

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED
30 JUNE 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 30 June		9 months ended 30 June	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
			(Restated)		(Restated)
Revenue	9	421,711	430,195	1,308,442	1,284,503
Cost of sales		(404,072)	(395,868)	(1,226,172)	(1,158,514)
Gross profit		17,639	34,327	82,270	125,989
Other income		4,490	3,461	13,598	10,752
Distribution costs		(14,702)	(14,121)	(43,575)	(39,431)
Administrative expenses		(13,220)	(13,241)	(40,726)	(39,725)
Other expenses		(18)	(50)	(69)	(320)
(Loss)/profit from operations	9	(5,811)	10,376	11,498	57,265
Investment revenue		194	334	597	592
Other gains and losses		(125)	923	13,029	(4,314)
Finance costs		(5,571)	(4,916)	(16,267)	(12,601)
Share of loss in a joint venture		(44)	(13)	(192)	(35)
(Loss)/profit before taxation		(11,357)	6,704	8,665	40,907
Tax income/(expenses)	19	30	(889)	(5,467)	(9,755)
(Loss)/profit for the period	26	(11,327)	5,815	3,198	31,152
Other comprehensive income/(loss)					
Items that will be reclassified subsequently to profit or loss:					
Exchange difference on translating foreign operations		989	233	622	(2,621)
Total comprehensive (loss)/income for the period		(10,338)	6,048	3,820	28,531
(Loss)/profit attributable to:					
Owners of the Company		(3,884)	7,683	11,772	26,376
Non-controlling interests		(7,443)	(1,868)	(8,574)	4,776
		(11,327)	5,815	3,198	31,152
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(3,448)	7,798	12,047	25,130
Non-controlling interests		(6,890)	(1,750)	(8,227)	3,401
		(10,338)	6,048	3,820	28,531
(Loss)/Earnings per ordinary share (sen):					
Basic	25	(0.59)	1.21	1.82	4.20
Diluted	25	(0.57)	1.13	1.73	3.87

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)

	Note	As at 30 June 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		730,654	687,342	532,724
Investment properties		95,577	96,520	86,038
Prepaid lease payments on leasehold land		19,011	19,206	13,342
Other intangible asset		11,102	11,963	11,505
Goodwill		6,219	6,219	6,219
Other financial asset	22	2,167	2,304	260
Investment in a joint venture		2,255	2,424	204
Agricultural development expenditure		33	33	34
Deferred tax assets		41	41	17
Total non-current assets		867,059	826,052	650,343
Current Assets				
Inventories		54,084	61,196	51,066
Biological assets		85,489	73,649	87,299
Trade and other receivables	27	199,627	209,333	179,236
Current tax assets		8,086	3,842	840
Other assets		48,289	21,579	46,233
Short-term deposits with licensed banks		12,819	31,407	50,294
Cash and bank balances		38,138	64,497	51,762
		446,532	465,503	466,730
Non-current assets classified as held for sale		125	125	125
Total current assets		446,657	465,628	466,855
TOTAL ASSETS		1,313,716	1,291,680	1,117,198
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital		135,001	133,015	128,321
Treasury shares		(69)	(69)	(69)
Reserves		1,443	1,168	1,766
Retained earnings		327,658	319,055	306,492
Equity attributable to owners of the Company		464,033	453,169	436,510
Non-controlling interests		142,420	150,654	145,868
Total equity		606,453	603,823	582,378
NON-CURRENT LIABILITIES				
Borrowings	21	256,726	215,622	127,296
Deferred revenue		29	38	64
Deferred tax liabilities		37,673	39,211	40,017
Total non-current liabilities		294,428	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 30 June 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		201,925	238,202	201,031
Borrowings	21	208,555	191,760	159,202
Deferred revenue		14	32	44
Derivative financial liability	22	1	9	6
Current tax liabilities		2,340	2,983	7,160
Total current liabilities		412,835	432,986	367,443
TOTAL LIABILITIES		707,263	687,857	534,820
TOTAL EQUITY AND LIABILITIES		1,313,716	1,291,680	1,117,198
Net assets per share attributable to ordinary equity holders of the parent company (RM)		0.71	0.70	0.71

