

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 JUNE 2020**

	NOTE	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMMULATIVE QUARTER 6 MONTHS ENDED	
		CURRENT YEAR 30/6/2020 UNAUDITED RM'000	PRECEEDING YEAR 30/6/2019 UNAUDITED RM'000	CURRENT YEAR 30/6/2020 UNAUDITED RM'000	PRECEEDING YEAR 30/6/2019 UNAUDITED RM'000
<b>Continuing Operations</b>					
Revenue	9, 14 & 15	36,094	36,655	74,402	76,631
Cost of Sales		(34,462)	(34,216)	(70,782)	(70,110)
<b>Gross Profit</b>		<u>1,632</u>	<u>2,439</u>	<u>3,620</u>	<u>6,521</u>
Other income	23	135	3,061	4,675	3,354
Administrative expenses		(8,030)	(8,063)	(16,047)	(15,992)
Selling & marketing expenses		-	-	-	-
	9	(6,263)	(2,563)	(7,752)	(6,117)
Finance costs		(1,467)	(968)	(2,891)	(1,579)
Interest income		121	100	141	245
<b>Loss before tax</b>	9	<u>(7,609)</u>	<u>(3,431)</u>	<u>(10,502)</u>	<u>(7,451)</u>
Income tax expense	19	45	(20)	157	(7)
<b>Profit/(loss) for the period</b>		<u>(7,564)</u>	<u>(3,451)</u>	<u>(10,345)</u>	<u>(7,458)</u>
<b>Other comprehensive income/(loss), net of tax:</b>					
		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Other comprehensive income/(loss), net of tax</b>		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total comprehensive loss for the period</b>		<u>(7,564)</u>	<u>(3,451)</u>	<u>(10,345)</u>	<u>(7,458)</u>
<b>Loss attributable to:</b>					
Owners of the parent	14 & 15	(7,619)	(3,366)	(10,400)	(7,313)
Non-Controlling Interest		55	(85)	55	(145)
		<u>(7,564)</u>	<u>(3,431)</u>	<u>(10,345)</u>	<u>(7,458)</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		(7,619)	(3,366)	(10,400)	(7,313)
Non-Controlling Interest		55	(85)	55	(145)
		<u>(7,564)</u>	<u>(3,431)</u>	<u>(10,345)</u>	<u>(7,458)</u>
<b>Loss per ordinary share attributable to owners of the parent:</b>					
Basic (sen)	27	<u>(3.56)</u>	<u>(1.57)</u>	<u>(4.86)</u>	<u>(3.42)</u>
Fully diluted (sen)	27	<u>(3.02)</u>	<u>(1.34)</u>	<u>(4.13)</u>	<u>(2.90)</u>

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 2020**

	Note	As at 30 June 2020 (Unaudited) RM'000	As at 31 December 2019 (Audited) RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		6,530	6,571
Right-of-use assets		4,958	3,832
Goodwill		3,348	3,348
Inventories		6,664	5,336
<b>Total non-current assets</b>		<u>21,500</u>	<u>19,087</u>
<b>Current assets</b>			
Inventories		85,699	85,023
Contract assets		6,576	6,469
Trade receivables	22	42,964	44,155
Other receivables		8,224	11,448
Tax recoverable		547	513
Deposits, cash and bank balances		31,191	32,625
<b>Total current assets</b>		<u>175,201</u>	<u>180,233</u>
<b>TOTAL ASSETS</b>		<u>196,701</u>	<u>199,320</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		149,840	149,840
Warrants reserve		3,619	3,619
Accumulated losses		(68,158)	(57,758)
<b>Equity attributable to owners of the parent</b>		<u>85,301</u>	<u>95,701</u>
<b>Non-controlling interest</b>		<u>241</u>	<u>186</u>
<b>Total equity</b>		<u>85,542</u>	<u>95,887</u>
<b>Non-current liabilities</b>			
Bank borrowings	21	31,984	25,926
Lease liabilities		3,360	3,299
Deferred tax liabilities		3,155	3,312
		<u>38,499</u>	<u>32,537</u>
<b>Current liabilities</b>			
Bank borrowings	21	50,698	47,375
Lease liabilities		727	702
Contract liabilities		2,598	-
Trade payables		9,542	12,470
Other payables		6,831	6,684
Amount due to directors		17	829
Tax payable		2,247	2,836
<b>Total Liabilities</b>		<u>72,660</u>	<u>70,896</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>196,701</u>	<u>199,320</u>
Net assets per share attributable to owners of the parent		0.3990	0.4476

