

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

	NOTE	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMMULATIVE QUARTER 9 MONTHS ENDED	
		CURRENT YEAR 30/9/2020 UNAUDITED RM'000	PRECEEDING YEAR 30/9/2019 UNAUDITED RM'000	CURRENT YEAR 30/9/2020 UNAUDITED RM'000	PRECEEDING YEAR 30/9/2019 UNAUDITED RM'000
<b>Continuing Operations</b>					
Revenue	9, 14 & 15	23,459	69,679	97,861	146,310
Cost of Sales		(22,910)	(66,784)	(93,693)	(136,894)
<b>Gross Profit</b>		<u>547</u>	<u>2,895</u>	<u>4,168</u>	<u>9,416</u>
Other income	23	100	20,029	4,775	23,383
Administrative expenses		(4,810)	(6,938)	(20,857)	(22,930)
Selling & marketing expenses		-	-	-	-
	9	<u>(4,161)</u>	<u>15,986</u>	<u>(11,914)</u>	<u>9,869</u>
Finance costs		(1,347)	(1,118)	(4,238)	(2,697)
Interest income		272	169	413	414
<b>(Loss)/Profit before tax</b>	9	<u>(5,236)</u>	<u>15,037</u>	<u>(15,739)</u>	<u>7,586</u>
Income tax expense	19	17	(6,122)	174	(6,129)
<b>(Loss)/Profit for the period</b>		<u>(5,219)</u>	<u>8,915</u>	<u>(15,565)</u>	<u>1,457</u>
<b>Other comprehensive income, net of tax:</b>		0	0	0	0
<b>Other comprehensive income, net of tax</b>		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total comprehensive income for the period</b>		<u>(5,219)</u>	<u>8,915</u>	<u>(15,565)</u>	<u>1,457</u>
<b>Loss attributable to:</b>					
Owners of the parent	14 & 15	(5,217)	8,885	(15,617)	1,572
Non-Controlling Interest		(2)	30	52	(115)
		<u>(5,219)</u>	<u>8,915</u>	<u>(15,565)</u>	<u>1,457</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		(5,217)	8,885	(15,617)	1,572
Non-Controlling Interest		(2)	30	52	(115)
		<u>(5,219)</u>	<u>8,915</u>	<u>(15,565)</u>	<u>1,457</u>
<b>Loss per ordinary share attributable to owners of the parent:</b>					
Basic (sen)	27	<u>(2.44)</u>	<u>8.18</u>	<u>(7.30)</u>	<u>0.49</u>
Fully diluted (sen)	27	<u>(2.07)</u>	<u>6.94</u>	<u>(6.20)</u>	<u>0.41</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)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

	Note	As at 30 September 2020 (Unaudited) RM'000	As at 31 December 2019 (Audited) RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		7,234	6,571
Right-of-use assets		4,635	3,832
Goodwill		3,348	3,348
Inventories		6,774	5,336
<b>Total non-current assets</b>		<u>21,991</u>	<u>19,087</u>
<b>Current assets</b>			
Inventories		85,164	85,023
Contract assets		5,260	6,469
Trade receivables	22	41,738	44,155
Other receivables		8,029	11,448
Tax recoverable		550	513
Deposits, cash and bank balances		38,642	32,625
<b>Total current assets</b>		<u>179,383</u>	<u>180,233</u>
<b>TOTAL ASSETS</b>		<u>201,374</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		(73,375)	(57,758)
<b>Equity attributable to owners of the parent</b>		<u>80,084</u>	<u>95,701</u>
<b>Non-controlling interest</b>		<u>238</u>	<u>186</u>
<b>Total equity</b>		<u>80,322</u>	<u>95,887</u>
<b>Non-current liabilities</b>			
Bank borrowings	21	50,313	25,926
Lease liabilities		3,811	3,299
Deferred tax liabilities		3,138	3,312
		<u>57,262</u>	<u>32,537</u>
<b>Current liabilities</b>			
Bank borrowings	21	44,680	47,375
Lease liabilities		898	702
Contract liabilities		1,859	-
Trade payables		8,331	12,470
Other payables		5,880	6,684
Amount due to directors		14	829
Tax payable		2,128	2,836
<b>Total Liabilities</b>		<u>63,790</u>	<u>70,896</u>
<b>Total Liabilities</b>		<u>121,052</u>	<u>103,433</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>201,374</u>	<u>199,320</u>
Net assets per share attributable to owners of the parent		0.3746	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 SEPTEMBER 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	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		-	-	-	-	283	283
Non-controlling interests in disposed subsidiaries		-	-	-	-	(1,071)	(1,071)
Total comprehensive income for the financial period		-	-	1,572	1,572	(115)	1,457
<b>At 30 September 2019</b>		149,840	3,619	(55,333)	98,126	55	98,181
<b>At 1 January 2020</b>		149,840	3,619	(57,758)	95,701	186	95,887
Total comprehensive income for the financial period		-	-	(15,617)	(15,617)	52	(15,565)
<b>At 30 September 2020</b>		149,840	3,619	(73,375)	80,084	238	80,322

