

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED
30 SEPTEMBER 2020

CONTENTS

	Page
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	3 - 4
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	5 - 6
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	7 - 8
NOTES TO THE INTERIM FINANCIAL REPORT	9 - 21

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended 30 September		12 months ended 30 September	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenue	9	446,862	443,744	1,680,487	1,752,186
Cost of sales		(412,181)	(406,657)	(1,566,594)	(1,632,829)
Gross profit		34,681	37,087	113,893	119,357
Other income		6,913	4,953	21,931	18,551
Distribution costs		(15,043)	(14,665)	(60,789)	(58,240)
Administrative expenses		(13,275)	(14,021)	(49,577)	(54,747)
Other expenses		(33)	(6)	(127)	(75)
Profit from operations	9	13,243	13,348	25,331	24,846
Investment revenue		135	180	611	777
Other gains and losses		(2,964)	(1,189)	(6,953)	11,840
Finance costs		(4,936)	(5,921)	(21,812)	(22,188)
Share of result in joint venture		202	(297)	(653)	(489)
Share of result in an associate		(14)	5	(1)	5
Profit/(loss) before taxation		5,666	6,126	(3,477)	14,791
Tax expense	19	(2,431)	(5,290)	(7,494)	(10,757)
Profit/(loss) for the period	26	3,235	836	(10,971)	4,034
Other Comprehensive (loss)/income					
Items that will be reclassified subsequently to profit or loss:					
Exchange difference on translating foreign operations		(674)	(585)	104	37
Total comprehensive income/(loss) for the period		2,561	251	(10,867)	4,071
Profit/(loss) attributable to:					
Owners of the Company		5,782	388	2,871	12,160
Non-controlling interests		(2,547)	448	(13,842)	(8,126)
		3,235	836	(10,971)	4,034
Total comprehensive income/(loss) attributable to:					
Owners of the Company		5,486	130	2,917	12,177
Non-controlling interests		(2,925)	121	(13,784)	(8,106)
		2,561	251	(10,867)	4,071
Earnings per ordinary share (sen):					
Basic	25	0.84	0.06	0.42	1.87
Diluted	25	N/A	0.06	N/A	1.79

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 30 September 2020	As at 30 September 2019
		RM'000	RM'000
	Note	(Unaudited)	(Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment		693,411	758,503
Investment properties		109,956	100,498
Right of use assets		84,059	-
Other intangible asset		9,638	10,795
Goodwill		6,219	6,219
Other financial asset	22	1,531	2,360
Investment in a joint venture		1,290	1,937
Interest in an associate		264	265
Deferred tax assets		23	38
Prepaid lease payments on leasehold land		-	18,864
Total non-current assets		906,391	899,479
Current Assets			
Biological assets		93,062	86,657
Inventories		67,490	48,261
Trade and other receivables	27	189,622	190,368
Other assets		16,562	23,316
Current tax assets		2,799	3,309
Short-term deposits with licensed banks		28,861	24,521
Cash and bank balances		74,435	43,722
Total current assets		472,831	420,154
TOTAL ASSETS		1,379,222	1,319,633
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		140,679	135,270
Treasury shares		(69)	(69)
Reserves		1,271	1,185
Retained earnings		318,630	317,484
Equity attributable to owners of the Company		460,511	453,870
Non-controlling interests		122,362	139,833
Total equity		582,873	593,703
NON-CURRENT LIABILITIES			
Borrowings	21	268,604	255,940
Lease liabilities	2	7,940	-
Deferred revenue		93	25
Deferred tax liabilities		43,176	47,056
Total non-current liabilities		319,813	303,021

(FORWARD)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

		As at 30 September 2020	As at 30 September 2019
		RM'000	RM'000
	Note	(Unaudited)	(Audited)
CURRENT LIABILITIES			
Trade and other payables		211,726	205,979
Borrowings	21	256,786	214,679
Lease Liabilities	2	2,434	-
Other financial liability	22	1	1
Deferred revenue		1,019	13
Current tax liabilities		4,570	2,237
Total current liabilities		476,536	422,909
TOTAL LIABILITIES		796,349	725,930
TOTAL EQUITY AND LIABILITIES		1,379,222	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)

