

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED
31 DECEMBER 2019

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended 31 December		3 months ended 31 December	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	9	448,202	454,432	448,202	454,432
Cost of sales		(425,191)	(424,053)	(425,191)	(424,053)
Gross profit		23,011	30,379	23,011	30,379
Other income		4,491	4,216	4,491	4,216
Distribution costs		(15,676)	(13,944)	(15,676)	(13,944)
Administrative expenses		(11,739)	(12,524)	(11,739)	(12,524)
Other expenses		-*	(51)	-*	(51)
Profit from operations	9	87	8,076	87	8,076
Investment revenue		161	249	161	249
Other gains and losses		(7,423)	7,894	(7,423)	7,894
Finance costs		(5,750)	(5,329)	(5,750)	(5,329)
Share of loss in joint venture		(265)	(162)	(265)	(162)
Share of profit in an associate		2	-	2	-
(Loss)/profit before taxation		(13,188)	10,728	(13,188)	10,728
Tax income/(expense)	19	212	(3,098)	212	(3,098)
(Loss)/profit for the period	26	(12,976)	7,630	(12,976)	7,630
Other Comprehensive (loss)/income					
Items that will be reclassified subsequently to profit or loss:					
Exchange difference on translating foreign operations		137	59	137	59
Total comprehensive (loss)/income for the period		(12,839)	7,689	(12,839)	7,689
(Loss)/profit attributable to:					
Owners of the Company		(7,865)	7,858	(7,865)	7,858
Non-controlling interests		(5,111)	(228)	(5,111)	(228)
		(12,976)	7,630	(12,976)	7,630
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(7,805)	7,884	(7,805)	7,884
Non-controlling interests		(5,034)	(195)	(5,034)	(195)
		(12,839)	7,689	(12,839)	7,689
(Loss)/earnings per ordinary share (sen):					
Basic	25	(1.19)	1.22	(1.19)	1.22
Diluted	25	(1.16)	1.16	(1.16)	1.16

* Negligible

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 2019 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

		As at 31 December 2019	As at 30 September 2019
		RM'000	RM'000
	Note	(Unaudited)	(Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment		760,627	758,503
Investment properties		100,562	100,498
Prepaid lease payments on leasehold land		18,718	18,864
Other intangible asset		10,506	10,795
Right of use assets		9,066	-
Goodwill		6,219	6,219
Other financial asset	22	1,384	2,360
Investment in a joint venture		1,678	1,937
Interest in an associate		267	265
Deferred tax assets		38	38
Total non-current assets		909,065	899,479
Current Assets			
Biological assets		77,866	86,657
Inventories		61,144	48,261
Trade and other receivables	27	204,831	190,368
Other assets		22,866	23,316
Current tax assets		3,323	3,309
Short-term deposits with licensed banks		13,267	24,521
Cash and bank balances		54,149	43,722
Total current assets		437,446	420,154
TOTAL ASSETS		1,346,511	1,319,633
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		135,862	135,270
Treasury shares		(69)	(69)
Reserves		1,245	1,185
Retained earnings		309,619	317,484
Equity attributable to owners of the Company		446,657	453,870
Non-controlling interests		134,799	139,833
Total equity		581,456	593,703
NON-CURRENT LIABILITIES			
Borrowings	21	258,296	255,940
Lease liabilities	2	7,651	-
Deferred revenue		22	25
Deferred tax liabilities		44,358	47,056
Total non-current liabilities		310,327	303,021

(FORWARD)

CAB CAKARAN CORPORATION BERHAD (583661-W)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

		As at 31 December 2019	As at 30 September 2019
		RM'000	RM'000
	Note	(Unaudited)	(Audited)
CURRENT LIABILITIES			
Trade and other payables		224,342	205,979
Borrowings	21	226,025	214,680
Lease Liabilities	2	1,356	
Other financial liability	22	-	1
Deferred revenue		12	12
Current tax liabilities		2,993	2,237
Total current liabilities		454,728	422,909
TOTAL LIABILITIES		765,055	725,930
TOTAL EQUITY AND LIABILITIES		1,346,511	1,319,633
Net assets per share attributable to ordinary equity holders of the parent company (RM)		0.67	0.69

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 2019 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)

