

CAB CAKARAN CORPORATION BERHAD
(583661-W)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED
31 MARCH 2019

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended 31 March		6 months ended 31 March	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
			(Restated)		(Restated)
Revenue	9	432,299	425,297	886,731	854,308
Cost of sales		(398,047)	(379,007)	(822,100)	(762,646)
Gross profit		34,252	46,290	64,631	91,662
Other income		4,892	3,753	9,108	7,291
Distribution costs		(14,929)	(13,024)	(28,873)	(25,310)
Administrative expenses		(14,982)	(14,494)	(27,506)	(26,484)
Other expenses		-	(150)	(51)	(270)
Profit from operations	9	9,233	22,375	17,309	46,889
Investment revenue		154	86	403	258
Other gains and losses		5,260	2,350	13,154	(5,237)
Finance costs		(5,367)	(3,874)	(10,696)	(7,685)
Share of gain/(loss) in a joint venture		14	(17)	(148)	(22)
Profit before taxation		9,294	20,920	20,022	34,203
Tax expenses	19	(2,399)	(4,174)	(5,497)	(8,866)
Profit for the period	26	6,895	16,746	14,525	25,337
Other Comprehensive loss					
Items that will be reclassified subsequently to profit or loss:					
Exchange difference on translating foreign operations		(426)	(1,624)	(367)	(2,854)
Total comprehensive income for the period		6,469	15,122	14,158	22,483
Profit/ (loss) attributable to:					
Owners of the Company		7,798	13,438	15,656	18,693
Non-controlling interests		(903)	3,308	(1,131)	6,644
		6,895	16,746	14,525	25,337
Total comprehensive income/(loss) attributable to:					
Owners of the Company		7,611	12,672	15,495	17,332
Non-controlling interests		(1,142)	2,450	(1,337)	5,151
		6,469	15,122	14,158	22,483
Earnings per ordinary share (sen):					
Basic	25	1.21	2.18	2.42	3.03
Diluted	25	1.15	1.99	2.30	2.77

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2018 and the accompanying explanatory notes attached to the interim financial report.

CAB CAKARAN CORPORATION BERHAD (583661-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	As at 31 March 2019 RM'000	As at 30 September 2018 RM'000 (Restated)	As at 01 October 2017 RM'000 (Restated)
ASSETS			
Non-Current Assets			
Property, plant and equipment	690,101	687,342	532,724
Investment properties	95,577	96,520	86,038
Prepaid lease payments on leasehold land	19,158	19,206	13,342
Other intangible asset	11,369	11,963	11,505
Goodwill	6,219	6,219	6,219
Other financial asset	1,731	2,304	260
Investment in a joint venture	2,262	2,424	204
Agricultural development expenditure	33	33	34
Deferred tax assets	40	41	17
Total non-current assets	826,490	826,052	650,343
Current Assets			
Inventories	54,707	61,196	51,066
Biological assets	87,678	73,649	87,299
Trade and other receivables	191,089	209,333	179,236
Current tax assets	6,212	3,842	840
Other assets	52,907	21,579	46,233
Short-term deposits with licensed banks	32,994	31,407	50,294
Cash and bank balances	47,129	64,497	51,762
	472,716	465,503	466,730
Non-current assets classified as held for sale	125	125	125
Total current assets	472,841	465,628	466,855
TOTAL ASSETS	1,299,331	1,291,680	1,117,198
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	133,432	133,015	128,321
Treasury shares	(69)	(69)	(69)
Reserves	1,007	1,168	1,766
Retained earnings	334,711	319,055	306,492
Equity attributable to owners of the Company	469,081	453,169	436,510
Non-controlling interests	149,529	150,654	145,868
Total equity	618,610	603,823	582,378
NON-CURRENT LIABILITIES			
Borrowings	230,440	215,622	127,296
Deferred revenue	31	38	64
Deferred tax liabilities	39,688	39,211	40,017
Total non-current liabilities	270,159	254,871	167,377

(FORWARD)

CAB CAKARAN CORPORATION BERHAD (583661-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

(The figures have not been audited)

	Note	As at 31 March 2019 RM'000	As at 30 September 2018 RM'000 (Restated)	As at 01 October 2017 RM'000 (Restated)
CURRENT LIABILITIES				
Trade and other payables		194,756	238,202	201,031
Borrowings	21	212,868	191,760	159,202
Deferred revenue		16	32	44
Derivative financial liability	22	-*	9	6
Current tax liabilities		2,922	2,983	7,160
Total current liabilities		410,562	432,986	367,443
TOTAL LIABILITIES		680,721	687,857	534,820
TOTAL EQUITY AND LIABILITIES		1,299,331	1,291,680	1,117,198
Net assets per share attributable to ordinary equity holders of the parent company (RM)		0.72	0.70	0.71

* Negligible

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2018 and the accompanying explanatory notes attached to the interim financial report.