Twelve (12) Months Ended 30 September 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		
As at 1 October 2019	135,270	(69)	82	1,103	317,484	453,870	139,833	593,703
Profit/(loss) for the year	-	-	-	-	2,871	2,871	(13,842)	(10,971)
Other comprehensive income	-	-	-	46	-	46	58	104
Total comprehensive income/(loss) for the year	-	-	-	46	2,871	2,917	(13,784)	(10,867)
Exercise of share warrants for 31,816,446 new ordinary shares at RM0.17 per ordinary share	5,409	-	-	-	-	5,409	-	5,409
Surplus upon transfer of property, plant and equipment to investment properties	-	-	40	-	-	40	-	40
Dividend paid	-	-	-	-	(1,725)	(1,725)	-	(1,725)
Dividend paid to non-controlling interest of subsidiaries	-	-	-	-	-	-	(3,687)	(3,687)
Balance as at 30 September 2020	140,679	(69)	122	1,149	318,630	460,511	122,362	583,873

(FORWARD)

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

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

Twelve (12) Months Ended 30 September 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)	-	135,114	27,739	7,194	34,933
	133,015	(69)	82	1,086	313,880	447,994	149,764	597,758
Effect of adoption of MFRS 9	-	-	-	-	(5,388)	(5,388)	(2,218)	(7,606)
As restated	133,015	(69)	82	1,086	308,492	442,606	147,546	590,152
Profit/ (loss) for the year	-	-	-	-	12,160	12,160	(8,126)	4,034
Other comprehensive income	-	-	-	17	-	17	20	37
Total comprehensive income/(loss) for the year	-	-	-	17	12,160	12,177	(8,106)	4,071
Exercise of share warrants for 13,265,617 new ordinary shares at RM0.17 per ordinary share	2,255	-	-	-	-	2,255	-	2,255
Subscription of shares by non-controlling interests in a subsidiary	-	-	-	-	-	-	800	800
Dividend paid	-	-	-	-	(3,237)	(3,237)	-	(3,237)
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 September 2019	135,270	(69)	82	1,103	317,484	453,870	139,833	593,703

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

	12 months ended 30 September 2020 RM'000 (Unaudited)	12 months ended 30 September 2019 RM'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(3,477)	14,791
Adjustments for:		
Depreciation and amortization of non-current assets	54,824	46,304
Interest expenses	20,373	20,743
Property, plant and equipment written off	3,070	222
Impairment loss on receivables	2,485	1,668
Loss on revaluation of Property, plant and equipment	986	-
Loss/(gain) on fair value adjustment of biological assets	897	(6,670)
Net fair value loss/(gain) on derivative financial asset/ (liability)	792	(287)
Share of result in a joint venture	653	489
Inventories written off	513	267
Bad debts written off	350	315
Inventories written down	55	-
Other investment written off	37	-
Deposit written off	2	-
Share of result in an associate	1	(5)
Gain on fair value adjustment of investment properties	(1,993)	(4,876)
Net unrealized (gain)/loss on foreign exchange	(666)	169
Reversal of impairment loss recognized on receivables	(621)	(359)
Interest revenue recognized in profit or loss	(553)	(793)
Gain on forgiven lease payments	(80)	-
Amortization of deferred revenue	(45)	(32)
Gain on disposal of property, plant and equipment	(11)	(36)
Bad debts recovery	(5)	-
Impairment loss recognized on property, plant and equipment	-	319
Agricultural expenditure written off	-	33
Gain on disposal of investment properties	-	(3,407)
Reversal of inventories written down	-	(99)
	77,587	68,756
Movement in working capital:		
Inventories	(19,791)	12,769
Biological assets	(7,302)	(4,383)
Trade and other receivables	(1,410)	9,528
Other assets	2,509	654
Trade and other payables	5,440	(32,579)
Deferred revenue	1,123	-
Cash generated from operations	58,156	54,745
Interest received	215	332
Interest paid	(19,028)	(20,367)
Net of income tax paid and refunded	(8,512)	(10,503)
Interest paid on lease liabilities	(737)	-
Net cash generated in operating activities	30,094	24,207