Three (3) Months Ended 31 December 2019

	----- Attributable to owners of the Company ----->					Total RM'000	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			
As at 1 October 2019	135,270	(69)	82	1,103	317,484	453,870	139,833	593,703
Loss for the period	-	-	-	-	(7,865)	(7,865)	(5,111)	(12,976)
Other comprehensive income	-	-	-	60	-	60	77	137
Total comprehensive income/(loss) for the period	-	-	-	60	(7,865)	(7,805)	(5,034)	(12,839)
Exercise of share warrants for 3,481,907 new ordinary shares at RM0.17 per ordinary share	592	-	-	-	-	592	-	592
Balance as at 31 December 2019	135,862	(69)	82	1,163	309,619	446,657	134,799	581,456

(FORWARD)

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

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

Three (3) Months Ended 31 December 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 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	-	-	-	-	7,858	7,858	(228)	7,630
Other comprehensive income	-	-	-	26	-	26	33	59
Total comprehensive income/(loss) for the period	-	-	-	26	7,858	7,884	(195)	7,689
Exercise of share warrants for 838,800 new ordinary shares at RM0.17 per ordinary share	143	-	-	-	-	143	-	143
Balance as at 31 December 2018	133,158	(69)	82	1,112	326,913	461,196	150,459	611,655

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 2019 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 31 December 2019 RM'000	3 months ended 31 December 2018 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(13,188)	10,728
Adjustments for:		
Depreciation and amortization of non-current assets	13,287	11,204
Loss/(gain) on fair value adjustment of biological assets	6,683	(4,614)
Interest expenses	5,404	5,010
Net fair value loss on derivative financial asset/ (liability)	938	71
Impairment loss on receivables	513	-
Share of result in a joint venture	265	162
Other investment written off	37	-
Property, plant and equipment written off	33	-*
Net unrealized gain on foreign exchange	(968)	(84)
Interest revenue recognized in profit or loss	(122)	(245)
Gain on disposal of property, plant and equipment	(17)	(35)
Amortization of deferred revenue	(3)	(11)
Share of result in an associate	(2)	-
Bad debts written off	-	7
Gain on disposal of investment properties	-	(3,407)
	12,860	18,786
Movement in working capital:		
Inventories	(12,875)	1,388
Biological assets	2,108	(25)
Trade and other receivables	(14,874)	7,907
Other assets	50	23
Trade and other payables	18,571	(25,985)
Cash generated from operations	5,840	2,094
Interest received	40	107
Interest paid	(5,596)	(5,099)
Net of income tax paid and refunded	(1,747)	(3,489)
Interest paid on lease liabilities	(152)	-
Net cash used in operating activities	(1,615)	(6,387)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in other assets for acquisition of non-current assets	454	(5,147)
Interest received	69	120
Proceeds from disposal of non-current assets	65	4,408
Payments for non-current assets	(13,023)	(8,018)
Repayment from a joint venture	-	19
Net cash used in investing activities	(12,435)	(8,618)

* Negligible

(FORWARD)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	3 months ended 31 December 2019 RM'000 (Unaudited)	3 months ended 31 December 2018 RM'000 (Audited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in short-term borrowings	12,381	9,920
Net change in long-term loans	5,957	(3,705)
Proceeds from Warrants exercise	592	143
Short-term deposits pledged as securities	88	(85)
Advance from a director	52	53
Net change in hire-purchase	(2,837)	(2,571)
Net in lease liabilities	(450)	-
Net cash generated from financing activities	15,783	3,755
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	1,733	(11,250)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	53,530	83,420
Effect of foreign exchange rate changes	34	33
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	55,297	72,203
REPRESENTED BY:-		
Short-term deposits with licensed banks	13,267	28,188
Cash and bank balances	54,149	57,624
Bank overdrafts classified as cash equivalents	(2,627)	(3,806)
	64,789	82,006
Less: Short-term deposits pledged as securities	(9,492)	(9,803)
	55,297	72,203

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 2019 and the accompanying explanatory notes attached to the interim financial report.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 DECEMBER 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 issued by Malaysian Accounting Standards Board (“MASB”), International Accounting Standard (“IAS”) 34: Interim Financial Reporting issued by International Accounting Standards Board (“IASB”), paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 30 September 2019. 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 2019.