CAB CAKARAN CORPORATION BERHAD (583661-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(The figures have not been audited)

Six (6) Months Ended 31 March 2019

	----- Attributable to owners of the Company ----->						Non- Controlling interest RM'000	Total Equity RM'000
	←----- Non-distributable ----->			Distributable				
	Share Capital RM'000	Treasury Shares RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000		
As at 1 October 2018	133,015	(69)	107,457	1,086	178,766	420,255	142,570	562,825
Effect of adoption of MFRSs	-	-	(107,375)	-	140,289	32,914	8,084	40,998
Restated	133,015	(69)	82	1,086	319,055	453,169	150,654	603,823
Profit/ (loss) for the period	-	-	-	-	15,656	15,656	(1,131)	14,525
Other comprehensive loss	-	-	-	(161)	-	(161)	(206)	(367)
Total comprehensive (loss)/income for the period	-	-	-	(161)	15,656	15,495	(1,337)	14,158
Exercise of share warrants for 2,454,700 new ordinary shares at RM0.17 per ordinary share	417	-	-	-	-	417	-	417
Subscription of shares by non-controlling interests in a subsidiary	-	-	-	-	-	-	400	400
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	(188)	(188)
Balance as at 31 March 2019	133,432	(69)	82	925	334,711	469,081	149,529	618,610

(FORWARD)

CAB CAKARAN CORPORATION BERHAD (583661-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)
(The figures have been audited)

Six (6) Months Ended 31 March 2018

	----- Attributable to owners of the Company ----->						Non-Controlling interest	Total Equity
	←----- Non-distributable ----->			Distributable				
	Share Capital RM'000	Treasury Shares RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000
As at 1 October 2017	128,321	(69)	110,661	1,766	149,126	389,805	140,890	530,695
Effect of adoption of MFRSs	-	-	(110,661)	-	157,366	46,705	4,978	51,683
Restated	128,321	(69)	-	1,766	306,492	436,510	145,868	582,378
Profit for the period (restated)	-	-	-	-	18,693	18,693	6,644	25,337
Other comprehensive loss	-	-	-	(1,361)	-	(1,361)	(1,493)	(2,854)
Total comprehensive (loss)/income for the period	-	-	-	(1,361)	18,693	17,332	5,151	22,483
Exercise of share warrants for 8,865,000 new ordinary shares at RM0.17 per ordinary share	1,507	-	-	-	-	1,507	-	1,507
Subscription of shares by non-controlling interests in a subsidiary	-	-	-	-	-	-	1,216	1,216
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	(1,019)	(1,019)
Additional non-controlling interests arising on the acquisition of a subsidiary	-	-	-	-	-	-	(181)	(181)
Arising from increase in equity interest in a subsidiary	-	-	-	-	(218)	(218)	218	-
Balance as at 31 March 2018	129,828	(69)	-	405	324,967	455,131	151,253	606,384

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2018 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figures have been audited)

	6 months ended 31 March 2019 RM'000	6 months ended 31 March 2018 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	20,022	34,203
Adjustments for:		
Depreciation and amortization of non-current assets	22,485	18,025
Interest expenses	10,041	7,092
Net fair value loss/(gain) on derivative financial asset/ (liability)	564	(17)
Share of loss in a joint venture	148	21
Bad debts written off	62	326
Property, plant and equipment written off	-*	271
(Gain)/loss on fair value adjustment of biological assets	(10,171)	3,482
Gain on disposal of investment properties	(3,407)	-
Net unrealized (gain)/loss on foreign exchange	(666)	89
Interest revenue recognized in profit or loss	(500)	(749)
(Gain)/loss on disposal of property, plant and equipment	(43)	11
Amortization of deferred revenue	(22)	(22)
Goodwill written off	-	80
	38,513	62,812
Movement in working capital:		
Inventories	6,472	3,216
Biological assets	(3,858)	(2,859)
Trade and other receivables	17,993	(4,171)
Other assets	445	(1,999)
Trade and other payables	(43,291)	(7,174)
Deferred revenue	-	6
Cash generated from operations	16,274	49,831
Interest received	238	513
Interest paid	(10,197)	(7,102)
Net of income tax paid and refunded	(7,440)	(9,929)
Net cash (used in)/ generated from operating activities	(1,125)	33,313
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of non-current assets	4,416	12
Interest received	232	183
Repayment from a joint venture	19	-
Increase in other assets for acquisition of non-current assets	(31,728)	(3,433)
Payments for non-current assets	(14,290)	(49,165)
Net cash inflow on acquisition of a subsidiary	-	479
Net cash used in investing activities	(41,351)	(51,924)

* Negligible

(FORWARD)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	3 months ended 31 March 2019 RM'000 (Unaudited)	3 months ended 31 March 2018 RM'000 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in short-term borrowings	17,959	20,386
Net change in long-term loans	11,736	(1,354)
Proceeds from Warrants exercise	417	1,507
Proceeds from issuance of shares by a subsidiary to non-controlling interests	400	1,215
Net change in hire-purchase	(5,440)	(3,687)
Dividend paid to non-controlling interests of a subsidiary	(188)	(1,019)
Short-term deposits pledged as securities	(152)	(126)
Net cash generated from financing activities	24,732	16,922
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17,744)	(1,689)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	83,420	91,803
Effect of foreign exchange rate changes	(121)	(1,037)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	65,555	89,077
REPRESENTED BY:-		
Short-term deposits with licensed banks	32,994	50,674
Cash and bank balances	47,129	50,447
Bank overdrafts classified as cash equivalents	(4,698)	(2,601)
	75,425	98,520
Less: Short-term deposits pledged as securities	(9,870)	(9,443)
	65,555	89,077

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2018 and the accompanying explanatory notes attached to the interim financial report.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 MARCH 2019

PART A : EXPLANATORY NOTES AS PER FRS 134 - INTERIM FINANCIAL REPORTING

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting, provision of the Companies Act 2016 in Malaysia and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 30 September 2018. The explanatory notes attached to the interim financial report 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 financial year ended 30 September 2018.