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 JUNE 2020**

	Note	Attributable to owners of the parent			Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
		Capital RM'000	Warrants Reserve RM'000	Non- Distributable Accumulated Losses RM'000			
<b>At 1 January 2019</b>		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 disposed subsidiaries		-	-	-	-	(1,071)	(1,071)
Total comprehensive income for the financial period		-	-	(7,313)	(7,313)	(145)	(7,458)
<b>At 30 June 2019</b>		<u>149,840</u>	<u>3,619</u>	<u>(64,218)</u>	<u>89,241</u>	<u>24</u>	<u>89,265</u>
<b>At 1 January 2020</b>		149,840	3,619	(57,758)	95,701	186	95,887
Total comprehensive income for the financial period		-	-	(10,400)	(10,400)	55	(10,345)
<b>At 30 June 2020</b>		<u>149,840</u>	<u>3,619</u>	<u>(68,158)</u>	<u>85,301</u>	<u>241</u>	<u>85,542</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 2019 and the accompanying explanatory notes attached to the interim financial statements)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 30 JUNE 2020**

	Note	Current Year To-Date (Unaudited) 30 June 2020 RM'000	Preceding Year To-Date (Re-stated) 30 June 2019 RM'000
<b>Net loss before tax</b>	9	(10,502)	(7,451)
Adjustments for non-cash flow:			
Depreciation and amortisation		808	600
Non-cash items		6,991	(425)
Interest expense		2,891	1,579
Interest income		(141)	(245)
<b>Operating profit/(loss) before changes in working capital</b>		<u>47</u>	<u>(5,942)</u>
<b>Changes to working capital</b>			
Net (increase)/decrease in current assets		(5,518)	1,099
Net decrease in current liabilities		(183)	(8,226)
<b>Net cash flows from operating activities</b>		<u>(5,654)</u>	<u>(13,069)</u>
Interest paid		(2,891)	(1,579)
Tax paid		(623)	(438)
<b>Net cash used in operating activities</b>		<u>(9,168)</u>	<u>(15,086)</u>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(732)	(201)
Proceeds from sale of property, plant and equipment		9	686
Purchase of right-of-use assets		(52)	-
Interest received		141	245
Net cash outflow from acquisition of subsidiaries		-	(11,022)
<b>Net cash used in investing activities</b>		<u>(634)</u>	<u>(10,292)</u>
<b>Financing activities</b>			
Net proceeds on bank borrowings		10,203	12,787
Lease liabilities paid		(201)	-
Amount due to directors		(812)	-
Non-controlling interests in acquisition of new subsidiaries		-	282
<b>Net cash generated from financing activities</b>		<u>9,190</u>	<u>13,069</u>
Net changes in cash and cash equivalents		(612)	(12,309)
Effects of exchange rate changes		-	-
Cash and cash equivalents at beginning of the period		19,687	30,242
Cash and cash equivalents at the end of the period		<u>19,075</u>	<u>17,933</u>
Cash and cash equivalents comprise:			
Cash and bank balances		31,191	24,048
Overdraft	21	(12,116)	(6,115)
Cash and cash equivalents at the end of the year		<u>19,075</u>	<u>17,933</u>
Included in the cash flows from operating activities are:			
Cash receipts from customers		68,593	70,321
Cash payments to suppliers, contractors and employees		81,481	94,743

(The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 2019. 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 2019.

**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 2019.

On 1 January 2020, the Group adopted the following FRSs, Amendments to FRSs and IC Interpretations:-

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

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
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.