2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the financial statements for the year ended 30 September 2019, except for the adoption of the following new Malaysian Financial Reporting Standards (MFRSs), Amendments to MFRSs and Interpretation during the current financial period.

MFRS 16	Lease
IC Interpretation 23	Uncertainty over income tax treatments
Annual Improvements to MFRSs Standards 2015 – 2017 Cycle – Amendments to MFRS 3, MFRS 11, MFRS 112 and FRS 123 ¹	

The adoption of the above Standards and Interpretation does not have any significant impact to the Group except for MFRS 16 Leases.

Adoption of MFRS 16 Lease

MFRS 16 supersedes MFRS 117 Leases and its related interpretation.

The standard includes two recognition exemption for lessees – leases of ‘low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use assets

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from today’s accounting under MRFS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16, which is effective for annual periods beginning on or after 1 October 2019, requires lessees and lessors to make more extensive disclosures than under MFRS 117.

2. Changes in Accounting Policies (Cont'd)

Adoption of MFRS 16 Lease (Cont'd)

The Group applied the simplified retrospective approach, and did not restate comparative amounts for the period prior to first adoption. The Group recognised and measured the lease liability at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate at the date of initial application. The Group recognised and measured the right-to-use asset, on a lease-by-lease basis, at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised immediately before the date of initial application.

In summary, the impact of MFRS 16 adoption is expected to be as follows:

Impact on the statements of financial position as of 1 October 2019

	RM'000
Non-current asset	
Right of use assets	<u>9,317</u>
Non-current liability	
Lease liabilities	<u>7,801</u>
Current liability	
Lease liabilities	<u>1,515</u>

Standards and IC Interpretations in issue but not yet effective

The new and revised standards and Amendments 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) ^(a)
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform ^(a)
Amendments to MFRS 10 and MFRS128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ^(c)
Amendments to MFRS 101	Definition of Material ^(a)
Amendments to MFRS 108	Definition of Material ^(a)
MFRS 17	Insurance Contract ^(b)

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

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

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

The Directors anticipate that the abovementioned Standards and Amendments 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 Standards and Amendments will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

3. Audit opinion

The auditors' report on the financial statements of the Group for the financial year ended 30 September 2019 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 December 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 December 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 December 2019.

	No of shares issued (units)
Issued and paid up capital including treasury shares as at 1 October 2019	658,692,296
Issued during the financial year	
- Pursuant to shares warrant (refer to Note 20 (a))	3,481,907
Issued and paid up capital including treasury shares as at 31 December 2019	<u>662,174,203</u>

At the Annual General Meeting of the Company held on 23 March 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 of RM0.50 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 December 2019, a total of 545,500 shares were repurchased and held as treasury shares and carried at cost of RM69,304.

8. Dividends paid

There were no dividends paid during the current year to date.

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 December 2019							
Segment revenue							
External revenue	-	416,229	31,590	-	383	-	448,202
Inter-segment revenue	83	4,419	1	-	163	(4,666)	-
Total revenue	83	420,648	31,591	-	546	(4,666)	448,202
Segment results	(236)	1,696	55	-	(25)	(1,403)	87
As at 31 December 2019							
Segment assets	147,089	1,255,497	30,847	-	7,916	(111,466)	1,329,883
Interest revenue producing assets							13,267
Income tax assets							3,361
Consolidated total assets							1,346,511
Segment liabilities	650	214,858	17,710	-	171	(6)	233,383
Borrowings							484,321
Income tax liabilities							47,351
Consolidated total liabilities							765,055

(FORWARD)

9. Segmental information (Cont'd)

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 December 2018							
Segment revenue							
External revenue	-	420,830	32,880	5	717	-	454,432
Inter-segment revenue	87	4,981	61	3	139	(5,271)	-
Total revenue	87	425,811	32,941	8	856	(5,271)	454,432
Segment results	(226)	12,539	69	(23)	(55)	(4,228)	8,076
As at 31 December 2018							
Segment assets	146,873	1,169,592	29,513	488	8,353	(106,301)	1,248,518
Interest revenue producing assets							28,188
Income tax assets							5,773
Consolidated total assets							1,282,479
Segment liabilities	202	195,074	16,764	89	214	(5)	212,338
Borrowings							414,791
Income tax liabilities							43,696
Consolidated total liabilities							670,825

*The operation of the Marine division has discontinued and became dormant since third quarter of financial 2019.