(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 SEPTEMBER 2020**

	Note	Current Year To-Date (Unaudited) 30 September 2020 RM'000	Preceding Year To-Date (Restated) 30 September 2019 RM'000
<b>Net (loss)/profit before tax</b>	9	(15,739)	7,586
Adjustments for non-cash flow:			
Depreciation and amortisation		1,057	863
Non-cash items		6,968	(19,257)
Interest expense		4,238	2,697
Interest income		(413)	(414)
<b>Operating loss before changes in working capital</b>		<u>(3,389)</u>	<u>(8,525)</u>
<b>Changes to working capital</b>			
Net increase in current assets		(2,371)	(1,602)
Net decrease in current liabilities		(3,084)	(17,425)
<b>Net cash flows from operating activities</b>		<u>(9,344)</u>	<u>(27,552)</u>
Interest paid		(4,238)	(2,697)
Tax paid		(745)	(2,405)
<b>Net cash used in operating activities</b>		<u>(14,327)</u>	<u>(32,654)</u>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(372)	(536)
Purchase of right of use assets		(227)	-
Proceeds from sale of property, plant and equipment		97	29,567
Land and development expenditure		-	(8,172)
Interest received		413	414
Net cash outflow from acquisition of subsidiaries		-	(11,022)
Cash effects from sale of subsidiaries		-	(48)
<b>Net cash used in investing activities</b>		<u>(89)</u>	<u>(10,203)</u>
<b>Financing activities</b>			
Net proceeds on bank borrowings		21,930	12,759
Lease liabilities paid		(444)	-
Repayment of amount due to directors		(815)	-
Non-controlling interests in acquisition of new subsidiaries		-	283
<b>Net cash generated from financing activities</b>		<u>20,671</u>	<u>13,042</u>
Net changes in cash and cash equivalents		6,255	(9,409)
Effects of exchange rate changes		-	-
Cash and cash equivalents at beginning of the period		19,687	35,086
Cash and cash equivalents at the end of the period		<u>25,942</u>	<u>25,677</u>
Cash and cash equivalents comprise:			
Cash and bank balances		38,642	37,406
Overdraft	21	(12,700)	(11,729)
Cash and cash equivalents at the end of the year		<u>25,942</u>	<u>25,677</u>
Included in the cash flows from operating activities are:			
Cash receipts from customers		93,278	135,636
Cash payments to suppliers, contractors and employees		111,868	167,324

(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 September 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 September 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 nine months ended 30 September 2020 was as follows:

	<u>Food</u>	<u>Property development</u>	<u>Healthcare</u>	<u>Eliminations</u>	<u>Group</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>2020</u></b>					
Revenue	114,675	16,932	58	(33,804)	97,861
<b>Results</b>					
Segment results	(8,961)	528	(2,358)	(391)	(11,182)
Unallocated expense					(732)
Loss from operations					(11,914)
Finance income					413
Finance costs					(4,238)
Loss before tax					(15,739)

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

	<u>Food</u>	<u>Property</u> <u>development</u>	<u>Healthcare</u>	<u>Eliminations</u>	<u>Group</u>
	RM'000	RM'000	RM'000		RM'000
<b><u>2019</u></b>					
<b>Revenue</b>	234,104	19,953	-	(107,747)	146,310
<b>Results</b>					
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)
Loss before tax					(7,586)

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 September 2020, except as follows:

The private placements Proposals as announced on 17 August 2020 have been approved by members of the Company at an Extraordinary General Meeting held at Holiday Inn Melaka on 7 October 2020.