2. Changes in Accounting Policies

a) First-time Adoption of MFRS

The Group is a transitioning entity as defined by the Malaysian Accounting Standards Board and its financial statement for the year ended 30 September 2018 and interim financial report were prepared in accordance with Financial Reporting Standards (“FRS”) framework during the previous interim period.

These interim financial report of the Group are the first set of report prepared in accordance with the MFRS, including MFRS 1 – First-time Adoption of Malaysian Financial Reporting Standards and MFRS 141- Agriculture. The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 October 2017, being the transition date, and throughout all year presented, as if these policies had always been in effect. Comparative information in this interim financial report have been restated to give effect to these changes and the financial impact on transition from FRS in Malaysia to MFRS are disclosed as follow:

i) Property, Plant and equipment – Deemed cost exemption

Under FRS, valuation adjustments on land and building were incorporated in to the financial statement. The Group have elected to use the previous revaluation as deemed cost under MFRSs. The revaluation reserve of RM110.66 million as at 1 October 2017 was reclassified to retained earnings.

ii) Effect of MFRS 141

Prior to the adoption of MFRS 141, Agriculture : Bearer Plants (Amendments to MFRS 116 and MFRS 141), produce growing on bearer plants were not recognized and livestock were stated at cost. Following the adoption, these biological assets are measured at fair value less cost to sell. Changes in fair value less costs to sell are recognized in profit or loss.

b) Adoption of MFRS 15

With the adoption of MFRS 15, revenue are recognized by reference to each distinct performance obligation in the contract with customer, Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue are recognized when the performance obligation is satisfied, which may be at a point in time or over time.

c) Reconciliation

i) Condensed Consolidated Statement of Financial Position

As at beginning of the preceding financial year 1 October 2017

	Previously reported under FRSs RM'000	Effect on adoption of MRFS 1 RM'000	Effect on adoption of MFRS 141 RM'000	Effect on adoption of MFRS 15 RM'000	Restated under MFRSs RM'000
Non-Current Assets					
Inventories	85,034	-	(33,968)	-	51,066
Biological assets	-	-	87,299	-	87,299
Trade and other receivables	180,885	-	-	(1,649)	179,236
Capital and Reserves					
Revaluation reserve	110,661	(110,661)	-	-	-
Retained earnings	149,126	110,661	48,204	(1,499)	306,492
Non-Controlling interest	140,891	-	5,127	(150)	145,868

As at preceding financial year end 30 September 2018

	Previously reported under FRSs RM'000	Effect on adoption of MRFS 1 RM'000	Effect on adoption of MFRS 141 RM'000	Effect on adoption of MFRS 15 RM'000	Restated under MFRSs RM'000
Non-Current Assets					
Inventories	92,266	-	(31,070)	-	61,196
Biological assets	-	-	73,649	-	73,649
Trade and other receivables	210,914	-	-	(1,581)	209,333
Capital and Reserves					
Revaluation reserve	107,457	(107,375)	-	-	82
Retained earnings	178,766	107,375	34,373	(1,459)	319,055
Non-Controlling interest	142,570	-	8,206	(122)	150,654

ii) Condensed Consolidated Statement of Profit or Loss

Preceding year corresponding quarter 3 months ended 31 March 2018

	Previously reported under FRSs RM'000	Effect on adoption of MFRS 141 RM'000	Effect on adoption of MFRS 15 RM'000	Restated under MFRSs RM'000
Revenue	424,897	-	400	425,297
Other gains and losses	(631)	2,981	-	2,350
Profit attributable to:				
Owners of the Company	11,495	1,573	370	13,438
Non-controlling interests	1,870	1,408	30	3,308

(FORWARD)

2. Changes in Accounting Policies (Cont'd)

c) Reconciliation (Cont'd)

ii) Condensed Consolidated Statement of Profit or Loss (Cont'd)

Preceding year corresponding quarter 6 months ended 31 March 2018

	Previously reported under FRSs RM'000	Effect on adoption of MFRS 141 RM'000	Effect on adoption of MFRS 15 RM'000	Restated under MFRSs RM'000
Revenue	853,861	-	447	854,308
Other gains and losses	(1,755)	(3,482)	-	(5,237)
Profit attributable to:				
Owners of the Company	23,979	(5,648)	362	18,693
Non-controlling interests	4,393	2,166	85	6,644

Preceding year corresponding period 12 months ended 30 September 2018

	Previously reported under FRSs RM'000	Effect on adoption of MFRS 141 RM'000	Effect on adoption of MFRS 15 RM'000	Restated under MFRSs RM'000
Revenue	1,750,368	-	68	1,750,436
Other gains and losses	(2,345)	(10,752)	-	(13,097)
Profit attributable to:				
Owners of the Company	29,731	(13,831)	40	15,940
Non-controlling interests	714	3,079	28	3,821

iii) Condensed Consolidated Statement of Cash Flows

Preceding year corresponding quarter 6 months ended 31 March 2018

	Previously reported under FRSs RM'000	Effect on adoption of MFRS 141 RM'000	Effect on adoption of MFRS 15 RM'000	Restated under MFRSs RM'000
Profit before taxation	37,238	(3,482)	447	34,203
Adjustment for non-cash items	25,127	3,482	-	28,609
Movement in working capital:				
Decrease in inventories	357	2,859	-	3,216
Increase in biological assets	-	(2,859)	-	(2,859)
Increase in trade and other receivables	(3,724)	-	(447)	(4,171)