(FORWARD)

9. Segmental information (Cont'd)

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

	Three (3) Months ended 31 December 2019	
	RM'000	%
Revenue		
By Geographical Locations		
Malaysia	391,966	87.45
Singapore	54,203	12.09
Others	2,033	0.46
Consolidated	<u>448,202</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 December 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.

13. Changes in contingent liabilities and assets

As at 31 December 2019, the Company had issued corporate guarantees of RM787.92 million (31 December 2018: RM733.53 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 December 2019 are as follows:-

	RM'000
Property, plant and equipment:	
Approved and contracted for	29,276
Authorised but not contracted for	35,032
	<u>64,308</u>

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 DECEMBER 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 first quarter ended 31 December 2019, the Group recorded revenue of RM448.20 million, representing a decrease of about 1.37% over the prior year corresponding quarter's revenue of RM454.43 million. The lower revenue was mainly due to lower sales recorded in all the division especially the integrated poultry division.

The integrated poultry division recorded a decreased in both revenue and profit from operation of RM420.65 million and RM1.70 million respectively as compared to RM425.81 million and RM12.54 million respectively in prior year corresponding quarter. Although the Group's production of chicks and broilers increased during the quarter, including the trading volume of feed, the significant drop in the average selling price of broiler to RM3.83 per kg have resulted in the decreased of both the revenue and profit from operations of the Group as compared to the prior year corresponding quarter.

In tandem with the increased in the sales volume the Group recorded a higher distribution cost in the current quarter.

The supermarket division showed a slight decrease in revenue and profit from operation to RM31.59 million and RM0.06 million respectively as a result of the lower sales generated by most of its outlets. The poor consumer sentiment and the need to spend on promotional activities to maintain sales have resulted in the division recording lower profit margin.

Despite of the decrease in revenue of the fast food division, it recorded a lower loss from operation of RM0.03 million during the quarter under review. The decrease in revenue was mainly due to the closure of one outlet upon expiry of the tenancy agreement.

16. Comment on material change in (loss)/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:-

	FYE2020	FYE2019	Variance	
	Quarter 1	Quarter 4	RM'000	%
	RM'000	RM'000		
	(Unaudited)	(Unaudited)		
Revenue	448,202	443,744	4,458	1
(Loss)/profit before taxation	(13,188)	6,126	(19,314)	(315)

Included in the Group's profit before taxation was loss on fair value adjustment of biological assets of RM6.68 million as compared to RM3.76 million in preceding quarter. Excluding this loss, despite the Group achieved a higher revenue for the current quarter ended 31 December 2019, the Group recorded a loss before taxation of RM6.51 million as compared to profit before taxation of RM9.88 million in the preceding quarter. This was mainly due to the lower selling price of broiler of RM3.85 per kg in the current quarter as compared to RM4.73 per kg in the previous quarter. However the lower selling price of broilers on the Group's revenue was partly mitigated by the increase in the production of chicks and broilers as well as the higher trading volumes of feeds.

17. Commentary on prospects

The outbreak of the novel coronavirus (2019-nCoV) in China and now spreading to other parts of the world, has presented a grim and challenging prospect for the Group. The economic fallout from this epidemic is expected to be huge given that China's economy, which is the second largest in the world, accounts for an estimated one-third of global growth.

The local economy will not be spared from this epidemic especially for those businesses which are directly related to the tourism sector. With the sharp drop in tourist arrival as well as people opting to stay home and avoiding crowded places, private consumption will be adversely affected.

During this trying time, the US Dollar also strengthened against the Ringgit which is expected to result in higher feed cost in the coming months. This will increase the cost of production for the poultry players, which if there is no corresponding increase in the price of broiler will result in higher losses.

Given the above scenario, the management will undertake measures to minimize the adverse impact from this fallout although the prospect of the Group's business in the coming months is not expected to be favourable.

18. Variance of actual profit from profit forecast

Not applicable as no profit forecast was published.

