

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

**UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE SECOND QUARTER ENDED**  
**31 MARCH 2020**

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	INDIVIDUAL QUARTER 3 months ended 31 March		CUMULATIVE QUARTER 6 months ended 31 March	
		2020	2019	2020	2019
		RM'000 (Unaudited)	RM'000 (Unaudited)	RM'000 (Unaudited)	RM'000 (Unaudited)
<b>Revenue</b>	<b>9</b>	<b>409,653</b>	<b>432,299</b>	<b>857,855</b>	<b>886,731</b>
Cost of sales		(382,171)	(398,047)	(807,362)	(822,100)
<b>Gross profit</b>		<b>27,482</b>	<b>34,252</b>	<b>50,493</b>	<b>64,631</b>
Other income		4,068	4,892	8,559	9,108
Distribution costs		(15,834)	(14,929)	(31,510)	(28,873)
Administrative expenses		(13,083)	(14,982)	(24,822)	(27,506)
Other expenses		(24)	-	(24)	(51)
<b>Profit from operations</b>	<b>9</b>	<b>2,609</b>	<b>9,233</b>	<b>2,696</b>	<b>17,309</b>
Investment revenue		166	154	327	403
Other gains and losses		(5,262)	5,260	(12,685)	13,154
Finance costs		(5,800)	(5,367)	(11,550)	(10,696)
Share of (loss)/ profit in joint venture		(371)	14	(636)	(148)
Share of profit in an associate		5	-	7	-
<b>(Loss)/profit before taxation</b>		<b>(8,653)</b>	<b>9,294</b>	<b>(21,841)</b>	<b>20,022</b>
Tax expense	19	(1,510)	(2,399)	(1,298)	(5,497)
<b>(Loss)/profit for the period</b>	<b>26</b>	<b>(10,163)</b>	<b>6,895</b>	<b>(23,139)</b>	<b>14,525</b>
<b>Other Comprehensive loss</b>					
Items that will be reclassified subsequently to profit or loss:					
Exchange difference on translating foreign operations		(377)	(426)	(240)	(367)
<b>Total comprehensive (loss)/income for the period</b>		<b>(10,540)</b>	<b>6,469</b>	<b>(23,379)</b>	<b>14,158</b>
<b>(Loss)/profit attributable to:</b>					
Owners of the Company		(4,524)	7,798	(12,389)	15,656
Non-controlling interests		(5,639)	(903)	(10,750)	(1,131)
		(10,163)	6,895	(23,139)	14,525
<b>Total comprehensive (loss)/income attributable to:</b>					
Owners of the Company		(4,689)	7,611	(12,494)	15,495
Non-controlling interests		(5,851)	(1,142)	(10,885)	(1,337)
		(10,540)	6,469	(23,379)	14,158
<b>(Loss)/earnings per ordinary share (sen):</b>					
Basic	25	(0.66)	1.21	(1.85)	2.42
Diluted	25	N/A	1.15	N/A	2.30

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 March 2020	As at 30 September 2019
		RM'000	RM'000
	Note	(Unaudited)	(Audited)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		770,877	758,503
Investment properties		100,517	100,498
Prepaid lease payments on leasehold land		18,700	18,864
Other intangible asset		10,205	10,795
Right of use assets		9,104	-
Goodwill		6,219	6,219
Other financial asset	22	2,606	2,360
Investment in a joint venture		1,296	1,937
Interest in an associate		272	265
Deferred tax assets		26	38
<b>Total non-current assets</b>		<b>919,822</b>	<b>899,479</b>
<b>Current Assets</b>			
Biological assets		78,485	86,657
Inventories		61,676	48,261
Trade and other receivables	27	192,709	190,368
Other assets		19,329	23,316
Current tax assets		4,089	3,309
Short-term deposits with licensed banks		14,697	24,521
Cash and bank balances		46,032	43,722
<b>Total current assets</b>		<b>417,017</b>	<b>420,154</b>
<b>TOTAL ASSETS</b>		<b>1,336,839</b>	<b>1,319,633</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		140,679	135,270
Treasury shares		(69)	(69)
Reserves		1,080	1,185
Retained earnings		305,095	317,484
Equity attributable to owners of the Company		446,785	453,870
Non-controlling interests		128,698	139,833
<b>Total equity</b>		<b>575,483</b>	<b>593,703</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	21	273,692	255,940
Lease liabilities	2	7,471	-
Deferred revenue		125	25
Deferred tax liabilities		43,815	47,056
<b>Total non-current liabilities</b>		<b>325,103</b>	<b>303,021</b>