**3. Auditors' Report on Preceding Annual Financial Statements**

The audited financial statements for the year ended 31 December 2019 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 2020.

**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 2020.

## 9. Segmental information

The Group is organized into three main business divisions:

- (i) Food – This consists of contract farming, and trading of live broilers, 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.

Segment information for the six months ended 30 June 2020 was as follows:

	<u>Food</u> RM'000	<u>Property development</u> RM'000	<u>Healthcare</u> RM'000	<u>Eliminations</u>	<u>Group</u> RM'000
<b><u>2020</u></b>					
Revenue	126,992	10,633	30	(63,253)	74,402
<b>Results</b>					
Segment results	(7,715)	2,414	(1,664)	(432)	(7,397)
Unallocated expense					(355)
Loss from operations					(7,752)
Finance income					141
Finance costs					(2,891)
Loss before tax					(10,502)

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

	<u>Food</u> RM'000	<u>Property development</u> RM'000	<u>Healthcare</u> RM'000	<u>Eliminations</u>	<u>Group</u> RM'000
<b>2019</b>					
<b>Revenue</b>	106,193	14,947	-	(44,509)	76,631
<b>Results</b>					
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)

Unallocated expenses refer to the results of the Company.

#### 10. Subsequent Events

As at the date of this report, there were no material events subsequent to the current quarter ended 30 June 2020, except as follows:

On 17 August 2020, the Company announced that it was going to undertake the following:

- i) A private placement of up to 20% of the total number of issued shares of the Company to third party investors to be identified later at an issue price to be determined and announced later in accordance with the general mandate pursuant to Section 75 and 76 of the Companies Act 2016 ("Proposed Private Placement I"); and
- ii) A private placement of up to 20% of the total number of issued shares of the Company to third party investors to be identified later at an issue price to be determined and announced later ("Proposed Private Placement II").

The above private placements are collectively referred to as the "Proposals".

The proposed private placement I is expected to raise between RM8.17 million under the Minimum Scenario and RM9.63 million under the Maximum Scenario while the proposed private placement II is expected to raise between RM9.80 million under the Minimum Scenario and RM13.28 million under the Maximum Scenario. Together the two proposed private placements are expected to raise between RM17.97 million under the Minimum Scenario and RM22.91 million under the Maximum Scenario.

The proceeds of the proposed private placements have been earmarked towards development expenditure of the Group's existing housing development projects with an amount of RM6.0 million while the rest will be for working capital and expenses in respect of the two private placements.

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposals are expected to be completed by the fourth quarter of 2020.

### **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 28 April 2020, the Company had assigned debts of RM3.1 million owing by Sinmah Amegajaya Healthcare Sdn. Bhd. ("SAH") to Sinmah Healthcare Sdn. Bhd. ("SH").

On 29 April 2020, RM2.9 million of the debts now owing by SAH to SH has been capitalised through the issuance of 2,900,000 new ordinary shares of SAH to SH, at an issue price of RM1 per share. With the capitalisation of debts, the share capital of SAH was increased to RM3,000,000 and SH became a 99% owner of SAH.

### **12. Contingent Liabilities**

The Company provides corporate guarantee to financial institutions for all unsecured credit facilities granted to subsidiaries amounting to RM69.73 million as at 30 June 2020.

### **13. Capital Commitments**

There were no material capital commitments not provided for in the interim financial statements as at 30 June 2020.



#### 14. Review of Current Quarter Events and Performance

The Group’s performance for the current year’s second quarter ended 30 June 2020 compared to the preceding year’s second quarter ended 30 June 2019 is shown in Table 1 and Table 2.