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)

Nine (9) Months Ended 30 June 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
As restated	133,015	(69)	82	1,086	319,055	453,169	150,654	603,823
Profit/ (loss) for the period	-	-	-	-	11,772	11,772	(8,574)	3,198
Other comprehensive income	-	-	-	275	-	275	347	622
Total comprehensive income/(loss) for the period	-	-	-	275	11,772	12,047	(8,227)	3,820
Exercise of share warrants for 11,684,342 new ordinary shares at RM0.17 per ordinary share	1,986	-	-	-	-	1,986	-	1,986
Subscription of shares by non-controlling interests in a subsidiary	-	-	-	-	-	-	400	400
Dividend paid	-	-	-	-	(3,238)	(3,238)	-	(3,238)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	(338)	(338)
Arising from decrease in equity interest in a subsidiary	-	-	-	-	69	69	(69)	-
Balance as at 30 June 2019	135,001	(69)	82	1,361	327,658	464,033	142,485	606,453

(FORWARD)

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

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

Nine (9) Months Ended 30 June 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
As restated	128,321	(69)	-	1,766	306,492	436,510	145,868	582,378
Profit for the period (restated)	-	-	-	-	26,376	26,376	4,776	31,152
Other comprehensive loss	-	-	-	(1,246)	-	(1,246)	(1,375)	(2,621)
Total comprehensive (loss)/income for the period (restated)	-	-	-	(1,246)	26,376	25,130	3,401	28,531
Exercise of share warrants for 25,653,057 new ordinary shares at RM0.17 per ordinary share	4,361	-	-	-	-	4,361	-	4,361
Subscription of shares by non-controlling interests in a subsidiary	-	-	-	-	-	-	1,216	1,216
Dividend paid	-	-	-	-	(3,160)	(3,160)	-	(3,160)
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 30 June 2018	132,682	(69)	-	520	329,490	462,623	149,503	612,126

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)

	9 months ended 30 June 2019 RM'000	9 months ended 30 June 2018 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	8,665	40,907
Adjustments for:		
Depreciation and amortization of non-current assets	33,459	27,861
Interest expenses	15,277	11,713
Share of loss in a joint venture	192	35
Bad debts written off	138	324
Net fair value loss/(gain) on derivative financial asset/(liability)	129	(712)
Property, plant and equipment written off	103	322
Inventories written off	40	90
(Gain)/loss on fair value adjustment of biological assets	(10,428)	1,799
Gain on disposal of investment properties	(3,407)	-
Interest revenue recognized in profit or loss	(658)	(1,028)
Net unrealized (gain)/loss on foreign exchange	(279)	1,640
Gain on disposal of property, plant and equipment	(57)	(73)
Amortization of deferred revenue	(27)	(33)
Goodwill written off	-	80
	43,147	82,925
Movement in working capital:		
Inventories	7,099	424
Biological assets	(1,412)	(1,989)
Trade and other receivables	9,925	(10,472)
Other assets	1,264	(2,038)
Trade and other payables	(36,320)	(5,426)
Deferred revenue	-	6
Cash generated from operations	23,703	63,430
Interest received	288	666
Interest paid	(15,358)	(14,750)
Net of income tax paid and refunded	(11,911)	(11,627)
Net cash (used in)/ generated from operating activities	(3,278)	37,719
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of non-current assets	4,447	125
Interest received	348	320
Repayment from a joint venture	19	-
(Increase)/decrease in other assets for acquisition of non-current assets	(60,586)	32,567
Payments for non-current assets	(27,945)	(180,810)
Net cash inflow on acquisition of a subsidiary	-	479
Net cash used in investing activities	(83,717)	(147,319)