(FORWARD)

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)**

		As at 31 March 2020	As at 30 September 2019
		RM'000	RM'000
	Note	(Unaudited)	(Audited)
<b>CURRENT LIABILITIES</b>			
Trade and other payables		202,161	205,979
Borrowings	21	229,663	214,680
Lease Liabilities	2	1,186	-
Other financial liability	22	-	1
Deferred revenue		66	12
Current tax liabilities		3,177	2,237
<b>Total current liabilities</b>		436,253	422,909
<b>TOTAL LIABILITIES</b>		761,356	725,930
<b>TOTAL EQUITY AND LIABILITIES</b>		1,336,839	1,319,633
Net assets per share attributable to ordinary equity holders of the parent company (RM)		0.65	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)

Six (6) Months Ended 31 March 2020

	----- 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			
<b>As at 1 October 2019</b>	135,270	(69)	82	1,103	317,484	453,870	139,833	593,703	
Loss for the period	-	-	-	-	(12,389)	(12,389)	(10,750)	(23,139)	
Other comprehensive loss	-	-	-	(105)	-	(105)	(135)	(240)	
Total comprehensive loss for the period	-	-	-	(105)	(12,389)	(12,494)	(10,885)	(23,379)	
Exercise of share warrants for 31,816,446 new ordinary shares at RM0.17 per ordinary share	5,409	-	-	-	-	5,409	-	5,409	
Dividend paid to non-controlling interest of subsidiaries	-	-	-	-	-	-	(250)	(250)	
<b>Balance as at 31 March 2020</b>	140,679	(69)	82	998	305,095	446,785	128,698	575,483	

(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)

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		
<b>As at 1 October 2018</b>	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 interest of subsidiaries	-	-	-	-	-	-	(188)	(188)
<b>Balance as at 31 March 2019</b>	133,432	(69)	82	925	334,711	469,081	149,529	618,610

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**

	6 months ended 31 March 2020 RM'000 (Unaudited)	6 months ended 31 March 2019 RM'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before tax	(21,841)	20,022
Adjustments for:		
Depreciation and amortization of non-current assets	25,202	22,485
Interest expenses	10,843	10,041
Loss/(gain) on fair value adjustment of biological assets	9,462	(10,171)
Impairment loss on receivables	1,414	-
Net unrealized loss/(gain) on foreign exchange	1,078	(666)
Share of result in a joint venture	636	148
Property, plant and equipment written off	624	-*
Other investment written off	36	-
Loss/(gain) on disposal of property, plant and equipment	5	(43)
Bad debts written off	3	62
Net fair value (gain)/loss on derivative financial asset/ (liability)	(284)	564
Interest revenue recognized in profit or loss	(284)	(500)
Amortization of deferred revenue	(11)	(22)
Share of result in an associate	(7)	-
Gain on disposal of investment properties	-	(3,407)
	<b>26,876</b>	<b>38,513</b>
Movement in working capital:		
Inventories	(13,422)	6,472
Biological assets	(1,290)	(3,858)
Trade and other receivables	(3,817)	17,993
Other assets	375	445
Trade and other payables	(3,228)	(43,291)
Deferred revenue	165	-
Cash generated from operations	5,659	16,274
Interest received	105	238
Interest paid	(11,032)	(10,197)
Net of income tax paid and refunded	(4,360)	(7,440)
Interest paid on lease liabilities	(312)	-
Net cash used in operating activities	<b>(9,940)</b>	<b>(1,125)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in other assets for acquisition of non-current assets	3,552	(31,728)
Interest received	144	232
Proceeds from disposal of non-current assets	47	4,416
Payments for non-current assets	(34,230)	(14,290)
Repayment from a joint venture	-	19
Net cash used in investing activities	<b>(30,487)</b>	<b>(41,351)</b>