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 RM.9.80 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, private placement I is expected to be completed during the fourth quarter of 2020 whereas private placement II is expected to be completed within the quarter ending 31 March 2021.

## 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:

- (a) On 30 September 2020, Sinmah Axis Healthcare Sdn. Bhd. (formerly known as Sinmah Amegajaya Healthcare Sdn. Bhd.) ("Sinmah Axis Healthcare"), the 99% owned subsidiary of SCB had entered into a Share Sale Agreement ("SSA 1") with Azliana Binti Alias ("the Purchaser") to dispose of 850 ordinary shares, representing 85% of the equity interest in SAH Mutiara Sdn. Bhd. ("SAH Mutiara") ("the Sale Shares 1") for a total cash consideration of RM1.00 only ("the Disposal 1").

- (b) On 30 September 2020, Sinmah Axis Healthcare also entered into a Share Sale Agreement (“SSA 2”) with Azliana Binti Allias (“the Purchaser”) to dispose of 700 ordinary shares, representing 70% of the equity interest in SAH Medical Center (Batu Kawan) Sdn. Bhd. (“SMC Batu Kawan”) (“the Sale Shares 2”) for a total cash consideration of RM1.00 only (“the Disposal 2”).
  
- (c) On 30 September 2020, Sinmah Development Sdn. Bhd. (“Sinmah Development”), the wholly-owned subsidiary of SCB had entered into a Share Sale Agreement (“SSA 3”) with Azliana Binti Allias (“the Purchaser”) to dispose of 70,000 ordinary shares, representing 70% of the equity interest in Sinmah Rising Development Sdn. Bhd. (formerly known as Sinmah Encorp Development Sdn. Bhd.) (“Sinmah Rising Development”) (“the Sale Shares 3”) for a total cash consideration of RM1.00 only (“the Disposal 3”).

The considerations for the above disposals have been received and the disposals have been deemed completed. As such, Sinmah Axis Healthcare, SMC Batu Kawan and Sinmah Rising Development have ceased 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 RM82.11 million as at 30 September 2020.

## **13. Capital Commitments**

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



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

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

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

	Individual Period (3rd Quarter)		Changes (Amount/%)	Cumulative Period (9 Months)		Changes (Amount/%)
	Current Year 30/9/2020 RM’000	Preceding Year 30/9/2019 RM’000		Current Year 30/9/2020 RM’000	Preceding Year 30/9/2019 RM’000	
Revenue	23,459	69,679	(46,220), (66%)	97,861	146,310	(48,449), (33%)
(Loss)/profit before interest and tax	(4,161)	15,986	(20,147), (>100%)	(11,914)	9,869	(21,783), (>100%)
(Loss)/profit before tax	(5,236)	15,037	(20,273), (>100%)	(15,739)	7,586	(23,325), (>100%)
(Loss)/profit after tax	(5,219)	8,915	(14,134), (>100%)	(15,565)	1,457	(17,022), (>100%)
(Loss)/profit attributable to Ordinary Equity Holders of the Parent	(5,217)	8,885	(14,102), (>100%)	(15,617)	1,572	(17,189), (>100%)

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

Description	3 months ended	3 months ended	Increase/(Decrease)	
	30-Sep-20 RM’000	30-Sep-19 RM’000	RM’000	%
<b>Revenue</b>				
- Food	20,031	68,369	(48,338)	(71)
- Property development	3,400	1,310	2,090	>100
- Healthcare	28	-	28	>100
	23,459	69,679		

For the current quarter ended 30 September 2020, the food segment recorded a lower revenue of RM20.03 million as compared with RM68.37 million in the corresponding quarter ended 30 September 2019, a decrease of 71%. The decrease was mainly due to decrease in sales volume and average selling prices of live broilers sold during the quarter ended 30 September 2020 as compared to the corresponding quarter ended 30 September 2019.

The property development segment posted a higher revenue of RM3.40 million in the current quarter ended 30 September 2020 as compared to the revenue of RM1.31 million in the corresponding quarter ended 30 September 2019, 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 September 2020 as compared to the corresponding quarter ended 30 September 2019.

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

As total revenue decreased, the Group posted a loss attributable to owners of the parent of RM5.22 million during the current quarter ended 30 September 2020 as opposed to a profit attributable to owners of the parent of RM8.89 million in the corresponding quarter ended 30 September 2019. Furthermore, during the corresponding quarter ended 30 September 2019, there was a gain on disposal of feed-mill assets of RM17.87 million but there is no such gain during the current quarter ended 30 September 2020.