19. Tax (income)/expenses

	3 months ended		3 months ended	
	31.12.19	31.12.18	31.12.19	31.12.18
	RM'000	RM'000	RM'000	RM'000
Current taxation				
- Current	2,485	2,133	2,485	2,133
- Prior year	3	28	3	28
	2,488	2,161	2,488	2,161
Deferred taxation	(2,700)	937	(2,700)	937
	(212)	3,098	(212)	3,098

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 56,131,731 additional warrants were issued on 4 August 2017 and listed on the Main Market of BMSB on 7 August 2017 and the exercise price of the warrant has been adjusted to RM0.17 each pursuant to the share split and bonus issue during the year. The maturity date for the warrants is on the 8 February 2020.

(FORWARD)

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

b) Warrants (Cont'd)

As at 31 December 2019 a total of 90,978,066 warrants as below have been converted into shares.

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 financial year ended 2019	13,265,617	2,255,155	
03/10/2019	55,300	9,401	07/10/2019
10/10/2019	369,000	62,730	14/10/2019
16/10/2019	287,831	48,931	18/10/2019
25/10/2019	438,853	74,605	30/10/2019
01/11/2019	79,500	13,515	05/11/2019
12/11/2019	537,831	91,431	14/11/2019
21/11/2019	151,887	25,821	25/11/2019
27/11/2019	425,975	72,416	29/11/2019
04/12/2019	289,500	49,215	06/12/2019
10/12/2019	32,812	5,578	12/12/2019
18/12/2019	270,600	46,002	20/12/2019
27/12/2019	542,818	92,279	31/12/2019
	<u>90,978,066</u>	<u>30,425,122</u>	

All proceeds have been deposited into CAB Group Warrant Account and the proceeds were used for working capital purpose.

As at 31 December 2019, the number of outstanding unexercised warrants is 30,394,115.

b) Corporate proposals not completed

There were no corporate proposals announced but not completed in the current quarter ended 31 December 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 31 December 2019 are as follows:-

	As at 31 December 2019			As at 30 September 2019		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
Short-term borrowings:						
Bankers' acceptances	104,187	78,633	182,820	105,784	64,655	170,439
Hire purchase payables	10,713	-	10,713	11,046	-	11,046
Term loans	29,865	-	29,865	28,061	-	28,061
Bank overdrafts	2,584	43	2,627	3,101	2,033	5,134
Sub-total	147,349	78,676	226,025	147,992	66,688	214,680
Long-term borrowings:						
Term loans	234,673	-	234,673	231,342	-	231,342
Hire purchase payables	23,623	-	23,623	24,598	-	19,772
Sub-total	258,296	-	258,296	255,940	-	255,940
Total borrowings	405,645	78,676	484,321	403,932	66,688	470,620

The Group's total borrowings increased to RM484.32 million during the quarter under review as compared to RM470.62 million recorded in the financial year ended 30 September 2019 mainly due to the increase utilization of bankers' acceptances to finance the purchase of raw material.

The foreign currency exposure profile of borrowings is as follow:

	As at 31 December 2019			As at 30 September 2019		
		Foreign Currency '000	RM Equivalent '000		Foreign Currency '000	RM Equivalent '000
Short Term Borrowing						
Secured	RM		140,448	RM		141,071
Unsecured	RM		78,676	RM		66,688
Secured	USD	1,104	4,520	USD	1,104	4,623
Secured	SGD	783	2,381	SGD	758	2,298
			226,025			214,680
Long Term Borrowing						
Secured	RM		182,199	RM		177,686
Secured	USD	8,009	32,786	USD	8,285	34,691
Secured	SGD	14,253	43,311	SGD	14,372	43,563
			258,296			255,940
Total Borrowing						
Secured	RM		322,647	RM		318,757
Unsecured	RM		78,676	RM		66,688
Secured	USD	9,113	37,306	USD	9,389	39,314
Secured	SGD	15,036	45,692	SGD	15,130	45,861
			484,321			470,620

22. Derivative financial instruments

The derivative financial asset as at 31 December 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
Cross Currency Interest Rate Swap Contracts: Purchase Contracts - More than 1 year	35,403	1,384

For the quarter ended 30 September 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

The Directors of the Company had on 20 December 2019 declared a final single tier dividend of 0.25 sen per ordinary share for the financial year ended 30 September 2019. The said final single tier dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as liability in the financial statements.

No any other interim dividend has been declared during the current quarter ended 31 December 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:-.