\* Negligible

(FORWARD)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)**

	6 months ended 31 March 2020 RM'000 (Unaudited)	6 months ended 31 March 2019 RM'000 (Unaudited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net change in short-term borrowings	17,602	17,959
Net change in long-term loans	17,452	11,736
Proceeds from Warrants exercise	5,409	417
Short-term deposits pledged as securities	140	(152)
Net change in hire-purchase	(5,931)	(5,440)
Net in lease liabilities	(1,214)	-
Dividend paid to non-controlling interest of a subsidiary	(250)	(188)
Proceeds from issuance of shares by a subsidiary to non-controlling interests	-	400
Net cash generated from financing activities	33,208	24,732
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(7,219)	(17,744)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	53,530	83,420
Effect of foreign exchange rate changes	(65)	(121)
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	46,246	65,555
<b>REPRESENTED BY:-</b>		
Short-term deposits with licensed banks	14,697	32,994
Cash and bank balances	46,032	47,129
Bank overdrafts classified as cash equivalents	(5,044)	(4,698)
	55,685	75,425
Less: Short-term deposits pledged as securities	(9,439)	(9,870)
	46,246	65,555

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 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 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 <sup>1)</sup>	

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 MFRS 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
<b>Non-current asset</b>	
Right of use assets	<u>9,317</u>
<b>Non-current liability</b>	
Lease liabilities	<u>7,801</u>
<b>Current liability</b>	
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) <sup>(a)</sup>
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform <sup>(a)</sup>
Amendments to MFRS 10 and MFRS128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>(d)</sup>
Amendments to MFRS 101	Definition of Material <sup>(a)</sup>
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current <sup>(c)</sup>
Amendments to MFRS 108	Definition of Material <sup>(a)</sup>
MFRS 17	Insurance Contract <sup>(b)</sup>

<sup>(a)</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>(b)</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>(c)</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>(d)</sup> 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 March 2020.

## 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 2020.

## 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 2020.

	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))	31,816,446
Issued and paid up capital including treasury shares as at 31 March 2020	<u>690,508,742</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 March 2020, 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 RM'000	Integrated poultry RM'000	Supermarket RM'000	Marine products* RM'000	Fast Food RM'000	Eliminations RM'000	Consolidated RM'000
<b>Three (3) Months ended 31 March 2020</b>							
Segment revenue							
External revenue	-	374,507	34,775	-	371	-	409,653
Inter-segment revenue	101	4,285	-	-	169	(4,555)	-
Total revenue	101	378,792	34,775	-	540	(4,555)	409,653
Segment results	(372)	3,006	635	-	(102)	(558)	2,609
<b>Six (6) Months ended 31 March 2020</b>							
Segment revenue							
External revenue	-	790,736	66,365	-	754	-	857,855
Inter-segment revenue	184	8,704	1	-	332	(9,221)	-
Total revenue	184	799,440	66,366	-	1,086	(9,221)	857,855
Segment results	(608)	4,702	690	-	(127)	(1,961)	2,696
<b>As at 31 March 2020</b>							
Segment assets	146,622	1,238,232	30,592	-	7,663	(105,082)	1,318,027
Interest revenue producing assets							14,697
Income tax assets							4,115
<b>Consolidated total assets</b>							<b>1,336,839</b>
Segment liabilities	123	192,673	18,109	-	109	(5)	211,009
Borrowings							503,355
Income tax liabilities							46,992
<b>Consolidated total liabilities</b>							<b>761,356</b>

(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
<b>Three (3) Months ended 31 March 2019</b>							
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
<b>Six (6) Months ended 31 March 2019</b>							
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
<b>As at 31 March 2019</b>							
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
<b>Consolidated total assets</b>							<b>1,299,331</b>
Segment liabilities	161	179,067	15,421	13	146	(5)	194,803
Borrowings							443,308
Income tax liabilities							42,610
<b>Consolidated total liabilities</b>							<b>680,721</b>

\*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 March 2020		Six (6) Months ended 31 March 2020	
	RM'000	%	RM'000	%
Revenue				
By Geographical Locations				
Malaysia	349,736	85.37	741,702	86.46
Singapore	54,316	13.26	108,519	12.65
Others	5,601	1.37	7,634	0.89
Consolidated	<u>409,653</u>	<u>100.00</u>	<u>857,855</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 2020 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 March 2020, the Company had issued corporate guarantees of RM804.63 million (31 March 2019: RM781.33 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 2020 are as follows:-

	RM'000
Property, plant and equipment:	
Approved and contracted for	24,568
Authorised but not contracted for	34,231
	<u>58,799</u>

## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 MARCH 2020

### 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 2020, the Group recorded revenue of RM409.65 million, representing a decrease of about 5.24% over the prior year corresponding quarter's revenue of RM432.30 million. The lower revenue was mainly due to lower sales recorded in by the integrated poultry division.