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

	Individual Period (2 <sup>nd</sup> Quarter)		Changes (Amount/%)	Cumulative Period (6 Months)		Changes (Amount/%)
	Current Year 30/6/2020 RM’000	Preceding Year 30/6/2019 RM’000		Current Year 30/6/2020 RM’000	Preceding Year 30/6/2019 RM’000	
Revenue	36,094	36,655	(561), (2%)	74,402	76,631	(2,229), (3%)
Loss before interest and tax	(6,263)	(2,563)	(3,700), (>100%)	(7,752)	(6,117)	(1,635), (27%)
Loss before tax	(7,609)	(3,431)	(4,178), (>100%)	(10,502)	(7,451)	(3,051), (41%)
Loss after tax	(7,564)	(3,451)	(4,113), (>100%)	(10,345)	(7,458)	(2,887), (39%)
Loss attributable to Ordinary Equity Holders of the Parent	(7,619)	(3,366)	(4,253), (>100%)	(10,400)	(7,313)	(3,087), (42%)

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

Description	3 months ended 30-Jun-20	3 months ended 30-Jun-19	Increase/(Decrease)	
	RM’000	RM’000	RM’000	%
<b>Revenue</b>				
- Food	34,037	32,303	1,734	5
- Property development	2,054	4,352	(2,298)	(53)
- Healthcare	3	-	3	>100
	36,094	36,655		

For the current quarter ended 30 June 2020, the food segment recorded a higher revenue of RM34.04 million as compared with RM32.30 million in the corresponding quarter ended 30 June 2019, an increase of 5%. The increase was mainly due to increase in average selling price of live broilers during the quarter ended 30 June 2020 as compared to the corresponding quarter ended 30 June 2019.

The property development segment posted a lower revenue of RM2.05 million in the current quarter ended 30 June 2020 as compared to the revenue of RM4.35 million in the corresponding quarter ended 30 June 2019, a decrease of 53%. This was due to lower recognition of revenue on the percentage of completion basis during the current quarter ended 30 June 2020 as compared to the corresponding quarter ended 30 June 2019. This was mainly due to lower sales of properties during the current quarter ended 30 June 2020 caused by temporary closure of operations due to the COVID-19 pandemic outbreak.

The healthcare division commenced operation during the previous quarter ended 31 December 2019. Hence, there was no revenue recorded during the corresponding quarter ended 30 June 2019.

As total revenue decreased, the Group posted a higher loss attributable to owners of the parent of RM7.62 million during the current quarter ended 30 June 2020 as compared to a loss attributable to owners of the parent of RM3.37 million in the corresponding quarter ended 30 June 2019. The higher loss during the current quarter ended 30 June 2020 was mainly due to the impairment loss on trade receivables amounted to RM4.0 million during the current quarter ended 30 June 2020 compared to RM Nil during the corresponding quarter ended 30 June 2019.

**Table 3: Revenue by Segment (Cumulative Quarter and Corresponding period)**

Description	6 months ended	6 months ended	Increase/(Decrease)	
	30-Jun-20	30-Jun-19	RM'000	%
	RM'000	RM'000		
<b>Revenue</b>				
- Food	69,411	66,196	3,215	5
- Property development	4,961	10,435	(5,474)	(52)
- Healthcare	30	-	30	>100
	74,402	76,631		

For the six months period ended 30 June 2020, the food segment recorded a higher revenue of RM69.41 million as compared with RM66.20 million in the corresponding period ended 30 June 2019, an increase of 5%. The increase was mainly due to increase in sales volume of live broilers resulting from increase in trading of live broilers activity during the six months ended 30 June 2020 as compared to the corresponding period ended 30 June 2019.

The property development segment posted a lower revenue of RM4.96 million in the six months ended 30 June 2020 as compared to the revenue of RM10.44 million in the corresponding period ended 30 June 2019, a decrease of 52%. This was due to lower recognition of revenue on the percentage of completion basis during the six months ended 30 June 2020 as compared to the corresponding period ended 30 June 2019. This was mainly due to lower sales of properties during the six months ended 30 June 2020 caused by temporary closure of operations due to the COVID-19 pandemic outbreak.

The healthcare division commenced operation during the previous quarter ended 31 December 2019. Hence, there was no revenue recorded during the corresponding period ended 30 June 2019.