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

Description	9 months ended	9 months ended	Increase/(Decrease)	
	30-Sep-20	30-Sep-19	RM'000	%
	RM'000	RM'000	RM'000	
<b>Revenue</b>				
- Food	89,442	134,565	(45,123)	(34)
- Property development	8,361	11,745	(3,384)	(29)
- Healthcare	58	-	58	>100
	97,861	146,310		

For the nine months period ended 30 September 2020, the food segment recorded a lower revenue of RM89.44 million as compared with RM134.57 million in the corresponding period ended 30 September 2019, a decrease of 34%. The decrease was mainly due to decrease in sales volume of live broilers resulting from decrease in trading of live broilers activity during the nine months ended 30 September 2020 as compared to the corresponding period ended 30 September 2019.

The property development segment posted a lower revenue of RM8.36 million in the nine months ended 30 September 2020 as compared to the revenue of RM11.75 million in the corresponding period ended 30 September 2019, a decrease of 29%. This was due to lower recognition of revenue on the percentage of completion basis during the nine months period ended 30 September 2020 as compared to the corresponding period ended 30 September 2019. This was mainly due to lower sales of properties during the nine months ended 30 September 2020 caused by temporary closure of operations due to the COVID-19 pandemic outbreak.

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

As total revenue decreased, the Group posted a loss attributable to owners of the parent of RM15.20 million during the nine months period ended 30 September 2020 as opposed to a profit attributable to owners of the parent of RM8.89 million in the corresponding period ended 30 September 2019. This was mainly due to impairment loss on trade receivables amounted to RM7.0 million during the nine months ended 30 September 2020 compared to RM2.0 million during the corresponding period ended 30 September 2019 coupled with there being a profit on disposal of feed-mill assets of RM17.87 million during the corresponding period ended 30 September 2019 but no such gain during the current period ending 30 September 2020.

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

The Group's performance for the current quarter ended 30 September 2020 compared to the previous quarter ended 30 June 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 September 2020 RM'000	3 months ended 30 June 2020 RM'000	Changes (Amount/%)
Revenue	23,459	36,094	(12,635), (35%)
Loss before interest and tax	(4,162)	(6,263)	2,101, 34%
Loss before tax	(5,237)	(7,609)	2,372, 31%
Loss after tax	(5,220)	(7,564)	2,344, 31%
Loss attributable to Ordinary Equity Holders of the Parent	(5,217)	(7,619)	2,402, 32%

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

Description	3 months ended	3 months ended	Increase/(Decrease)	
	30-Sep-20	30-Jun-20	RM'000	%
	RM'000	RM'000		
<b>Revenue</b>				
- Food	20,031	34,037	(14,006)	(41)
- Property development	3,400	2,054	1,346	66
- Healthcare	28	3	25	>100%
	24,267	36,094		

For the current quarter ended 30 September 2020, the food segment posted a lower revenue of RM20.03 million compared to the turnover of RM34.04 million recorded in the previous quarter ended 30 June 2020, a decrease of 41%. The decrease was mainly due to decrease in sales volume of live broilers during the current quarter ended 30 September 2020.

The property development segment posted a higher revenue of RM3.40 million in the current quarter ended 30 September 2020 as compared to the revenue of RM2.05 million in the preceding quarter ended 30 June 2020, an increase of 66%. This was due to higher recognition of revenue on the percentage of completion basis in the current quarter ended 30 September 2020 as compared to previous quarter ended 30 June 2020.

The healthcare segment recorded a higher revenue of RM28,000 during the quarter ended 30 September 2020 as compared to RM3,000 during the preceding quarter ended 30 June 2020, an increase of more than 100%. This was due to the upliftment lockdown measures in combating the COVID-19 pandemic outbreak by the Government of Malaysia which resulted in an increase in number of patients seeking treatment during the quarter under review.

Although revenue decreased, the Group posted a lower loss attributable to owners of the parent of RM5.22 million during the current quarter ended 30 September 2020 compared to a loss attributable to owners of the parent of RM7.62 million during the preceding quarter ended 30 June 2020. The lower loss during the current quarter ended 30 September 2020 was mainly due to an impairment loss on trade receivables of RM4.00 million was incurred during the previous quarter ended 30 June 2020 compared to no impairment loss incurred during the current quarter ended 30 September 2020.