The integrated poultry division's performance during the quarter continues to be weak with revenue dropping by RM27.0 million and profit from operation by RM6.0 million as compared to prior year's corresponding quarter. This was due primarily to the lower average selling price of broiler of RM4.18 per kg as compared to RM4.92 per kg in the previous corresponding quarter. In addition, the Covid-19 pandemic and the subsequent enforcement of the Movement Control Order ("MCO") on 18<sup>th</sup> March has further impacted the Group's sales of processed chicken and further processed products to the restaurants and hotels.

The supermarket division achieved a higher revenue and profit from operation to RM34.78 million and RM0.64 million respectively as a result of the higher sales generated by most of its outlets. As a result of the Covid-19 pandemic, the economic activities and consumer behavior have been deeply impacted and panic buying before and during the first phase of the MCO has resulted in the higher revenue generated by most of the outlets.

In tandem with the lower revenue of the fast food division, it recorded a loss from operation of RM0.10 million during the quarter under review. With people opting to stay home and avoiding crowded place during the Covid-19 pandemic, the revenue of this division has fallen drastically and suffered a loss during the quarter under review.

#### 16. Comment on material change in loss before taxation

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

	<b>FYE2020 Quarter 2 RM'000 (Unaudited)</b>	<b>FYE2020 Quarter 1 RM'000 (Unaudited)</b>	<b>Variance RM'000</b>	<b>%</b>
Revenue	409,653	448,202	(38,549)	(8.60)
Loss before taxation	(8,653)	(13,188)	4,535	(34.39)

Despite that the selling price of broilers has increased from RM3.85 per kg to RM4.18 per kg in the second quarter, the revenue dropped to RM409.65 million as compared to RM448.20 million in the first quarter. This was mainly due to the decreased in production of chicks and broilers by 15.4% and 13.6% respectively during the quarter. In view of the interruption of food supply worldwide during the Covid-19 pandemic and that the total production of broilers in Malaysia has reached saturation point, the management decided to slow down its production of chicks and broilers to avoid creating an oversupply situation.

The decrease in revenue has resulted in the Group suffering a loss before taxation of RM8.65 million in the second quarter. However, the recovery in the average selling price of broilers during the quarter has helped to mitigate the loss of the Group.

## 17. Commentary on prospects

With the current COVID-19 pandemic and various movement control measures/lockdowns implemented globally, the global economic activities and consumer behaviour have been deeply impacted. Disruption from the COVID-19 situation is expected to persist throughout the next few months.

In Malaysia, subsequent to the enforcement of Movement Control Order (“MCO”) and Conditional Movement Control Order (“CMCO”) the economy in the country has been adversely affected. Although many businesses have been allowed to operate at full workforce capacity, it remains uncertain how business operations will be conducted during and after the CMCO due to the fear of being infected by Covid-19.

Before the MCO, the supply of broiler in Malaysia has already reached saturation point. And during the MCO which resulted in significant drop in demand, the selling price of live bird drastically fell to a historic low. However, the reduction in production of chicks as well as broilers since the implementation of the MCO has resulted in the recovery of the price of live bird since the beginning of May.

The uncertainty and expectation of recession globally and in Malaysia, as well as the disruption to the global supply chain have resulted in a drop in global food supply and increase in the price of food. As such barring unforeseen circumstances, the selling price of broiler is expected to remain firm over the next 6 months.

In addition, there is a significant disruption to the global supply chain including the outbreak of desert locusts across several food producing countries. This affected the production and supply of raw material which resulted in higher feed cost.

As a result of the above scenario, the Group faces significant operation risk which will have negative impact on its financial results and position, including impairment of assets. Given that the current global pandemic situation is extremely fluid and riddled with uncertainties, it is difficult for the Group to assess the longer term impact this has on our business.

