

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

	NOTE	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMMULATIVE QUARTER 9 MONTHS ENDED	
		CURRENT YEAR 30/9/2019 UNAUDITED RM'000	PRECEEDING YEAR 30/9/2018 UNAUDITED RM'000	CURRENT YEAR 30/9/2019 UNAUDITED RM'000	PRECEEDING YEAR 30/9/2018 UNAUDITED RM'000
Continuing Operations					
Revenue	9, 14 & 15	69,679	40,049	146,310	150,351
Cost of Sales		(66,784)	(38,349)	(136,894)	(139,851)
Gross Profit		<u>2,895</u>	<u>1,700</u>	<u>9,416</u>	<u>10,500</u>
Other income	23	20,029	826	23,383	7,712
Administrative expenses		(6,938)	(15,085)	(22,930)	(33,417)
Selling & marketing expenses		-	(381)	-	(787)
	9	<u>15,986</u>	<u>(12,940)</u>	<u>9,869</u>	<u>(15,992)</u>
Finance costs		(1,118)	(575)	(2,697)	(3,410)
Interest income		169	357	414	524
Profit/(loss) before tax	9	<u>15,037</u>	<u>(13,158)</u>	<u>7,586</u>	<u>(18,878)</u>
Income tax expense	19	(6,122)	(1,489)	(6,129)	(5,997)
Profit/(loss) for the period		<u>8,915</u>	<u>(14,647)</u>	<u>1,457</u>	<u>(24,875)</u>
Other comprehensive income/(loss), net of tax:					
		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other comprehensive income/(loss), net of tax		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total comprehensive income for the period		<u>8,915</u>	<u>(14,647)</u>	<u>1,457</u>	<u>(24,875)</u>
Profit/(loss) attributable to:					
Owners of the parent	14 & 15	8,885	(14,526)	1,572	(24,663)
Non-Controlling Interest		30	(121)	(115)	(212)
		<u>8,915</u>	<u>(14,647)</u>	<u>1,457</u>	<u>(24,875)</u>
Total comprehensive income attributable to:					
Owners of the parent		8,885	(14,526)	1,572	(24,663)
Non-Controlling Interest		30	(121)	(115)	(212)
		<u>8,915</u>	<u>(14,647)</u>	<u>1,457</u>	<u>(24,875)</u>
Earnings/(loss) per ordinary share attributable to owners of the parent:					
Basic (sen)	27	<u>8.18</u>	<u>(12.72)</u>	<u>0.49</u>	<u>(31.23)</u>
Fully diluted (sen)	27	<u>6.94</u>	<u>(12.72)</u>	<u>0.41</u>	<u>(31.23)</u>

(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 SEPTEMBER 2019**

	Note	As at 30 September 2019 (Unaudited) RM'000	As at 31 December 2018 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		6,260	16,041
Land use rights		21	21
Goodwill		2,264	2,264
Land held for development property		11,878	1,038
Total non-current assets		<u>20,423</u>	<u>19,364</u>
Current assets			
Property development costs		63,636	16,473
Inventories		9,500	14,419
Contract assets		1,674	1,500
Trade receivables	22	43,798	35,123
Other receivables		14,063	24,799
Tax recoverable		2,195	1,712
Held-to-maturity investments		19,413	25,301
Cash and bank balances		17,993	9,785
		<u>172,272</u>	<u>129,112</u>
Assets held for sale		-	-
Total current assets		<u>172,272</u>	<u>129,112</u>
TOTAL ASSETS		<u>192,695</u>	<u>148,476</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		149,840	149,840
Warrants reserve		3,619	3,619
Accumulated losses		(55,333)	(56,905)
Equity attributable to owners of the parent		<u>98,126</u>	<u>96,554</u>
Non-controlling interest		<u>55</u>	<u>958</u>
Total equity		<u>98,181</u>	<u>97,512</u>
Non-current liabilities			
Bank borrowings	21	26,651	9,165
Deferred tax liabilities		622	653
		<u>27,273</u>	<u>9,818</u>
Current liabilities			
Bank borrowings	21	41,002	21,908
Trade payables		12,756	8,942
Other payables		7,052	8,292
Contract liabilities		320	-
Due to directors		17	-
Tax payable		6,094	2,004
		<u>67,241</u>	<u>41,146</u>
Total Liabilities		<u>94,514</u>	<u>50,964</u>
TOTAL EQUITY AND LIABILITIES		<u>192,695</u>	<u>148,476</u>
Net assets per share attributable to owners of the parent		0.9030	0.8885