(FORWARD)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	12 months ended 30 September 2020 RM'000 (Unaudited)	12 months ended 30 September 2019 RM'000 (Audited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease/ (increase) in other assets for acquisition of non-current assets	4,457	(2,413)
Interest received	361	485
Proceeds from disposal of non-current assets	62	4,450
Payments for non-current assets	(48,141)	(95,812)
Proceed from disposal of asset held for sales	-	125
Advanced granted to a joint venture	-	(436)
Payments for other financial assets	-	(36)
Payments for investment in an associate	-	-*
Net cash used in investing activities	(43,261)	(93,637)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in short-term borrowings	42,174	16,286
Net change in long-term loans	21,733	31,523
Proceeds from Warrants exercise	5,409	2,255
Repayment from a joint venture	38	-
Advance from a director	7	-
Net change in hire-purchase	(9,222)	(7,911)
Dividend paid to non-controlling interest of a subsidiary	(3,687)	(338)
Net in lease liabilities	(3,174)	-
Dividend paid to shareholders of the Company	(1,725)	(3,237)
Short-term deposits pledged as securities	(35)	138
Proceeds from issuance of shares by a subsidiary to non-controlling interests	-	800
Net cash generated from financing activities	51,518	39,516
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	38,351	(29,914)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	53,530	83,420
Effect of foreign exchange rate changes	(57)	24
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	91,824	53,530
REPRESENTED BY:-		
Short-term deposits with licensed banks	28,861	24,521
Cash and bank balances	74,435	43,722
Bank overdrafts classified as cash equivalents	(1,857)	(5,133)
	101,439	63,110
Less: Short-term deposits pledged as securities	(9,615)	(9,580)
	91,824	53,530

* Negligible

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 FOURTH QUARTER ENDED 30
September 2020**

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.

(FORWARD)

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

Non-current asset	RM'000
Prepaid lease payments on leasehold land	(18,864)
Property, plant and equipment	(56,257)
Right of use assets	<u>87,591</u>
Current and Non-current liability	
Lease liabilities	<u>12,470</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 3	Reference to the Conceptual Framework (Amendments to MFRS 3) ^(d)
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform ^(a)
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform Phase 2 ^(c)
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ^(f)
Amendment to MFRS 16	Covid-19 Related Rent Concessions ^(b)
Amendments to MFRS 101	Definition of Material ^(a)
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ^(e)
Amendments to MFRS 108	Definition of Material ^(a)
Amendments to MFRS 116	Property, Plant and Equipment-Proceeds Before Intended Use ^(d)
Amendments to MFRS 137	Onerous Contracts-cost of Fulfilling a Contract ^(d)
MFRS 17	Insurance Contract ^(e)
Annual Improvements to MFRS Standards 2018-2020 ^(d)	

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

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

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

^(d) Effective for annual periods beginning on or after 1 January 2022

^(e) Effective for annual periods beginning on or after 1 January 2023

^(f) 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 30 September 2020 save as for those arising from the Covid-19 outbreak.

The Covid-19 pandemic and subsequently implementation of national lockdown throughout the world including Malaysia has a significant adverse impact on the economy. Although most of the companies within the Group were allowed to operate during the Movement Control Order ("MCO"), the decrease in demand and disruption in the distribution chain at the beginning of the MCO had adversely affected the selling price of commodities such as broilers. In an effort to mitigate the impact to the Group's business and to protect the Group's profitability and preserve cash, the Group embarked on various measures which include, among others, reduction in the production of chicks and broilers as well as increase in stock of processed chicken to mitigate losses suffered which otherwise would be incurred if the Group was forced to sell live bird at prices below cost. This has resulted in an increase in inventories of processed chicken and hatching eggs.