Notwithstanding the above, the management remains committed to focus on resource optimisation and competitiveness.

## 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	
	31.03.20 RM'000	31.03.19 RM'000	31.03.20 RM'000	31.03.19 RM'000
Current taxation				
- Current	2,069	2,852	4,554	4,985
- Prior year	(34)	3	(31)	31
	2,035	2,855	4,523	5,016
Deferred taxation	(525)	(456)	(3,225)	481
	1,510	2,399	1,298	5,497

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.



## 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.

As at 31 March 2020 a total of 119,312,605 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	
In first quarter financial year ended 2020	3,481,907	591,924	
03/01/2020	2,523,849	429,054	07/01/2020
09/01/2020	1,473,754	250,538	13/01/2020
15/01/2020	2,559,542	435,122	17/01/2020
21/01/2020	1,208,811	205,498	23/01/2020
28/01/2020	9,807,149	1,667,215	30/01/2020
03/02/2020	2,430,035	413,106	05/02/2020
07/02/2020	3,816,655	648,832	11/02/2020
13/02/2020	4,514,744	767,507	17/02/2020
	<u>119,312,605</u>	<u>35,241,994</u>	

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

As at 10 February 2020, the total number of warrants unexercised were 2,599,576 and have expired, delisted and lapsed as well as became null and void and have been ceased to be exercisable thereafter.

### b) Corporate proposals not completed

There were no corporate proposals announced but not completed in the current quarter ended 31 March 2020 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 March 2020 are as follows:-

	As at 31 March 2020			As at 30 September 2019		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Short-term borrowings:</b>						
Bankers' acceptances	107,733	78,790	186,523	105,784	64,655	170,439
Term loans	27,860	-	27,860	28,061	-	28,061
Hire purchase payables	10,236	-	10,236	11,046	-	11,046
Bank overdrafts	2,941	2,103	5,044	3,101	2,033	5,134
Sub-total	148,770	80,893	229,663	147,992	66,688	214,680
<b>Long-term borrowings:</b>						
Term loans	251,432	-	251,432	231,342	-	231,342
Hire purchase payables	22,260	-	22,260	24,598	-	24,598
Sub-total	273,692	-	273,692	255,940	-	255,940
<b>Total borrowings</b>	<b>422,462</b>	<b>80,893</b>	<b>503,355</b>	<b>403,932</b>	<b>66,688</b>	<b>470,620</b>

The Group's total borrowings increased to RM503.36 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 and withdrawn of term loans to finance the purchase of raw material as well as to finance the purchase of machinery and the conversion of farms to closed house system.

The foreign currency exposure profile of borrowings is as follow:

	As at 31 March 2020		As at 30 September 2019	
	Foreign Currency '000	RM Equivalent '000	Foreign Currency '000	RM Equivalent '000
<b>Short Term Borrowing</b>				
Secured	RM	140,232	RM	141,071
Unsecured	RM	80,893	RM	66,688
Secured	USD	1,183	USD	1,104
Secured	SGD	1,137	SGD	758
		229,663		214,680
<b>Long Term Borrowing</b>				
Secured	RM	192,210	RM	177,686
Secured	USD	8,944	USD	8,285
Secured	SGD	14,211	SGD	14,372
		273,692		255,940
<b>Total Borrowing</b>				
Secured	RM	332,442	RM	318,757
Unsecured	RM	80,893	RM	66,688
Secured	USD	10,127	USD	9,389
Secured	SGD	15,348	SGD	15,130
		503,355		470,620

## 22. Derivative financial instruments

The derivative financial asset as at 31 March 2020 are carried at fair value through profit or loss as follows:

Financial instruments	Contracted Amount RM'000	Net Fair Value Gain RM'000
Cross Currency Interest Rate Swap Contracts: Purchase Contracts - More than 1 year	39,745	2,606