(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)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

	Note	Attributable to owners of the parent				Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
		Capital RM'000	Non- Distributable Warrants Reserve RM'000	Other Reserves RM'000	Accumulated Losses RM'000			
At 1 January 2018		123,220	3,706	-	(17,525)	109,401	1,496	110,897
Utilisation of share premium account to defray expenses in relation to corporate proposals during the period		(303)	-	-	-	(303)	-	(303)
Rights issue		30,542	4,161	(4,161)	-	30,542	-	30,542
Warrants B reserve taken to retained earnings upon expiry of the warrant		-	(3,706)	-	3,706	-	-	-
Total comprehensive income for the financial period		-	-	-	(24,663)	(24,663)	(212)	(24,875)
Non-controlling interests in new subsidiaries		-	-	-	-	-	1	1
At 30 September 2018		<u>153,459</u>	<u>4,161</u>	<u>(4,161)</u>	<u>(38,482)</u>	<u>114,977</u>	<u>1,285</u>	<u>116,262</u>
At 1 January 2019		149,840	3,619	-	(56,905)	96,554	958	97,512
Non-controlling interests in acquisition of new subsidiaries		-	-	-	-	-	283	283
Non-controlling interests in disposal of subsidiaries		-	-	-	-	-	(1,071)	(1,071)
Total comprehensive income for the financial period		-	-	-	1,572	1,572	(115)	1,457
At 30 September 2019		<u>149,840</u>	<u>3,619</u>	-	<u>(55,333)</u>	<u>98,126</u>	<u>55</u>	<u>98,181</u>

(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)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

	Note	Current Year To-Date (Unaudited) 30 September 2019 RM'000	Preceding Year To-Date (Unaudited) 30 September 2018 RM'000
Net profit/(loss) before tax	9	7,586	(18,878)
Adjustments for non-cash flow:			
Depreciation and amortisation		863	1,150
Non-cash items		(19,257)	14,882
Interest expense		2,697	3,410
Interest income		(414)	(524)
Operating (loss)/profit before changes in working capital		<u>(8,525)</u>	<u>40</u>
Changes to working capital			
Net decrease in current assets		5,113	72,254
Net decrease in current liabilities		(17,425)	(24,578)
Net cash (used in)/generated from operating activities		<u>(20,837)</u>	<u>47,716</u>
Interest received		414	524
Interest paid		(2,697)	(3,410)
Tax paid		(2,405)	(5,049)
Net cash flows (used in)/generated from operating activities		<u>(25,525)</u>	<u>40,771</u>
Investing activities			
Purchase of property, plant and equipment		(536)	(1,823)
Proceeds from sale of property, plant and equipment		29,567	21,170
Land and development expenditure		(8,172)	-
Decrease in held to maturity investments		4,017	-
Net cash outflow from acquisition of new subsidiaries		(11,022)	-
Net cash flows generated from investing activities		<u>13,806</u>	<u>19,347</u>
Financing activities			
Net proceeds on drawdown/(repayments) of bank borrowings		12,759	(72,453)
Repayment to ultimate holding company		-	(7,888)
Non-controlling interests in acquisition of new subsidiaries		282	1
Proceeds from rights issue		-	30,542
Expenses in relation to corporate proposals		-	(303)
Net cash flows generated from/(used in) financing activities		<u>13,042</u>	<u>(50,101)</u>
Net changes in cash and cash equivalents		1,323	10,017
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		<u>6,264</u>	<u>2,686</u>
Cash and cash equivalents comprise:			
Cash and bank balances		17,993	7,636
Overdraft	21	(11,729)	(4,950)
Cash and cash equivalents at the end of the year		<u>6,264</u>	<u>2,686</u>
Included in the cash flows from operating activities are:			
Cash receipts from customers		135,636	172,201
Cash payments to suppliers, contractors and employees		167,324	179,120