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 September 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 30 September 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 30 September 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 30 September 2020, 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 RM0.0025 per ordinary share amount to RM1,724,902.39 in respect of the financial year ended 30 September 2019 was approved by the shareholders during the Annual General Meeting held on 09 June 2020 and subsequently paid on 07 July 2020.

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
Three (3) Months ended 30 September 2020							
Segment revenue							
External revenue	-	411,061	35,507	-	294	-	446,862
Inter-segment revenue	6,647	4,389	9	-	136	(11,181)	-
Total revenue	6,647	415,450	35,516	-	430	(11,181)	446,862
Segment results	6,328	15,607	218	-	(154)	(8,756)	13,243
Twelve (12) Months ended 30 September 2020							
Segment revenue							
External revenue	-	1,543,489	135,806	-	1,192	-	1,680,487
Inter-segment revenue	8,311	16,423	10	-	609	(25,353)	-
Total revenue	8,311	1,559,912	135,816	-	1,801	(25,353)	1,680,487
Segment results	6,867	31,784	2,317	-	(378)	(15,259)	25,331
As at 30 September 2020							
Segment assets	139,138	1,274,594	27,097	-	1,354	(94,644)	1,347,539
Interest revenue producing assets							28,861
Income tax assets							2,822
Consolidated total assets							1,379,222
Segment liabilities	155	206,256	16,397	-	410	(5)	223,213
Borrowings							525,390
Income tax liabilities							47,746
Consolidated total liabilities							796,349

(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 September 2019							
Segment revenue							
External revenue	-	411,739	31,719	-	286	-	443,744
Inter-segment revenue	101	4,723	-	-	106	(4,930)	-
Total revenue	101	416,462	31,719	-	392	(4,930)	443,744
Segment results	(277)	17,063	(196)	(141)	(151)	(2,950)	13,348
Twelve (12) Months ended 30 September 2019							
Segment revenue							
External revenue	-	1,624,062	125,814	18	2,292	-	1,752,186
Inter-segment revenue	4,872	18,604	69	3	522	(24,070)	-
Total revenue	4,872	1,642,666	125,883	21	2,814	(24,070)	1,752,186
Segment results	3,300	34,170	(731)	(166)	(330)	(11,397)	24,846
As at 30 September 2019							
Segment assets	146,577	1,210,703	28,182	13	7,828	(101,538)	1,291,765
Interest revenue producing assets							24,521
Income tax assets							3,347
Consolidated total assets							1,319,633
Segment liabilities	141	191,626	14,080	8	168	(5)	206,018
Borrowings							470,619
Income tax liabilities							49,293
Consolidated total liabilities							725,930

*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 30 September 2020		Twelve (12) Months ended 30 September 2020	
	RM'000	%	RM'000	%
Revenue				
By Geographical Locations				
Malaysia	388,421	86.92	1,448,238	86.18
Singapore	54,534	12.20	218,125	12.98
Others	3,907	0.88	14,124	0.84
Consolidated	<u>446,862</u>	<u>100.00</u>	<u>1,680,487</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 September 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 30 September 2020, the Company had issued corporate guarantees of RM817.81 million (30 September 2019: RM778.77 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 September 2020 are as follows:-

	RM'000
Property, plant and equipment:	
Approved and contracted for	18,840
Authorised but not contracted for	56,501
	<u>75,341</u>

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 September 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 fourth quarter ended 30 September 2020, the Group recorded revenue of RM446.86 million, representing a slight increase of about 0.70% over the prior year corresponding quarter's revenue of RM443.74 million. The higher revenue was mainly due to higher sales recorded by the supermarket division.