(FORWARD)

iii) Condensed Consolidated Statement of Cash Flows (Cont'd)

Preceding year corresponding period 12 months ended 30 September 2018

	Previously reported under FRSs RM'000	Effect on adoption of MFRS 141 RM'000	Effect on adoption of MFRS 15 RM'000	Restated under MFRSs RM'000
Profit before taxation	85,034	(10,752)	68	74,350
Adjustment for non-cash items	17,518	10,752	-	28,270
Movement in working capital:				
Increase in inventories	(7,421)	2,898	-	(4,523)
Increase in biological assets	-	(2,898)	-	(2,898)
Increase in trade and other receivables	(30,603)	-	(68)	(30,671)

d) Standards and IC Interpretations in issue but not yet effective

The new and revised standard and IC Interpretations which were in issue but not yet effective and not earlier adopted by the Group are as listed below:

Amendments to MFRS 3	Definition of a Business (Amendments to MFRS 3) ^(b)
Amendments to MFRS 10 and MFRS128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ^(d)
Amendments to MFRS 101	Definition of Material ^(b)
Amendments to MFRS 108	Definition of Material ^(b)
MFRS 16	Lease ^(a)
MFRS 17	Insurance Contract ^(c)
IC Interpretation 23	Uncertainty over income tax treatments ^(a)
Annual Improvements to MFRSs Standards 2015 – 2017 Cycle – Amendments to MFRS 3, MFRS 11, MFRS 112 and FRS 123 ^(a)	

^(a) Effective for annual periods beginning on or after January 1, 2019

^(b) Effective for annual periods beginning on or after January 1, 2020

^(c) Effective for annual periods beginning on or after January 1, 2021

^(d) Effective date to be determined by the MASB

The Directors anticipate that the abovementioned Standards and IC Interpretations will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these FRSs and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application except as disclosed in the audited financial statements of the Group for the year ended 30 September 2018.

3. Audit opinion

The auditors' report on the financial statements of the Group for the financial year ended 30 September 2018 was not subject to any audit qualification.

4. Seasonal or cyclical factors

The Group's financial performance in the current quarter was not significantly affected by any seasonal or cyclical factor.

5. Unusual items

There were no unusual nature and amount of items affecting assets, liabilities, equity, net income or cash flows of the Group in the current quarter ended 31 March 2019.

6. Material change in estimates

There were no material change in estimates of amounts reported in the prior quarter and/ or financial year that have a material effect on the Group in the current quarter ended 31 March 2019.

7. Changes in debt and equity securities

Save as disclosed below, there were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities by the Company for the period ended 31 March 2019.

	No of shares issued (units)
Issued and paid up capital including treasury shares as at October 1, 2018	645,426,679
Issued during the financial year	
- Pursuant to shares warrant (refer to Note 20 (a))	<u>2,454,700</u>
Issued and paid up capital including treasury shares as at 31 March 2019	<u><u>647,881,379</u></u>

At the Annual General Meeting of the Company held on March 22, 2019, the shareholders of the Company had approved the Proposed Renewal of Share Buy Back Authority for the Company to purchase its own ordinary shares each as may be determined by the Directors of the Company up to a maximum of 10% of the issued and paid up capital of the Company. The mandate will expire upon the conclusion of the next Annual General Meeting of the Company.

The Company did not repurchase any shares during the current quarter under review.

As at 31 March 2019, a total of 545,500 shares were repurchased and held as treasury shares and carried at cost of RM69,304.

8. Dividends paid

A final single tier dividend of RM0.005 per ordinary share amount to RM3,237,525.97 in respect of the financial year ended 30 September 2018 was approved by the shareholders during the Annual General Meeting held on 22 March 2019 and subsequently paid on 19 April 2019.

9. Segmental information

The analysis of contribution by business activities of the Group is as follows:-

	Investment holding	Integrated poultry	Supermarket	Marine products	Fast Food	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Three (3) Months ended 31 March 2019							
Segment revenue							
External revenue	-	401,274	30,165	13	847	-	432,299
Inter-segment revenue	96	4,642	4	-	172	(4,914)	-
Total revenue	96	405,916	30,169	13	1,019	(4,914)	432,299
Segment results	(412)	9,014	(461)	9	47	1,036	9,233
Six (6) Months ended 31 March 2019							
Segment revenue							
External revenue	-	822,104	63,045	18	1,564	-	886,731
Inter-segment revenue	183	9,623	65	3	311	(10,185)	-
Total revenue	183	831,727	63,110	21	1,875	(10,185)	886,731
Segment results	(638)	21,553	(392)	(14)	(8)	(3,192)	17,309
As at 31 March 2019							
Segment assets	146,777	1,168,586	28,361	515	8,510	(92,664)	1,260,085
Interest revenue producing assets							32,994
Income tax assets							6,252
Consolidated total assets							1,299,331
Segment liabilities	161	179,067	15,421	13	146	(5)	194,803
Borrowings							443,308
Income tax liabilities							42,610
Consolidated total liabilities							680,721