(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, Amendments to FRSs and IC Interpretations:-

Description	Effective for annual periods beginning on or after
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

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:

MFRS 16: Leases

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 September 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 September 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 nine months ended 30 September 2019 was as follows:

	<u>Poultry</u>	<u>Property</u>	<u>Healthcare</u>	<u>Eliminations</u>	<u>Group</u>
	<u>RM'000</u>	<u>development</u>	<u>RM'000</u>		<u>RM'000</u>
		<u>RM'000</u>			
2019					
Revenue	234,104	19,953	-	(107,747)	146,310
Results					
Segment results	13,036	(2,757)	(1,086)	1,869	11,062
Unallocated expense					(1,193)
Profit from operations					9,869
Finance income					414
Finance costs					(2,697)
Profit before tax					7,586

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

	<u>Poultry</u>	<u>Property</u> <u>development</u>	<u>Healthcare</u>	<u>Eliminations</u>	<u>Group</u>
	RM'000	RM'000	RM'000		RM'000
2018					
Revenue	248,124	7,226	-	(145,048)	110,302
Results					
Segment results	(15,964)	397	(288)	(3,591)	(15,855)
Unallocated expense					(137)
Loss from operations					(15,992)
Finance income					524
Finance costs					(3,410)
Loss before tax					(18,878)

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 September 2019, except as follows:

On 21 October 2019, SAH Medical Center (Batu Kawan) Sdn. Bhd. ("SMCBKSB"), a wholly-owned subsidiary of Sinmah Amegajaya Healthcare Sdn Bhd ("SAHSB"), which in turn is a wholly-owned subsidiary of the Company had increased its paid-up share capital from RM100 to RM1,000 through the issuance of 900 ordinary shares at an issue price of RM1.00 per share. SAHSB took up 600 shares for an aggregate subscription price of RM600 while Oasis Glory Sdn Bhd ("OGSB") took up 300 shares for an aggregate subscription price of RM300 ("the Subscriptions").

OGSB was incorporated in Malaysia as a private limited company on 14 October, 2011. The principal activity of OGSB is investment holding. The issued share capital of OGSB is RM2.00 comprising of 2 ordinary shares.

The Directors and Shareholders of OGSB are Mr. Chuah Chew Hai and Ms. Chuah Peak San and each of them hold one ordinary share each in OGSB. Both of them are non-related parties to SCB group of companies.

With the cooperation between SAHSB and OGSB, it will increase the operational efficiency of the Company's healthcare business as the shareholders and the directors of OGSB have access and are familiar with land locations in Penang. As such, OGSB would be able to contribute in terms of suitable locations in Penang for the purpose of setting up hospitals and clinics.

Upon completion of the Subscriptions, SAHSB's investment in SMCBKS decreases from 100% to 70%.

On 11 November 2019, SAHSB had incorporated a wholly-owned subsidiary company known as Medigo Laboratories & Diagnostics Sdn Bhd ("MDLDSB") under the Companies Act, 2016 with an issued share capital of RM2.00 comprising 2 ordinary shares.

The intended principal activities are provision of medical laboratories and diagnostics services and healthcare management related activities. Upon incorporation, MLDSB shall become a wholly-owned subsidiary of SAHSB.

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 18 September, 2019, the Company had incorporated a wholly owned subsidiary known as Sinmah Healthcare Sdn. Bhd. ("SHSB") under the Companies Act, 2016 with an issued share capital of RM2.00 comprising 2 ordinary shares.

The intended principal activities of SHSB are investment and to carry on all healthcare related activities. Upon incorporation, SHSB shall become a wholly-owned subsidiary of the Company.