As total revenue decreased, the Group posted a higher loss attributable to owners of the parent of RM10.40 million during the six months ended 30 June 2020 as compared to a loss attributable to owners of the parent of RM7.31 million in the corresponding period ended 30 June 2019. The higher loss during the six months ended 30 June 2020 was mainly due to impairment loss on trade receivables amounted to RM7.0 million during the six months ended 30 June 2020 compared to RM Nil during the corresponding period ended 30 June 2019 coupled with decrease in revenue from the property development segment. This was partially offset by a grant of RM4.51 million received from the Government of Malaysia during the first quarter of 2020.

#### 15. Comparison to Preceding Quarter's Results

The Group's performance for the current quarter ended 30 June 2020 compared to the previous quarter ended 31 March 2020 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 2020 RM'000	3 months ended 31 March 2020 RM'000	Changes (Amount/%)
Revenue	36,094	38,308	(2,214), (6%)
Loss before interest and tax	(6,263)	(1,489)	(4,774), (>100%)
Loss before tax	(7,609)	(2,893)	(4,716), (>100%)
Loss after tax	(7,564)	(2,781)	(4,783), (>100%)
Loss attributable to Ordinary Equity Holders of the Parent	(7,619)	(2,781)	(4,838), (>100%)

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

Description	3 months ended	3 months ended	Increase/(Decrease)	
	30-Jun-20	31-Mar-20	RM'000	%
	RM'000	RM'000		
<b>Revenue</b>				
- Poultry	34,037	35,374	(1,337)	(4)
- Property development	2,054	2,907	(853)	(29)
- Healthcare	3	27	(24)	(89)
	36,094	38,308		

For the current quarter ended 30 June 2020, the poultry segment posted a lower revenue of RM34.04 million compared to the turnover of RM35.37 million recorded in the previous quarter ended 31 March 2020, a decrease of 4%. The decrease was mainly due to decrease sales volume of live broilers during the current quarter ended 30 June 2020.

The property development segment posted a lower revenue of RM2.05 million in the current quarter ended 31 March 2020 as compared to the revenue of RM2.91 million in the preceding quarter ended 31 March 2020, a decrease of 29%. This was due to lower recognition of revenue on the percentage of completion basis in the current quarter ended 30 June 2020 as compared to previous quarter ended 31 March 2020.

The healthcare segment recorded a lower revenue of RM3,000 during the quarter ended 30 June 2020 as compared to RM27,000 during the preceding quarter ended 31 March 2020, a decrease of 89%. This was due to the COVID-19 pandemic outbreak and the resulting lockdown measures taken by the Government of Malaysia which resulted in a decrease in number of patients seeking treatment during the quarter under review.

As revenue decreased, the Group posted a higher loss attributable to owners of the parent of RM7.62 million during the current quarter ended 30 June 2020 compared to a loss attributable to owners of the parent of RM2.78 million during the preceding quarter ended 31 March 2020. The higher loss during the current quarter ended 31 March 2020 was mainly due to an impairment loss on trade receivables of RM4.00 million was incurred during the quarter under review compared to RM3.00 million incurred during the previous quarter ended 31 March 2020, coupled with decrease in revenue from the property and healthcare segments. Furthermore, during the previous quarter ended 31 March 2020 there was a receipt of Government grant of RM4.51 million for the completion of the second bridge in Taman Krubong Utama, Melaka.

## 16. Prospects

As at the date of this report, the average selling prices of live broilers is significantly higher than the average selling prices during the quarter ended 30 June 2020.

The property development and healthcare segments are expected to face challenging times in recommencing business after the enforced shutdown by the Government from 18 March 2020 to 9 June 2020 in preventing the spread of COVID-19. The property development segment only re-commenced operations at the end of the second quarter ending 30 June 2020 while the healthcare operations re-commenced operations in July 2020. In view of this, the Company has embarked on two proposed private placements as explained in Note 10 above.

As such, the Group is expecting a challenging third quarter of the financial year ending 31 December 2020.