(FORWARD)

9. Segmental information (Cont'd)

The analysis of contribution by business activities of the Group is as follows:-

	Investment holding RM'000	Integrated poultry RM'000	Supermarket RM'000	Marine products RM'000	Fast Food RM'000	Eliminations RM'000	Consolidated RM'000
Three (3) Months ended 31 March 2018							
Segment revenue							
External revenue	-	391,777	32,590	26	904	-	425,297
Inter-segment revenue	101	5,098	16	5	244	(5,464)	-
Total revenue	101	396,875	32,606	31	1,148	(5,464)	425,297
Segment results	(351)	25,536	(276)	(21)	106	(2,619)	22,375
Six (6) Months ended 31 March 2018							
Segment revenue							
External revenue	-	788,572	64,156	31	1,549	-	854,308
Inter-segment revenue	183	9,631	21	10	442	(10,287)	-
Total revenue	183	798,203	64,177	41	1,991	(10,287)	854,308
Segment results	(1,156)	52,235	(131)	20	117	(4,196)	46,889
As at 31 March 2018							
Segment assets	131,107	986,139	30,915	4,106	8,760	(56,339)	1,104,688
Interest revenue producing assets							50,674
Income tax assets							752
Consolidated total assets							1,156,114
Segment liabilities	1,100	178,305	17,386	130	186	(5)	197,102
Borrowings							306,773
Income tax liabilities							45,858
Consolidated total liabilities							549,733

The revenue and segment assets of Integrated Poultry Division have been restated to conform to the effect of adoption of MFRS 141 and MFRS 15.
(FORWARD)

9. Segmental information (Cont'd)

The analysis of contribution by geographical locations of the Group is as follows:-

Revenue By Geographical Locations	Three (3) Months ended 31 March 2019		Six (6) Months ended 31 March 2019	
	RM'000	%	RM'000	%
Malaysia	375,465	86.85	771,487	87.01
Singapore	54,039	12.50	108,912	12.28
Bangladesh	1,686	0.39	2,668	0.30
Brunei	514	0.12	1,257	0.14
Myanmar	337	0.08	1,687	0.19
Indonesia	170	0.04	170	0.02
Pakistan	88	0.02	550	0.06
Consolidated	<u>432,299</u>	<u>100.00</u>	<u>886,731</u>	<u>100.00</u>

The Directors are of the opinion that all inter-segment transfers have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. Those transfers are eliminated on consolidation.

10. Valuation of property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. There were no revaluation of property, plant and equipment for the current quarter under review.

The valuation of land and buildings has been brought forward without any amendment from the previous audited financial statements.

11. Material events subsequent to the end of the interim period

There were no material events which have occurred subsequent to the end of current quarter ended 31 March 2019 until the date of the interim financial report.

12. Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial year up to the quarter under review save as on 3 April 2019, Tong Huat Poultry Processing Factory Pte. Ltd. ("THPP"), a 51% owned subsidiary of CAB had incorporated a new subsidiary company, CAB International Trade Pte. Ltd. ("CABI") in Singapore. The initial issued and paid up capital of CABI was SGD100 divided into 100 ordinary shares. THPP subscribed for the 90 ordinary share by way of cash. Consequently, CABI became a 45.9% owned sub-subsiidiary of the Group.

13. Changes in contingent liabilities and assets

As at 31 March 2019, the Company had issued corporate guarantees of RM781.33 million (31 March 2018: RM562.00 million) as security to financial institutions and suppliers for banking facilities and/ or credit terms respectively, granted to its subsidiary companies.

14. Capital commitments

The capital commitments of the Group as at 31 March 2019 are as follows:-

	RM'000
Property, plant and equipment:	
Approved and contracted for	57,279
Authorised but not contracted for	41,323
	<u>98,602</u>

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 MARCH 2019

PART B : ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

15. Review of performance

For the Second quarter ended 31 March 2019, the Group recorded a revenue of RM432.30 million, representing an increase of about 1.65% over the prior year corresponding quarter's revenue of RM425.30 million. The higher revenue was mainly due to the higher sales achieved by the integrated poultry division.

The higher revenue, for the quarter was accompanied by a higher corresponding increase in cost of sales and distribution costs. The increased in finance costs for the quarter under review was mainly due to the increase in interest charges relating to the term loans for the acquisitions of breeder farms and broiler farms. Other gain and loss increased by RM2.91 million mainly due to inclusion of gain on fair value adjustment of biological assets in the current quarter amounting to RM5.56 million as compared to RM2.98 million in prior year corresponding quarter.

Despite the higher sales, the Group recorded a decrease in profit from operation to RM9.23 million as compared with RM22.38 million achieved in prior year corresponding quarter. This was mainly attributed to the lower profit generated by most of the divisions especially the integrated poultry division.

The higher revenue of the integrated poultry division was mainly attributed to the increase in the production of processed chicken as well as the higher trading volume of feeds. In spite of the higher revenue of the division, it recorded a lower profit from operation of RM9.01 million as compared to RM25.54 million in prior year corresponding quarter. This was due to the increase in feed cost as well as a lower average selling price of RM4.92 per kg for broilers as compared to RM4.96 in the prior year corresponding quarter.

The supermarket division recorded a higher loss from operation of RM0.46 million mainly due to a decrease in revenue as well as increased in operation cost. The raising of the wage to RM1,100 since January 2019 has adversely impacted the profit margin.