12. Contingent Liabilities

The Company provides corporate guarantee to financial institutions for all unsecured credit facilities granted to subsidiaries amounting to RM66.19 million as at 30 September 2019.

13. Capital Commitments

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

14. Review of Current Quarter Events and Performance

The Group’s performance for the current year’s third quarter ended 30 September 2019 compared to the preceding year’s third quarter ended 30 September 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 (3 rd Quarter)		Changes (Amount/%)	Cumulative Period (9 Months)		Changes (Amount/%)
	Current Year 30/9/2019 RM’000	Preceding Year 30/9/2018 RM’000		Current Year 30/9/2019 RM’000	Preceding Year 30/9/2018 RM’000	
Revenue	69,679	40,049	29,630, 74%	146,310	150,351	(4,041), (3%)
Profit/(loss) before interest and tax	15,986	(12,940)	28,926, >100%	9,869	(15,992)	25,859, >100%
Profit/(loss) before tax	15,037	(13,158)	28,195, >100%	7,586	(18,878)	26,464, >100%
Profit/(loss) after tax	8,915	(14,647)	23,562, >100%	1,457	(24,875)	26,332, >100%
Profit/(loss) attributable to Ordinary Equity Holders of the Parent	8,885	(14,526)	23,411, >100%	1,572	(24,663)	26,235, >100%

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

Description	3 months ended 30-Sep-19	3 months ended 30-Sep-18	Increase/(Decrease)	
	RM’000	RM’000	RM’000	%
Revenue				
- Poultry	68,369	30,910	37,459	>100
- Property development	1,310	9,139	(7,829)	(86)
	69,679	40,049		

For the current quarter ended 30 September 2019, the poultry segment recorded a higher revenue of RM68.37 million as compared with RM30.91 million in the corresponding quarter ended 30 September 2018, an increase of more than 100%. The increase was mainly due to increase in sales volume and average selling price of live broilers during the quarter ended 30 September 2019 as compared to the corresponding quarter ended 30 September 2018.

The property development segment posted a lower revenue of RM1.31 million in the current quarter ended 30 September 2019 as compared to the revenue of RM9.14 million in the corresponding quarter ended 30 September 2018, a decrease of 86%. This was due to lower number of units sold and lower recognition of revenue on the percentage of completion basis during the current quarter ended 30 September 2019 as compared to the corresponding quarter ended 30 September 2018.

As total revenue increased, the Group posted a profit attributable to owners of the parent of RM8.89 million during the current quarter ended 30 September 2019 as opposed to a loss attributable to owners of the parent of RM14.53 million in the corresponding quarter ended 30 September 2018. The profit during the current quarter ended 30 September 2019 was mainly due to a pre-tax gain on disposal of feed-mill assets of RM17.87 million and increase in sales volume and sales price of live broilers during the quarter ended 30 September 2019 as compared with the corresponding quarter ended 30 September 2018.

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

Description	9 months ended 30-Sep-19	9 months ended 30-Sep-18	Increase/(Decrease)	
	RM’000	RM’000	RM’000	%
Revenue				
- Poultry	134,565	136,933	(2,368)	(2)
- Property development	11,745	13,418	(1,673)	(12)
	146,310	150,351		

For the nine months period ended 30 September 2019, the poultry segment recorded a slightly lower revenue of RM134.57 million as compared with RM136.93 million in the corresponding period ended 30 September 2018, a decrease of 2%. The decrease was mainly due to decrease in sales volume of live broilers during the nine months ended 30 September 2019 as compared to the corresponding period ended 30 September 2018. This is partially offset by an increase in average selling price of live broilers during the nine months period ended 30 September 2019 as compared to the corresponding period ending 30 September 2018.

The property development segment posted a lower revenue of 11.74 million in the nine months period ended 30 September 2019 as compared to the revenue of RM13.42 million in the corresponding period ended 30 September 2018, a decrease of 12%. This was mainly due to a lower number of units sold and lower recognition of revenue on the percentage of completion basis in the nine months ended 30 September 2019 as compared to the corresponding period ended 30 September 2018.