## 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

	CurrentYear	Preceding Year	Current	Preceding
	Quarter ended	Quarter ended	Year to-date	Year to-date
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortization	452	315	756	600
Foreign exchange loss / (gain)	-	-	-	(4)
(Gain) / loss on disposal of properties, plant and equipment	(8)	2	(8)	2
Loss on disposal of subsidiary companies	-	-	-	-
Gain on disposal of associated companies	-	-	-	-
Impairment loss of investment in associated companies	-	-	-	-
Impairment loss on trade receivables	4,000	-	7,000	-
Impairment of goodwill	-	-	-	-
Provision for write-off of receivables	-	-	-	-
Provision for write-off of inventories	-	-	-	-
Gain or loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-
Interest income	(121)	(100)	(141)	(245)
Interest expense	1,467	968	2,891	1,579

## 19. Taxation

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

	Quarter ended 30 Jun 2020 RM '000	Year to-date 30 Jun 2020 RM '000	Quarter ended 30 Jun 2019 RM '000	Year to-date 30 Jun 2019 RM '000
Current tax	-	-	-	-
Deferred tax	45	157	(20)	(7)
Total tax income/(expense)	45	157	(20)	(7)

## 20. Corporate Proposals

There were no corporate proposals in the current 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, persona guarantees of certain directors of the Company 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	12,116	-	12,116
Bankers acceptance	26,470	-	26,470
Revolving credit	6,000	-	6,000
Lease liabilities	727	3,360	4,087
Term loans	6,112	31,984	38,096
	51,425	35,344	86,769

## 22. Trade Receivables

	Financial Period Ended 30 Jun 2020 RM'000	Financial Year Ended 31 Dec 2019 RM'000
Trade receivables		
Third parties	147,523	141,714
Impairment losses		
- brought forward	(97,559)	(98,343)
- impaired during the period/year	(7,000)	-
- reversed during the period/year	-	784
- effects of adopting MFRS 9	-	-
- written off during the period/year	-	-
	(104,559)	(97,559)
	42,964	44,155

## 22. Trade Receivables (cont'd)

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 June 2020 RM'000	Financial Year Ended 31 Dec 2019 RM'000
Neither past due nor impaired	12,316	10,670
Past due not impaired:		
Up to 60 days past due	9,708	16,392
More than 60 days	20,940	17,093
	30,648	33,485
Impaired	42,964	44,155
	104,559	97,559
	147,523	141,714

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

As at 30 June 2020, trade receivables of approximately RM30,648,000 (31 December 2019: RM33,485,000) 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 RM104,559,000 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 2020 RM'000	Preceding Year Quarter Ended 30 Jun 2019 RM'000	Current Year Cumulative Period Ended 30 Jun 2020 RM'000	Preceding Year Cumulative Period Ended 30 Jun 2019 RM'000
Other income comprises the following:				
Rental income	17	-	36	8
Sales of used packaging materials, scrap & others	-	9	-	14
Government grant received	-	-	4,509	-
Miscellaneous other income	117	397	121	656
Bad debts recovered	-	-	-	14
Gain on disposal of property, plant and equipment	1	260	9	263
Gain on disposal of subsidiaries	-	2,162	-	2,162
Gain on consolidation of subsidiaries	-	233	-	233
Gain on foreign exchange (realised)	-	-	-	4
	135	3,061	4,675	3,354

## 24. Off Balance Sheet Financial Instruments

There were no off-balance sheet financial instruments as at 26 August 2020.

## 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 June 2020 (30 June 2019: 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 2020 RM'000	Preceding Year Quarter Ended 30 Jun 2019 RM'000	Current Year To-Date 30 Jun 2020 RM'000	Preceding Year To-Date 30 Jun 2019 RM'000
Loss attributable to owners of the parent (RM'000)	(7,619)	(3,366)	(10,400)	(7,313)
Weighted average number of shares ('000)	213,791	213,791	213,791	213,791
Basic loss per share (sen)	(3.56)	(1.57)	(4.86)	(3.42)

## 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 August 2020.