* Negligible

(FORWARD)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	9 months ended 30 June 2019 RM'000 (Unaudited)	9 months ended 30 June 2018 RM'000 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in long-term loans	35,809	93,984
Net change in short-term borrowings	12,978	14,656
Proceeds from Warrants exercise	1,986	4,361
Proceeds from issuance of shares by a subsidiary to non-controlling interests	400	1,216
Net change in hire-purchase	(7,560)	(6,177)
Dividend paid to shareholders of the Company	(3,238)	(3,160)
Dividend paid to non-controlling interests of a subsidiary	(338)	(1,019)
Short-term deposits pledged as securities	(274)	(249)
Net cash generated from financing activities	39,763	103,612
NET DECREASE IN CASH AND CASH EQUIVALENTS	(47,232)	(5,988)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	83,420	91,803
Effect of foreign exchange rate changes	147	(1,216)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	36,335	84,599
REPRESENTED BY:-		
Short-term deposits with licensed banks	12,819	36,219
Cash and bank balances	38,138	60,585
Bank overdrafts classified as cash equivalents	(4,629)	(2,639)
	46,328	94,165
Less: Short-term deposits pledged as securities	(9,993)	(9,566)
	36,335	84,599

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 THIRD QUARTER ENDED 30 June 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 MFRS 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 MFRS 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 30 June 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	430,677	-	(482)	430,195
Other gains and losses	(760)	1,683	-	923
Profit attributable to:				
Owners of the Company	4,898	3,268	(483)	7,683
Non-controlling interests	(284)	(1,585)	1	(1,868)

(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 9 months ended 30 June 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	1,284,538	-	(35)	1,284,503
Other gains and losses	(2,515)	(1,799)	-	(4,314)
Profit attributable to:				
Owners of the Company	28,877	(2,380)	(121)	26,376
Non-controlling interests	4,109	581	86	4,776

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 9 months ended 30 June 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	42,741	(1,799)	(35)	40,907
Adjustment for non-cash items	40,219	1,799	-	42,018
Movement in working capital:				
Decrease in inventories	(1,565)	1,989	-	424
Increase in biological assets	-	(1,989)	-	(1,989)
Increase in trade and other receivables	(10,507)	-	35	(10,472)

(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 30 June 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 30 June 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 30 June 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>11,684,342</u>
Issued and paid up capital including treasury shares as at 30 June 2019	<u><u>657,111,021</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 30 June 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 30 June 2019							
Segment revenue							
External revenue	-	390,219	31,050	-	442	-	421,711
Inter-segment revenue	4,588	4,258	4	-	105	(8,955)	-
Total revenue	4,588	394,477	31,054	-	547	(8,955)	421,711
Segment results	4,215	(4,446)	(143)	(11)	(171)	(5,255)	(5,811)
Nine (9) Months ended 30 June 2019							
Segment revenue							
External revenue	-	1,212,323	94,095	18	2,006	-	1,308,442
Inter-segment revenue	4,771	13,881	69	3	416	(19,140)	-
Total revenue	4,771	1,226,204	94,164	21	2,422	(19,140)	1,308,442
Segment results	3,577	17,107	(535)	(25)	(179)	(8,447)	11,498
As at 30 June 2019							
Segment assets	146,605	1,198,215	29,902	108	7,901	(89,961)	1,292,770
Interest revenue producing assets							12,819
Income tax assets							8,127
Consolidated total assets							1,313,716
Segment liabilities	138	184,881	16,829	14	112	(5)	201,969
Borrowings							465,281
Income tax liabilities							40,013
Consolidated total liabilities							707,263

(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 30 June 2018							
Segment revenue							
External revenue	-	396,181	33,356	22	636	-	430,195
Inter-segment revenue	4,585	4,827	27	1	197	(9,637)	-
Total revenue	4,585	401,008	33,383	23	833	(9,637)	430,195
Segment results	3,812	14,613	(156)	2	(9)	(6,886)	10,376
Nine (9) Months ended 30 June 2018							
Segment revenue							
External revenue	-	1,184,753	97,512	53	2,185	-	1,284,503
Inter-segment revenue	4,768	14,458	48	11	639	(19,924)	-
Total revenue	4,768	1,199,211	97,560	64	2,824	(19,924)	1,284,503
Segment results	2,656	65,848	(287)	22	108	(11,082)	57,265
As at 30 June 2018							
Segment assets	130,078	1,095,994	31,414	4,231	8,555	(57,711)	1,212,561
Interest revenue producing assets							36,219
Income tax assets							1,240
Consolidated total assets							1,250,020
Segment liabilities	114	180,630	17,431	649	158	(5)	198,977
Borrowings							396,499
Income tax liabilities							42,419
Consolidated total liabilities							637,895