Although revenue decreased, the Group posted a profit attributable to owners of the parent of RM1.57 million during the nine months period ended 30 September 2019 as opposed to a loss attributable to owners of the parent of RM24.66 million in the corresponding period ended 30 September 2018. This was mainly due to increase in average selling price of live broilers and a lower loss on impairment of trade receivables of RM2.0 million during the nine months period ended 30 September 2019 compared to RM20.15 million during the corresponding period ended 30 September 2018.

15. Comparison to Preceding Quarter's Results

The Group's performance for the current quarter ended 30 September 2019 compared to the previous quarter ended 30 June 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 September 2019 RM'000	3 months ended 30 June 2019 RM'000	Changes (RM'000/%)
Revenue	69,679	36,655	33,024, 90%
Profit/(loss) before interest and tax	15,986	(2,563)	18,549, >100%
Profit/(loss) before tax	15,037	(3,431)	18,468, >100%
Profit/(loss) after tax	8,915	(3,451)	12,366, >100%
Loss attributable to Ordinary Equity Holders of the Parent	8,885	(3,366)	12,251, >100%

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

Description	3 months ended 30-Sep-19 RM'000	3 months ended 30-Jun-19 RM'000	Increase/(Decrease)	
			RM'000	%
Revenue				
- Poultry	68,369	32,303	36,066	>100
- Property development	1,310	4,352	(3,042)	(70)
	69,679	39,976		

For the current quarter ended 30 September 2019, the poultry segment posted a higher revenue of RM68.37 million compared to the turnover of RM32.30 million recorded in the previous quarter ended 30 June 2019, an increase of more than 100%. The increase was mainly due to increase in sales volume and average selling price of live broilers during the current quarter ended 30 September 2019.

The property development segment posted a lower revenue of RM1.31 million in the current quarter ended 30 September 2019 as compared to the revenue of RM4.35 million in the preceding quarter ended 30 June 2019, a decrease of 70%. This was due to lower number of units sold and lower recognition of revenue on the percentage of completion basis in the current quarter ended 30 September 2019 as compared to previous quarter ended 30 June 2019.

As revenue increased, the Group posted a profit attributable to owners of the parent of RM8.89 million during the current quarter ended 30 September 2019 as opposed to a loss attributable to owners of the parent of RM3.37 million during the preceding quarter ended 30 June 2019. The profit during the current quarter ended 30 September 2019 was mainly due to a pre-tax gain on disposal of feed-mill assets of RM17.87 million during the quarter ended 30 September 2019 as compared to a pre-tax gain on disposal of subsidiary companies of RM2.18 million recognised during the preceding quarter ended 30 June 2019.

16. Prospects

The average selling price of live broilers is expected to be the same as the average selling price during the quarter under review. The mitigating factor for the Group is that we trade in live broilers more than we do contract farming. Hence, should live broiler selling prices fall below the current quarter's average, the adverse effects of such a drop in selling price of live broilers is limited to the quantity of broilers farmed through our contract farming activities.

In the meantime, the property development division is officially launching its Taman Gambir Perdana project in mid-December 2019. Hence, the impact of sales from this project will only be felt in the next financial year ending 31 December 2020.

For the healthcare division, the Group had commenced operations of a clinic in Seri Kembangan. In addition, the Group is in the midst of renovating 2 shophouses located in Sri Andalas, Klang to operate as a clinic and expected to run by December 2019. Besides this, the Group is in the midst of obtaining approval for 1 additional clinic located in Taman Galena, Seremban.

The Group via its subsidiary, Sterling Healthcare Sdn Bhd, is also planning to open a diagnostic center in Klang to provide CT Scan, ultra-sound and X-ray services. The diagnostic center is pending approval from the relevant authorities. The Group hopes to commence operations by early first quarter of 2020.