	Current Period Quarter 31 December 2019	Prior Period Quarter 31 December 2018	Current Year To Date 31 December 2019	Preceding Year Corresponding Year 31 December 2018
Net (loss)/profit attributable to shareholders (RM'000)	(7,865)	7,858	(7,865)	7,858
Weighted average number of shares				
a) Basic				
Weighted average number of ordinary shares in issue ('000)	659,840	645,529	659,840	645,529
b) Diluted				
Weighted average number of ordinary shares in issue ('000)	659,840	645,529	659,840	645,529
Adjustment for assumed exercised of Warrant ('000)	20,237	34,142	20,237	34,142
Adjusted weighted average number of ordinary shares ('000)	680,077	679,671	680,077	679,671
Basic (loss)/earnings per ordinary share (sen)	(1.19)	1.22	(1.19)	1.22
Diluted (loss)/earnings per ordinary share (sen)	(1.16)	1.16	(1.16)	1.16

26. (Loss)/profit for the period

(Loss)/profit for the period has been arrived at:

	3 months ended		3 months ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
After charging/(crediting):-				
Depreciation and amortization of non-current assets	13,287	11,204	13,287	11,204
Loss/(gain) on fair value adjustment of biological assets	6,683	(4,614)	6,683	(4,614)
Interest expenses	5,404	5,010	5,404	5,010
Net fair value loss on derivative financial asset/ (liability)	938	71	938	71
Impairment loss on receivables	513	-	513	-
Share of loss in a joint venture	265	162	265	162
Other financial assets written off	37	-	37	-
Property, plant and equipment written off	33	-*	33	-*
Net unrealized gain on foreign exchange	(968)	(84)	(968)	(84)
Interest revenue recognized in profit or loss	(122)	(245)	(122)	(245)
Gain on disposal of property, plant and equipment	(17)	(35)	(17)	(35)
Amortization of deferred revenue	(3)	(11)	(3)	(11)
Share of result in an associate	(2)	-	(2)	-
Bad debts written off	-	7	-	7
Gain on disposal of investment properties	-	(3,407)	-	(3,407)

*negligible

27. Trade Receivables

	As at 31 December 2019 RM'000 (Unaudited)	As at 30 September 2019 RM'000 (Audited)
Trade receivables:		
Third parties	201,048	188,550
Related parties	6,987	5,853
Less: Allowance for impairment losses	(20,101)	(19,585)
Trade receivable, net	187,934	174,818
Other receivables:		
Third parties	17,232	15,887
Related parties	481	477
Less: Allowance for impairment losses	(816)	(814)
Other receivable, net	16,897	15,550
Total trade and other receivables	204,831	190,368

(FORWARD)

27. Trade Receivables (Cont'd)

Amounts owing by related parties are as follows:

	As at 31 December 2019 RM'000 (Unaudited)	As at 30 September 2019 RM'000 (Audited)
Included in trade receivables:		
YWT Contract Farming	4,480	2,212
Aqina Farming Sdn. Bhd.	1,106	826
Maju Jaya Farm	523	1,559
Sinmah Poultry Processing (S) Pte. Ltd.	373	246
Chyuan Heng Farming Sdn. Bhd.	129	571
Sinmah Food Services (S) Pte. Ltd.	121	126
Jaya Gading Marketing	85	96
OTO Agriculture Marketing Sdn. Bhd.	78	34
Toh York Mue	42	40
Hoang Dung Pte. Ltd.	28	28
Chuah Ah Chui	20	20
Wei Heng Maju Farm Sdn. Bhd.	1	3
Unisetali Sdn. Bhd.	1	-
Ayam Kempas Sdn. Bhd.	-	92
	6,987	5,853
Included in other receivables:		
Singapore Poultry Hub Pte. Ltd.	456	455
Unisetali Sdn. Bhd.	20	20
OTO Agriculture Marketing Sdn. Bhd.	5	2
	481	477

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 trade receivables:

	As at 31 December 2019 RM'000 (Unaudited)	As at 30 September 2019 RM'000 (Audited)
Not past due	141,757	124,818
Number of days past due:		
1 - 30 days	24,583	31,037
31 - 60 days	8,803	9,749
61 - 90 days	3,081	1,889
Over 91 days	9,710	7,325
Total	187,934	174,818

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.

29. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution dated 27 February 2020.