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 30 June 2019		Nine (9) Months ended 30 June 2019	
	RM'000	%	RM'000	%
Malaysia	371,375	88.07	1,142,862	87.34
Singapore	47,284	11.21	156,196	11.94
Bangladesh	1,949	0.46	4,617	0.35
Brunei	812	0.19	2,069	0.16
Pakistan	113	0.03	663	0.05
Hong Kong	92	0.02	92	0.01
Maldives	86	0.02	86	0.01
Myanmar	-	0.00	1,687	0.13
Indonesia	-	0.00	170	0.01
Consolidated	<u>421,711</u>	<u>100.00</u>	<u>1,308,442</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 30 June 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 below.

- i) On 3 April 2019, Tong Huat Poultry Processing Factory Pte. Ltd. ("THPP"), a 51% owned subsidiary of the Company 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% subsidiary of the Group.
- ii) On 29 May 2019, Likes Marketing Sdn. Bhd. ("LMSB"), a wholly-owned subsidiary of the Company disposed of its 10% equity interest in TH Likes Pte. Ltd. ("THL") for a cash consideration of SGD10 to THPP. Accordingly, THL became a 51% owned subsidiary of the Group.

13. Changes in contingent liabilities and assets

As at 30 June 2019, the Company had issued corporate guarantees of RM770.17 million (30 June 2018: RM676.82 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 30 June 2019 are as follows:-

	RM'000
Property, plant and equipment:	
Approved and contracted for	27,462
Authorised but not contracted for	31,731
	<u>59,193</u>

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 June 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 third quarter ended 30 June 2019, the Group recorded a revenue and loss from operation of RM421.71 million and RM5.81 million respectively, representing a reversal in performance as compared with the prior year corresponding quarter's revenue and profit from operation of RM430.20 million and RM10.38 million respectively. These were mainly due to the lower sales and profit recorded by most of the divisions especially the integrated poultry division.

The increase in finance costs for the quarter under review was mainly due to the increase in interest charges relating to the additional term loans for the acquisition of factories in Johor and Singapore. Other gain and loss decreased by RM1.05 million mainly due to inclusion of relatively low gain on fair value adjustment of biological assets and unrealized loss on foreign exchange in the current quarter amounting to RM0.26 million and RM0.39 million respectively as compared to RM2.98 million and RM1.55 million in prior year corresponding quarter.

The integrated poultry division recorded a decrease in revenue and loss from operation of RM394.48 million and RM4.45 million respectively in the current quarter as compared to prior year corresponding quarter. This was mainly due to the lower production of broiler and chicks as well as the much lower average selling price of RM3.83 per kg for broilers as compared to RM4.77 in the prior year corresponding quarter.

Despite a lower revenue of RM31.05 million, the supermarket division recorded a slightly lower loss from operation of RM0.14 million mainly due to the improvement in cost control on administrative expenses and distribution costs.

In tandem with the lower revenue of RM0.58 million, the fast food division recorded a higher loss from operation of RM0.17 million during the quarter under review. The decrease in revenue and increase in loss from operation were due to the closure of the outlet in KLCC upon expiry of the tenancy agreement as well as the weaker consumer sentiment.

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

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

	FYE 2019 Quarter 3 RM'000 (Unaudited)	FYE 2019 Quarter 2 RM'000 (Unaudited)	Variance RM'000	%
Revenue	421,711	432,299	(10,588)	(2.45)
(Loss)/profit before taxation	(11,357)	9,294	(20,651)	(222.20)

Included in the Group's loss before taxation for the current quarter was gain on fair value adjustment of biological assets amounting to RM0.257 million and RM5.557 million for the previous quarter. Excluding the abovementioned gains, the Group's loss before taxation for the current quarter would be RM11.614 million and profit before taxation for the previous quarter would have been RM3.737 million

The lower revenue and loss incurred as compared to previous quarter were mainly due to the lower sales recorded by the integrated poultry division. Although the production of chicks has recovered since mid of November 2018, the decrease in the average selling price of broilers to RM3.83 per kg as compared with RM4.92 per kg in the preceding quarter has adversely affected the overall performance of the Group.