Based on the above, the Group expects a very challenging 4th quarter 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	Preceding Year	Current	Preceding
	Quarter ended	Quarter ended	Year to-date	Year to-date
	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortization	263	366	863	1,150
Foreign exchange gain	(5)	(38)	(9)	(29)
(Gain) / loss on disposal of properties, plant and equipment	(18,522)	110	(18,785)	(5,267)
Gain on disposal of subsidiary companies	(310)	-	(2,472)	-
Gain on disposal of associated companies	-	-	-	-
Impairment loss of investment in associated companies	-	-	-	-
Impairment loss on trade receivables	-	11,565	2,000	20,149
Impairment of goodwill	-	-	-	-
Provision for write-off of receivables	-	-	-	-
Provision for write-off of inventories	-	-	-	-
Gain or loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-
Interest income	(169)	(357)	(414)	(524)
Interest expense	1,118	575	2,697	3,410

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
	30 Sep 2019	30 Sep 2019	30 Sep 2018	30 Sep 2018
	RM '000	RM '000	RM '000	RM '000
Current tax – income tax	(5,636)	(5,660)	(1,476)	(5,199)
Current tax – real property gains tax	(500)	(500)	-	(2,544)
Deferred tax	14	31	(13)	1,746
Total tax income/(expense)	<u>(6,122)</u>	<u>(6,129)</u>	<u>(1,489)</u>	<u>(5,977)</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:

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 2 in connection 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 Proposed Disposal was completed during the quarter under review and a pre-tax gain of RM17.87 million was recognized during the quarter under review.

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	11,729	-	11,729
Bankers acceptance	22,404	-	22,404
Revolving credit	-	-	-
Hire purchase creditors	493	970	1,463
Term loans	6,376	25,681	32,057
	<u>41,002</u>	<u>26,651</u>	<u>67,653</u>

22. Trade Receivables

	Financial Period Ended 30 Sep 2019 RM'000	Financial Year Ended 31 Dec 2018 RM'000
Trade receivables		
Third parties	144,141	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
	<u>(100,343)</u>	<u>(98,343)</u>
	<u>43,798</u>	<u>35,123</u>

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 30 Sep 2019 RM'000	Financial Year Ended 31 Dec 2018 RM'000
Neither past due nor impaired	26,565	20,093
Past due not impaired:		
Up to 60 days past due	13,299	2,796
More than 60 days	3,934	12,234
	<u>43,798</u>	<u>15,030</u>
Impaired	39,434	35,123
	<u>100,343</u>	<u>98,343</u>
	<u>144,141</u>	<u>133,466</u>

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

As at 30 September 2019, trade receivables of approximately RM17,233,000 (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 Sep 2019 RM'000	Preceding Year Quarter Ended 30 Sep 2018 RM'000	Current Year Cumulative Period Ended 30 Sep 2019 RM'000	Preceding Year Cumulative Period Ended 30 Sep 2018 RM'000
Other income comprises the following:				
Rental income	16	12	24	107
Sales of used packaging materials, scrap & others	141	81	155	407
Sales of corn	-	465	-	1,324
Miscellaneous other income	777	254	1,433	503
Bad debts recovered	-	14	14	75
Gain on disposal of property, plant and equipment	18,522	-	18,785	5,267
Gain on disposal of subsidiaries	310	-	2,472	-
Gain on consolidation of subsidiaries	263	-	496	-
Gain on foreign exchange (realised)	-	-	4	29
	20,029	826	23,383	7,712

24. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 26 November 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 Appellant'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 September 2019 (30 September 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 Sep 2019 RM'000	Preceding Year Quarter Ended 30 Sep 2018 RM'000	Current Year To-Date 30 Sep 2019 RM'000	Preceding Year To-Date 30 Sep 2018 RM'000
Profit/(loss) attributable to owners of the parent (RM'000)	8,885	(14,526)	1,572	(24,663)
Weighted average number of shares ('000)	213,791	114,199	213,791	78,983
Basic earnings/(loss) per share (sen)	8.18	(12.72)	0.49	(31.23)

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 26 November 2019.