In tandem with the lower revenue of RM1.02 million, the fast food division recorded a lower profit from operation of RM0.05 million during the quarter under review. The decreased in revenue was due to the weaken consumer sentiment.

16. Comment on material change in profit before taxation

The comparison of the Group's revenue and profit before taxation for the current quarter and preceding quarter is summarised as follows:-

	FYE 2019 Quarter 2 RM'000 (Unaudited)	FYE 2019 Quarter 1 RM'000 (Unaudited)	Variance	
			RM'000	%
Revenue	432,299	454,432	(22,133)	(4.87)
Profit before taxation	9,294	10,728	(1,434)	(13.37)

For the current quarter ended 31 March 2019, the Group recorded a lower revenue mainly due to the lower production of broilers as well as lower trading volume of feeds resulting from the decrease in the production of chicks. The occurrence of Avian Influenza in a number of countries especially in the United States in year 2017 had adversely affected the intake of grandparent stock chick in the world. As a result, the production cycle of parent stock chick of the company was interrupted in year 2018 which contributed to the decrease in the production of broiler chick since mid of November 2018.

(FORWARD)

16. Comment on material change in profit/(loss) before taxation (Cont'd)

Included in the Group's profit before taxation of previous quarter were gain on disposal of investment properties and gain on fair value adjustment of biological assets amounting to RM3.41 million and RM4.61 million respectively. For the current quarter under review, the Group recorded a gain on fair value adjustment of biological assets amounting to RM5.56 million.

Excluding the abovementioned gains, the Group's profit before taxation for the current and previous quarter would be RM3.75 million and RM2.71 million respectively. The higher profit before taxation as compared to previous quarter was mainly due to the lower feed cost. The Group's profit was adversely affected by the increased in feed cost since April 2018. However since July 2018, feed cost it stated to move downward. On average, the feed cost has reduced by RM0.50 per bag as compared to previous quarter.

17. Commentary on prospects

The feed cost is expected to continue drifting downwards given the stable supply of commodities in the world market. However, the on-going trade friction between the USA and China, may adversely affect the exchange rates of Ringgit Malaysia and resulted in higher feed cost.

The management expects the average selling price of broilers to trend downwards in the next quarter due to oversupply of broilers in the market. This will pose a big challenge to the Group's profitability in the next quarter.

The supermarket division of the Group is still operated on a small scale basic. With weak consumer sentiment and competition from online sales coupled with higher labour cost, the supermarket division is not expected to show much improvement in its performance in the next quarter.

The performance of the fast food division is expected to remain relatively unchanged.

18. Variance of actual profit from profit forecast

Not applicable as no profit forecast was published.

19. Tax expenses

	3 months ended		6 months ended	
	31.03.19 RM'000	31.03.18 RM'000	31.03.19 RM'000	31.03.18 RM'000
Current taxation				
- Current	2,852	4,180	4,985	8,554
- Prior year	3	(1)	31	9
	<u>2,855</u>	<u>4,179</u>	<u>5,016</u>	<u>8,563</u>
Deferred taxation	(456)	(5)	481	303
	<u>2,399</u>	<u>4,174</u>	<u>5,497</u>	<u>8,866</u>

For the current quarter under review, the Group made provision for the current year taxation as business profit of certain subsidiary companies cannot be offset against the business loss of other subsidiary companies. The effective tax rate of the relevant subsidiaries is higher than the statutory tax rate due mainly to certain expenses being disallowed for tax purpose.

20. Corporate proposals and utilization of proceeds

a) Warrants

At the Extraordinary General Meeting of the Company held on 14 January 2015, the shareholders of the Company had approved the bonus issue of up to 65,889,550 warrants on the basis of one warrant for every two existing ordinary shares of RM0.50 each in the Company.

(FORWARD)

20. Corporate proposals and utilization of proceeds (Cont'd)

a) Warrants (Cont'd)

A total of 65,780,450 free warrants were issued on 9 February 2015 and listed on the Main Market of Bursa Malaysia Securities Berhad ("BMSB") on 13 February 2015 with a 5 years' exercise period and each warrant carries the entitlement to subscribe for one (1) new CAB Share at the exercise price of RM0.55 per warrant. Subsequently, pursuant to the share split and bonus issue in year 2017, 56,131,731 additional warrants were issued and listed as well as the exercise price of the warrant has been adjusted to RM0.17 each. The maturity date for the warrants is on the 8 February 2020.

As at 31 March 2019, a total of 76,685,242 warrants as below have been converted into shares.

Date of allotment	No. of Warrants exercised	Procced (RM)	Listing Date
In financial year ended 2015	9,650,375	5,307,706	
In financial year ended 2016	9,457,250	5,201,488	
In financial year ended 2017	27,506,460	12,374,051	
In financial year ended 2018	27,616,457	4,694,798	
In first quarter financial year ended 2019	838,800	142,596	
11/01/2019	256,100	43,537	15/01/2019
23/01/2019	26,200	4,454	25/01/2019
27/02/2019	502,500	85,425	01/03/2019
06/03/2019	200,000	34,000	08/03/2019
27/03/2019	631,100	107,287	29/03/2019
	<u>76,685,242</u>	<u>27,995,342</u>	

All proceeds have been deposited into CAB Group Warrant Account and the proceeds were used for working capital purpose. As at 31 March 2019, the number of outstanding unexercised warrants is 45,226,939.

b) Corporate proposals not completed

There were no corporate proposals announced but not completed in the current quarter ended 31 March 2019 and up to the date of this interim financial report save as below.