17. Commentary on prospects

The revenue of the Group is expected to increase in tandem with the increase in the production of chicks, which has recovered since the current quarter. This in turn would increase the production of broilers and trading volume of feed in the coming quarter. The management also expects the average selling price of broiler to trend upward in the next quarter as the supply of broilers in the market is expected to be tight.

However, the feed cost is expected to increase in the next quarter given the increase in the prices of commodities and the weaker Ringgit Malaysia due to the on-going trade friction between the USA and China. This is expected to have an adverse effect on the price of feed which 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 (income)/expenses

	3 months ended		9 months ended	
	30.06.19	30.06.18	30.06.19	30.06.18
	RM'000	RM'000	RM'000	RM'000
Current taxation				
- Current	1,987	2,958	6,972	11,512
- Prior year	8	(1,504)	39	(1,495)
Deferred taxation	1,995	1,454	7,011	10,017
	(2,025)	(565)	(1,544)	(262)
	(30)	889	5,467	9,755

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.

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 30 June 2019, a total of 85,914,884 warrants as below have been converted into shares.

(FORWARD)

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

a) Warrants (Cont'd)

Date of allotment	No. of Warrants exercised	Proceed (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	
In Second quarter financial year ended 2019	1,615,900	274,703	
02/04/2019	170,000	28,900	04/04/2019
23/04/2019	135,000	22,950	25/04/2019
25/04/2019	8,762,042	1,489,547	29/04/2019
31/05/2019	162,600	27,642	04/06/2019
	<u>85,914,884</u>	<u>29,564,381</u>	

All proceeds have been deposited into CAB Group Warrant Account and the proceeds were used for working capital purpose. As at 30 June 2019, the number of outstanding unexercised warrants is 35,997,297.

b) Corporate proposals not completed

There were no corporate proposals announced but not completed in the current quarter ended 30 June 2019 and up to the date of this interim financial report save as below.

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.

21. Group borrowings and debt securities

The Group's total bank borrowings as at 30 June 2019 are as follows:-

	As at 30 June 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	99,853	63,801	163,654	83,984	70,169	154,153
Term loans	26,747	-	26,747	25,184	-	25,184
Hire purchase payables	10,048	-	10,048	9,657	-	9,657
Bank overdrafts	5,695	2,411	8,106	1,171	1,595	2,766
Sub-total	142,343	66,212	208,555	119,996	71,764	191,760
Long-term borrowings:						
Term loans	236,954	-	236,954	202,521	-	202,521
Hire purchase payables	19,772	-	19,772	13,101	-	13,101
Sub-total	256,726	-	256,726	215,622	-	215,622
Total borrowings	399,069	66,212	465,281	335,618	71,764	407,382

The Group's total borrowings increased to RM465.28 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 drawdown of term loan and hire purchase to finance the acquisition of properties and plant and machinery.

The foreign currency exposure profile of borrowings is as follow:

	As at 30 June 2019			As at 30 September 2018		
		Foreign Currency '000	RM Equivalent '000		Foreign Currency '000	RM Equivalent '000
Short Term Borrowing						
Secured	RM		135,479	RM		114,388
Unsecured	RM		66,212	RM		71,764
Secured	USD	1,104	4,567	USD	1,081	4,473
Secured	SGD	750	2,297	SGD	375	1,135
			208,555			191,760
Long Term Borrowing						
Secured	RM		176,601	RM		161,977
Secured	USD	8,561	35,411	USD	9,389	38,854
Secured	SGD	14,610	44,714	SGD	4,883	14,791
			256,726			215,622
Total Borrowing						
Secured	RM		312,080	RM		276,365
Unsecured	RM		66,212	RM		71,764
Secured	USD	9,665	39,978	USD	10,470	43,327
Secured	SGD	15,360	47,011	SGD	5,258	15,926
			465,281			407,382

22. Derivative financial instruments

The derivative financial asset as at 30 June 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	151	(1)
Cross Currency Interest Rate Swap Contracts: Purchase Contracts - More than 1 year	37,548	1,906

For the quarter ended 30 June 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 30 June 2019.

