Consideration 1") ("Proposed Property 1 Acquisition"); and

(iii) SMCSB had also on 17 January 2019 entered into a conditional sale and purchase agreement with the Vendor ("SPA 2") to acquire a piece of freehold land together with a 6-storey commercial building ("Property 2") erected thereon, for a cash consideration of RM4,000,000 ("Purchase Consideration 2") ("proposed Property 2 Acquisition").

The shareholders of the Company approved the Group's diversification into healthcare business during the extraordinary general meeting held on 28 March 2019.

On 31 July 2019, SMCSB had signed Supplemental SPA 1 and Supplemental SPA 2inconnection with the purchase of the above properties. The Group is now raising the necessary funding to complete the purchase transactions which are expected to be completed within four (4) months from the date of the Supplemental agreements.

On 27 February 2019, Sinmah Multifeed Sdn Bhd (a 99.99%-owned subsidiary of the Company had entered into a conditional sale and purchase agreement with Huat Lai Feedmill Sdn Bhd to dispose off two parcels of 99-year leasehold land measuring a total of approximately 4.52 acres (approximately 18,309.90 square meters)together with buildings erected thereon as well as plant and machineries attached to the property for a total cash consideration of RM27.20 million ("Proposed Disposal").

The Proposed Disposal constitutes part of the Company's plans to dispose off poultry-related assets which is deemed to be no longer necessary to the Group's poultry division operations. This follows the completion of the disposal of:

(a) The Company's subsidiary Farm's Best Food Industries Sdn Bhd which was involved in poultry processing, contract farming, marketing and distribution of poultry products, on 8 November 2016;

(b) Breeder farm lands and assets in the Company's subsidiaries, namely Sinmah Breeders Sdn Bhd and Sinmah Multifeed Sdn Bhd on 23 May 2018; and

(c) Broiler farm lands and assets in the Company's subsidiaries, namely Sinmah Livestocks Sdn Bhd, Sinmah Breeders Sdn Bhd, Sinmah Multifeed Sdn Bhd, Bersatu Segar Sdn Bhd and Dee Huat Farming Trading Sdn Bhd on 3 July 2018.

As the highest percentage ratio applicable to the proposed Disposal pursuant to Paragraph 10.02(g) of the main Market Listing Requirements does not exceed 25%, the Proposed Disposal does not require the approval of the Company's shareholders or any other regulatory body.

The Board expects the Proposed Disposal to be completed by the 4th quarter of 2019.

On 28 March 2019, at the extraordinary meeting ("EGM") of the Company the shareholders of the Company approved the acquisitions of Budi Saja Sdn Bhd and Meadow Assets Sdn Bhd. The acquisitions were completed in June 2019.

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 RM'000	Long term RM'000	Total RM'000
Bank overdraft	6,115	-	6,115
Bankers acceptance	19,296	-	19,296
Revolving credit	-	-	-
Hire purchase creditors	486	1,179	1,665
Term loans	7,399	28,164	35,563
	33,296	29,343	62,639

22. Trade Receivables

			Financial Period Ended 31 Mar 2019 RM'000	Financial Year Ended 31 Dec 2018 RM'000
Trade receivables				
	Third parties		139,777	133,466
	Impairment losses	- brought forward	(98,343)	(73,794)
		- impaired during the period/year	(2,000)	(24,606)
		- reversed during the period/year	-	278
		- effects of adopting MFRS 9	-	(3,908)
		- written off during the period/year	-	3,687
			(100,343)	(98,343)
			39,434	35,123

The Group's normal credit term for trade receivables ranges from 30 to 120 days. They are recognised at their original invoice amounts which represents their fair values upon 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 Mar 2019 RM'000	Financial Year Ended 31 Dec 2018 RM'000
Neither past due nor impaired	24,026	20,093
Past due not impaired:		
Up to 60 days past due	12,377	2,796
More than 60 days	3,031	12,234
	15,408	15,030
	39,434	35,123
Impaired	100,343	98,343
	139,777	133,466

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

As at 30 June 2019, trade receivables of approximately RM15,408,000 (31 December 2018: RM15,030,000) 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 RM100,343,000 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 30 Jun 2019 RM'000	Preceding Year Quarter Ended 30 Jun 2018 RM'000	Current Year Cumulative Period Ended 30 Jun 2019 RM'000	Preceding Year Cumulative Period Ended 30 Jun 2018 RM'000
Other income comprises the following:				
Rental income	-	48	8	95
Sales of used packaging materials, scrap & others	9	323	14	327
Sales of corn	-	404	-	858
Miscellaneous other income	397	146	656	250
Bad debts recovered	-	10	14	61
Gain on disposal of property, plant and equipment	260	5,160	263	5,229
Gain on disposal of subsidiaries	2,162	-	2,162	-
Gain on consolidation of subsidiaries	233	-	233	-
Gain on foreign exchange (realised)	-	33	4	67
	3,061	6,124	3,354	6,887

24. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 28 August 2019.

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. The above matters were fixed for case management before the Special Commissioners of Income Tax ("SCIT") in Johor Bahru on 1 November 2018. The counsel for the Company's subsidiary companies requested for a date to file statement of agreed facts and statement of issues to be tried. The SCIT had directed the parties to attend case management on 22 February 2019 in Putrajaya and to file the statement of agreed facts and issues to be tried.

On 22 February 2019, the parties requested more time to finalise the statement of agreed facts and statement of issues to be tried. The counsel for the Appellant (i.e. the Company's subsidiary companies) requested for hearing dates to be fixed and for the statements to be filed before the hearing. However, the learned Special Commissioner informed the Appelant's counsel that she would like to ensure that all cause papers are filed before a hearing date is fixed. In this regard, the SCIT has directed the following:

(1) The Appellant to file statements of agreed facts, issues to be tried and index on/by 24 May 2019; and
(2) Parties to attend case management fixed on 24.5.2019 to update SCIT on whether the cause papers above have been filed.

On 24 May 2019, the SCIT set the dates for trial to be held on 27 and 28 April 2021.

26. Dividend

No interim dividend has been declared for the quarter ended 30 June 2019 (30 June 2018: 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 30 Jun 2019 RM'000	Preceding Year Quarter Ended 30 Jun 2018 RM'000	Current Year To-Date 30 Jun 2019 RM'000	Preceding Year To-Date 30 Jun 2018 RM'000
Loss attributable to owners of the parent (RM'000)	(3,366)	(4,941)	(7,313)	(10,136)
Weighted average number of shares ('000)	213,791	61,083	213,791	61,083
Basic loss per share (sen)	(1.57)	(8.09)	(3.42)	(16.59)

28. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 August 2019.