- i) On 6 December 2015, the Company entered into a MOU with KMP Private Ltd. to undertake a feasibility study on the possibility of establishing a fully integrated farming poultry business in Indonesia on a joint venture basis with the Salim Group. On 26 April 2017 both parties have agreed to extend the MOU until 31 December 2017.

On 1 November 2017, CABINDO Poultry Sdn. Bhd. ("CABINDO"), a wholly-owned subsidiary of the Company had entered into a Joint Venture Agreement ("JVA") with PT Ternak Ayam Terpadu Indonesia ("PT"), to form several Joint Venture Companies ("JV CO") by combining their resources and expertise to produce halal poultry based products for the Indonesia's consumers. The JVA does not stipulate any terms on the investment amount that are required from CABINDO and PT (collectively referred to as the "JVA Parties") and instead, the JVA is required by the JVA Parties to facilitate their application to the Badan Koordinasi Penanaman Modal, Indonesia for its approval in relation to the incorporation of the JV Co.

- ii) On 7 June 2017, CAB Amesist Biomass Generation Sdn. Bhd. (a wholly-owned subsidiary company of the Company) had entered into a Memorandum of Understanding ("MOU-Panasonic") with Panasonic Eco Solutions Malaysia Sdn. Bhd. to carry out a feasibility study for establishing a joint solar farm project known as ECONATION PROJECT in Gurun Kedah, Malaysia. The MOU-Panasonic is valid for 24 months from the date of signing of the MOU-Panasonic.

(FORWARD)

20. Corporate proposals and utilization of proceeds (Cont'd)

b) Corporate proposals not completed (Cont'd)

- iii) On 20 September 2018, Ayam Kempas Food Industries Sdn. Bhd. ("AKFI"), a 58.23%-owned subsidiary company of CAB, entered into three (3) Sale and Purchase Agreements and two (2) Supplemental Agreements in relation to the acquisitions of (i) a single storey detached chicken slaughtering factory together with all the plant and machinery situated in that factory, (ii) an agricultural land together with fowl houses and motor vehicles and (iii) a three stories terrace shop house for a total purchase consideration of RM28.86 million.
- iv) In 27 March 2019, Tong Huat Poultry Processing Factory Pte Ltd, a 51% owned subsidiary of CAB had accepted the offer for lease from JTC Corporation ("JTC") for the leasing of 3 units of JTC space at JTC Poultry Processing Hub @ Buroh, at the total Concessionary Space Premium of SGD11,323,840.08.

21. Group borrowings and debt securities

The Group's total bank borrowings as at 31 March 2019 are as follows:-

	As at 31 March 2019			As at 30 September 2018		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
Short-term borrowings:						
Bankers' acceptances	111,061	59,856	170,917	83,984	70,169	154,153
Term loans	25,944	-	25,944	25,184	-	25,184
Hire purchase payables	10,114	-	10,114	9,657	-	9,657
Bank overdrafts	3,738	2,155	5,893	1,171	1,595	2,766
Sub-total	150,857	62,011	212,868	119,996	71,764	191,760
Long-term borrowings:						
Term loans	212,708	-	212,708	202,521	-	202,521
Hire purchase payables	17,732	-	17,732	13,101	-	13,101
Sub-total	230,440	-	230,440	215,622	-	215,622
Total borrowings	381,297	62,011	443,308	335,618	71,764	407,382

The Group's total borrowings increased to RM443.31 million during the quarter under review as compared to RM407.38 million recorded in the financial year ended 30 September 2018 mainly due to the increase in utilization of bankers' acceptances and partially drawdown of term loan to finance the acquisition of properties. The Group increased its bankers' acceptances in line to finance the purchase of raw material.

The foreign currency exposure profile of borrowings is as follow:

	As at 31 March 2019			As at 30 September 2018		
		Foreign Currency '000	RM Equivalent '000		Foreign Currency '000	RM Equivalent '000
Short Term Borrowing						
Secured	RM		145,256	RM		114,388
Unsecured	RM		62,011	RM		71,764
Secured	USD	1,106	4,512	USD	1,081	4,473
Secured	SGD	362	1,089	SGD	375	1,135
			212,868			191,760
Long Term Borrowing						
Secured	RM		179,911	RM		161,977
Secured	USD	8,836	36,064	USD	9,389	38,854
Secured	SGD	4,806	14,465	SGD	4,883	14,791
			230,440			215,622
(FORWARD)						

21. Group borrowings and debt securities (Cont'd)

The foreign currency exposure profile of borrowings is as follow: (Cont'd)

	As at 31 March 2019		As at 30 September 2018	
	Foreign Currency '000	RM Equivalent '000	Foreign Currency '000	RM Equivalent '000
Total Borrowing				
Secured	RM	325,167	RM	276,365
Unsecured	RM	62,011	RM	71,764
Secured	USD	9,942	USD	10,470
Secured	SGD	5,168	SGD	5,258
		<u>443,308</u>		<u>407,382</u>

22. Derivative financial instruments

The derivative financial asset as at 31 March 2019 are carried at fair value through profit or loss as follows:

Financial instruments	Contracted Amount RM'000	Net Fair Value (Loss)/Gain RM'000
Forward Foreign Exchange Contracts: Sales Contracts - Less than 1 year	46	(-*)
Cross Currency Interest Rate Swap Contracts: Purchase Contracts - More than 1 year	38,620	1,471

* Negligible

For the quarter ended 31 March 2019, there have been no significant changes to the Group's exposure to credit risk, market risk, liquidity risk and foreign currency risk from the previous financial year. The Group's financial risk management objectives or policies have also not been changed since the previous financial year.