25. Basic (loss)/earnings per ordinary share

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

	3 months ended		9 months ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Net (loss)/profit attributable to shareholders (RM'000)	(3,884)	7,683	11,772	26,376
Weighted average number of shares				
a) Basic				
Weighted average number of ordinary shares in issue ('000)	654,113	637,526	648,626	627,475
b) Diluted				
Weighted average number of ordinary shares in issue ('000)	654,113	637,526	648,626	627,475
Adjustment for assumed exercised of Warrant ('000)	26,397	44,485	31,102	53,328
Adjusted weighted average number of ordinary shares ('000)	680,510	682,011	679,728	680,803
Basic (loss)/earnings per ordinary share (sen)	(0.59)	1.21	1.82	4.20
Diluted (loss)/earnings per ordinary share (sen)	(0.57)	1.13	1.73	3.87

The basic and diluted (loss)/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. (Loss)/profit for the period

Profit for the period has been arrived at:

	3 months ended		9 months ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
After charging/(crediting):-				
Depreciation and amortization of non-current assets	10,974	9,836	33,459	27,861
Interest expenses	5,236	4,621	15,277	11,713
Net unrealized loss/(gain) on foreign exchange	387	1,551	(279)	1,640
Property, plant and equipment written off	103	51	103	322
Bad debts written off	76	(2)	138	324
Share of loss in a joint venture	44	14	192	35
Inventories written off	40	90	40	90
Net fair value (gain)/loss on derivative financial asset/(liability)	(435)	(695)	129	(712)
(Gain)/loss on fair value adjustment of biological assets	(257)	(1,683)	(10,428)	1,799
Interest revenue recognized in profit or loss	(158)	(279)	(658)	(1,028)
Gain on disposal of property, plant and equipment	(14)	(84)	(57)	(73)
Amortization of deferred revenue	(5)	(11)	(27)	(33)
Gain on disposal of investment properties	-	-	(3,407)	-
Goodwill written off	-	-	-	80

27. Trade Receivables

	As at 30 June 2019 RM'000 (Unaudited)	As at 30 September 2018 RM'000 (Restated)
Trade receivables:		
Third parties	188,124	196,822
Related parties	5,085	4,424
Less: Allowance for impairment losses	(11,376)	(11,376)
Trade receivable, net	181,833	189,870
Other receivables:		
Third parties	17,772	19,412
Related parties	24	53
Less: Allowance for impairment losses	(2)	(2)
Other receivable, net	17,794	19,463
Total trade and other receivables	199,627	209,333

(FORWARD)

27. Trade Receivables (Cont'd)

Amounts owing by related parties are as follows:

	As at 30 June 2019 RM'000 (Unaudited)	As at 30 September 2018 RM'000 (Audited)
Included in trade receivables:		
YWT Contract Farming	3,013	3,659
Maju Jaya Farm	662	4
Aqina Farming Sdn. Bhd.	487	-
Sinmah Poultry Processing (S) Pte. Ltd.	471	499
Chyuan Heng Farming Sdn. Bhd.	131	-
Sinmah Food Services (S) Pte. Ltd.	121	-
Jaya Gading Marketing	107	72
Toh York Mue	38	40
Hoang Dung Pte. Ltd.	29	30
Chuah Ah Chui	26	22
Wei Heng Maju Farm Sdn. Bhd.	-*	38
Intelmatrix Sdn. Bhd.	-	60
	5,085	4,424
Included in other receivables:		
Unisetali Sdn. Bhd.	24	34
Singapore Poultry Hub Pte. Ltd.	-	19
	24	53

* Negligible

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 30 June 2019 RM'000 (Unaudited)	As at 30 September 2018 RM'000 (Audited)
Number of days past due:		
1 - 30 days	34,013	58,570
31 - 60 days	10,141	16,067
61 - 90 days	3,341	2,575
Over 91 days	15,282	9,636
Total	62,777	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 August 2019.