## 16. Prospects

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

The country is experiencing the third wave of COVID-19 pandemic outbreak whereby all states, barring Pahang, Perlis and Kelantan, have been placed under Conditional Movement Control Order (“CMCO”) with effect from 9 November 2020 to 6 December 2020. This could have an adverse impact on the Group for the coming quarter ending 31 December 2020. Hence, the Group is reliant upon the two proposed private placements as explained in Note 10 above to provide additional cash flows to the Group.

As such, the Group is expecting a challenging fourth 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

	Current Year	Preceding Year	Current	Preceding
	Quarter ended	Quarter ended	Year to-date	Year to-date
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortization	301	263	1,057	863
Foreign exchange loss / (gain)	-	(5)	-	(9)
(Gain) / loss on disposal of properties, plant and equipment	(23)	(18,522)	(31)	(18,785)
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	-	-	7,000	2,000
Impairment of goodwill	-	-	-	-
Provision for write-off of receivables	-	-	-	-
Provision for write-off of inventories	-	-	-	-
Gain or loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-
Interest income	(272)	(169)	(413)	(414)
Interest expense	1,347	1,118	4,238	2,697

## 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 2020	30 Sep 2020	30 Sep 2019	30 Sep 2019
	RM '000	RM '000	RM '000	RM '000
Current tax – income tax	-	-	(5,636)	(5,660)
Current tax – real property gains tax	-	-	(500)	(500)
Deferred tax	17	174	14	31
Total tax income/(expense)	17	174	(6,122)	(6,129)

## 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	12,700	-	12,700
Bankers acceptance	20,572	-	20,572
Revolving credit	6,000	-	6,000
Lease liabilities	898	3,811	4,709
Term loans	5,408	50,313	55,721
	<u>45,578</u>	<u>54,124</u>	<u>99,702</u>

## 22. Trade Receivables

	Financial Period Ended 30 Sep 2020 RM'000	Financial Year Ended 31 Dec 2019 RM'000
Trade receivables		
Third parties	146,297	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	-	-
	<u>(104,559)</u>	<u>(97,559)</u>
	<u>41,738</u>	<u>44,155</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.

## 22. Trade Receivables (cont'd)

Ageing analysis of trade receivables is as follows:

	Financial Period Ended 30 Sep 2020 RM'000	Financial Year Ended 31 Dec 2019 RM'000
Neither past due nor impaired	9,846	10,670
Past due not impaired:		
Up to 60 days past due	4,543	16,392
More than 60 days	27,349	17,093
	<u>31,892</u>	<u>33,485</u>
	41,738	44,155
Impaired	104,559	97,559
	<u>146,297</u>	<u>141,714</u>

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

As at 30 September 2020, trade receivables of approximately RM31,892,000 (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 Sep 2020 RM'000	Preceding Year Quarter Ended 30 Sep 2019 RM'000	Current Year Cumulative Period Ended 30 Sep 2020 RM'000	Preceding Year Cumulative Period Ended 30 Sep 2019 RM'000
Other income comprises the following:				
Rental income	16	16	52	24
Sales of used packaging materials, scrap & others	-	141	-	155
Government grant received	-	-	4,509	-
Miscellaneous other income	23	777	144	1,433
Bad debts recovered	-	-	-	14
Gain on disposal of property, plant and equipment	22	18,522	31	18,785
Gain on disposal of subsidiaries	39	310	39	2,472
Gain on consolidation of subsidiaries	-	263	-	496
Gain on foreign exchange (realised)	-	-	-	4
	<u>100</u>	<u>20,029</u>	<u>4,775</u>	<u>23,383</u>

## 24. Off Balance Sheet Financial Instruments

There were no off-balance sheet financial instruments as at 26 November 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 September 2020 (30 September 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 Sep 2020 RM'000	Preceding Year Quarter Ended 30 Sep 2019 RM'000	Current Year To-Date 30 Sep 2020 RM'000	Preceding Year To-Date 30 Sep 2019 RM'000
Loss attributable to owners of the parent (RM'000)	(5,217)	8,885	(15,617)	1,572
Weighted average number of shares ('000)	213,791	213,791	213,791	213,791
Basic loss per share (sen)	(2.44)	8.18	(7.30)	0.49

## 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 2020.