23. Changes in material litigation

There were no material litigations as at the date of the interim financial report.

24. Proposed Dividend

No interim dividend has been declared during the current quarter ended 31 March 2019.

25. Basic earnings per ordinary share

The basic earnings per ordinary share and diluted earnings per ordinary share are calculated based on the Group's net loss attributable to ordinary shareholders over the weighted average number of ordinary shares in issue as follows:-

	3 months ended		6 Months ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Net profit attributable to shareholders (RM'000)	7,798	13,438	15,656	18,693
Weighted average number of shares a) Basic				
Weighted average number of ordinary shares in issue ('000)	646,245	618,963	645,883	617,490
(FORWARD)				

26. Basic earnings per ordinary share (Cont'd)

The basic earnings per ordinary share and diluted earnings per ordinary share are calculated based on the Group's net loss attributable to ordinary shareholders over the weighted average number of ordinary shares in issue as follows:- (Cont'd)

	3 months ended		6 Months ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
b) Diluted				
Weighted average number of ordinary shares in issue ('000)	646,245	618,963	645,883	617,490
Adjustment for assumed exercised of Warrant ('000)	33,800	55,684	33,420	57,753
Adjusted weighted average number of ordinary shares ('000)	680,045	674,647	679,303	675,243
Basic earnings per ordinary share (sen)	1.21	2.18	2.42	3.03
Diluted earnings per ordinary share (sen)	1.15	1.99	2.30	2.77

The basic and diluted earnings per share of preceding corresponding quarter have been restated to conform to the effect of adoption of MFRS 141 and MFRS 15 on net profit attributable to shareholders.

26. Profit for the period

Profit for the period has been arrived at:

	3 months ended		6 months ended	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
After charging/(crediting):-				
Depreciation and amortization of non-current assets	11,281	8,946	22,485	18,025
Interest expenses	5,031	3,575	10,041	7,092
Net fair value loss/(gain) on derivative financial asset/ (liability)	493	-	564	(17)
Bad debts written off	55	79	62	326
Property, plant and equipment written off	-	64	-*	271
(Gain)/loss on fair value adjustment of biological assets	(5,557)	(2,981)	(10,171)	3,482
Net unrealized (gain)/loss on foreign exchange	(582)	32	(666)	89
Interest revenue recognized in profit or loss	(255)	(397)	(500)	(749)
Share of (gain)/loss in a joint venture	(14)	16	148	21
Amortization of deferred revenue	(11)	(11)	(22)	(22)
(Gain)/loss on disposal of property, plant and equipment	(8)	(3)	(43)	11
Gain on disposal of investment properties	-	-	(3,407)	-
Goodwill written off	-	-	-	80

* Negligible

27. Trade Receivables

	As at 31 March 2019 RM'000 (Unaudited)	As at 30 September 2018 RM'000 (Restated)
Trade receivables:		
Third parties	182,419	196,822
Related parties	4,248	4,424
Less: Allowance for impairment losses	(11,376)	(11,376)
Trade receivable, net	175,291	189,870
Other receivables:		
Third parties	15,776	19,412
Related parties	24	53
Less: Allowance for impairment losses	(2)	(2)
Other receivable, net	15,798	19,463
Total trade and other receivables	191,089	209,333

Amounts owing by related parties are as follows:

	As at 31 March 2019 RM'000 (Unaudited)	As at 30 September 2018 RM'000 (Audited)
Included in trade receivables:		
YWT Contract Farming	2,513	3,659
Chyuan Heng Farming Sdn. Bhd.	643	-
Maju Jaya Farm	538	4
Aqina Farming Sdn. Bhd.	202	-
Sinmah Poultry Processing (S) Pte. Ltd.	129	499
Jaya Gading Marketing	102	72
Toh York Mue	38	40
Hoang Dung Pte. Ltd.	34	30
OTO Agriculture Marketing Sdn. Bhd.	26	-
Chuah Ah Chui	22	22
Wei Heng Maju Farm Sdn. Bhd.	1	38
Intelmatrix Sdn. Bhd.	-	60
	4,248	4,424
Included in other receivables:		
Unisetali Sdn. Bhd.	22	34
OTO Agriculture Marketing Sdn. Bhd.	2	-
Singapore Poultry Hub Pte. Ltd.	-	19
	24	53

There have been no significant changes to the average credit terms granted to third parties and related parties from the previous financial year.

Ageing of past due but not impaired trade receivables:

	As at 31 March 2019 RM'000 (Unaudited)	As at 30 September 2018 RM'000 (Audited)
Number of days past due:		
1 - 30 days	36,427	58,570
31 - 60 days	10,658	16,067
61 - 90 days	3,101	2,575
Over 91 days	14,407	9,636
Total	64,593	86,848

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. All debts exceed the credit terms are closely monitored by the Group's credit control team.

28. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution dated 30 May 2019.