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 March 2020

## 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 March 2020	Prior Period Quarter 31 March 2019	Current Year To Date 31 March 2020	Preceding Year Corresponding Year 31 March 2019
Net (loss)/profit attributable to shareholders (RM'000)	(4,524)	7,798	(12,389)	15,656
Weighted average number of shares				
a) Basic				
Weighted average number of ordinary shares in issue ('000)	681,643	646,245	670,682	645,883
b) Diluted				
Weighted average number of ordinary shares in issue ('000)	681,643	646,245	670,682	645,883
Adjustment for assumed exercised of Warrant ('000)	-	33,800	-	33,420
Adjusted weighted average number of ordinary shares ('000)	681,643	680,045	670,682	679,303
Basic (loss)/earnings per ordinary share (sen)	(0.66)	1.21	(1.85)	2.42
Diluted (loss)/earnings per ordinary share (sen)	N/A	1.15	N/A	2.30

## 26. (Loss)/profit for the period

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

	3 months ended		6 months ended	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
<b>After charging/(crediting):-</b>				
Depreciation and amortization of non-current assets	11,915	11,281	25,202	22,485
Interest expenses	5,439	5,031	10,843	10,041
Loss/(gain) on fair value adjustment of biological assets	2,779	(5,557)	9,462	(10,171)
Net unrealized loss/(gain) on foreign exchange	2,046	(582)	1,078	(666)
Impairment loss on receivables	901	-	1,414	-
Property, plant and equipment written off	591	-	624	-*
Share of loss/ (profit) in a joint venture	371	(14)	636	148
Loss/(gain) on disposal of property, plant and equipment	22	(8)	5	(43)
Bad debts written off	3	55	3	62
Net fair value (gain)/loss on derivative financial asset/ (liability)	(1,222)	493	(284)	564
Interest revenue recognized in profit or loss	(162)	(255)	(284)	(500)
Amortization of deferred revenue	(8)	(11)	(11)	(22)
Share of result in an associate	(5)	-	(7)	-
Other financial assets written off	-	-	36	-
Gain on disposal of investment properties	-	-	-	(3,407)

## 27. Trade Receivables

	As at 31 March 2020 RM'000 (Unaudited)	As at 30 September 2019 RM'000 (Audited)
Trade receivables:		
Third parties	187,005	188,550
Related parties	7,574	5,853
Less: Allowance for impairment losses	(20,834)	(19,585)
Trade receivable, net	173,745	174,818
Other receivables:		
Third parties	19,289	15,887
Related parties	485	477
Less: Allowance for impairment losses	(810)	(814)
Other receivable, net	18,964	15,550
Total trade and other receivables	192,709	190,368

(FORWARD)

## 27. Trade Receivables (Cont'd)

Amounts owing by related parties are as follows:

	<b>As at 31 March 2020</b> <b>RM'000</b> <b>(Unaudited)</b>	<b>As at 30 September 2019</b> <b>RM'000</b> <b>(Audited)</b>
Included in trade receivables:		
YWT Contract Farming	3,195	2,212
Maju Jaya Farm	1,443	1,559
Aqina Farming Sdn. Bhd.	1,245	826
Sinmah Poultry Processing (S) Pte. Ltd.	796	246
Chyuan Heng Farming Sdn. Bhd.	501	571
Sinmah Food Services (S) Pte. Ltd.	119	126
OTO Agriculture Marketing Sdn. Bhd.	98	34
Jaya Gading Marketing	85	96
Toh York Mue	47	40
Chuah Ah Chui	25	20
NI-On Marketing Sdn. Bhd.	20	-
Ayam Kempas Sdn. Bhd.	-	92
Hoang Dung Pte. Ltd.	-	28
Wei Heng Maju Farm Sdn. Bhd.	-	3
	<u>7,574</u>	<u>5,853</u>
Included in other receivables:		
Singapore Poultry Hub Pte. Ltd.	453	455
Unisetali Sdn. Bhd.	31	20
OTO Agriculture Marketing Sdn. Bhd.	1	2
	<u>485</u>	<u>477</u>

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:

	<b>As at 31 March 2020</b> <b>RM'000</b> <b>(Unaudited)</b>	<b>As at 30 September 2019</b> <b>RM'000</b> <b>(Audited)</b>
Not past due	125,317	124,818
Number of days past due:		
1 - 30 days	25,618	31,037
31 - 60 days	9,404	9,749
61 - 90 days	3,424	1,889
Over 91 days	9,982	7,325
Total	<u>173,745</u>	<u>174,818</u>

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 12 June 2020.