Despite the increased in the production of chicks and broilers of the integrated poultry division by 7.15% and 4.59% respectively, the revenue and profit from operation dropped to RM415.45 million and RM15.61 million as compared to prior year's corresponding quarter of RM416.46 million and RM17.06 million. This was due primarily to the lower average selling price of broiler of RM4.47 per kg as compared to RM4.73 per kg in the previous corresponding quarter.

The supermarket division achieved a higher revenue and profit from operation of RM35.52 million and RM0.22 million respectively as compared to prior year's corresponding quarter. The change in consumer behavior, which was deeply impacted by the pandemic, has contributed to the higher revenue generated by this division since the second quarter of 2020. The higher profit from operation was mainly due to the decrease in the cost of fresh food items. As there was strong demand for these products during the pandemic, the amount of wastages dropped substantially resulting in lower cost.

The fast food division which have been hardest hit since the pandemic during the MCO, continues to suffer a higher loss from operation during the quarter under review.

16. Comment on variation of results against immediate preceding quarter

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

	FYE2020 Quarter 4 RM'000 (Unaudited)	FYE2020 Quarter 3 RM'000 (Unaudited)	Variance RM'000	%
Revenue	446,862	375,770	71,092	18.92
Profit/(loss) before taxation	5,666	12,698	(7,032)	
Property, plant and equipment written off	2,446	-	2,446	
Loss on revaluation of property, plant and equipment	986	-	986	
(Gain)/loss on fair value adjustment of biological assets	695	(9,260)	9,955	
Gain on fair value adjustment of investment properties	(1,993)	-	(1,993)	
Adjusted profit/(loss) before taxation	7,800	3,438	4,362	126.88

For the current quarter ended 30 September 2020, the Group recorded a higher revenue mainly due to the higher sales achieved by the integrated poultry division. This was mainly due to both the increased in the production of chicks and broiler by 20% as well as the increased in the trading volume of feed during the quarter under reviewed. Due to the oversupply situation for broiler during the previous quarter, management decided to reduce the production of chicks and broilers resulting in lower revenue. However, subsequent to the Government's announcement on the Recovery Movement Control Order effective from 10 June 2020, and the broilers selling price recovered since May 2020, and with the price of broiler on an upward trend, management decided to increase production of chicks and broilers resulting in higher revenue in the current quarter.

(FORWARD)

16. Comment on variation of results against immediate preceding quarter (Cont'd)

Excluding the value of property, plant and equipment written off, loss on revaluation of property plant and equipment as well as the fair value adjustment on biological assets and investment properties, the Group recorded a higher profit before tax of RM7.8 million in the fourth quarter. This was mainly due to the higher average selling price of broilers and higher revenue generated during the quarter under review as compared with the previous quarter.

17. Commentary on prospects

Although the Malaysian GDP rebounded in the third quarter from minus 17.1 percent in the second quarter to minus 2.70 percent, the overall economy in 2020 is expected to register a negative growth given the reinstatement of RMCO in most states until December. In line with the expected global economic recovery in 2021, the Malaysian economy is also expected to rebound strongly on the back of strengthening household consumption and foreign demand. However, given the unpredictable course of the pandemic and the elevated political tension and uncertainties in the country, the economic recovery may be derailed.

Brisk demand from China and dry weather conditions in Brazil have sent feed prices on a sharp rise since October 2020. Increase in the price of feed, which constitutes a significant portion of the cost of broiler production, could adversely affect the earnings of the Group. However, this factor could be offset by the higher price of broiler in the coming months with the expected contraction in supply. The recent increase in the price of feed and the unpredictable course of the pandemic have created uncertainties in the industry resulting in most players adopting a more conservative expansion strategy. This would avoid an oversupply situation and allows the price of broiler to trend higher.

The performance of the supermarket division showed an improvement in the current year due mainly to the imposition of MCO since March this year which resulted in higher demand for food stuff and groceries as many people started working from home. However, the supermarket division is expected to face stiff competition from the fast growing convenience stores which provides more convenient to shoppers with quicker checkout queues and nearer to home or work place.

With the ongoing pandemic, the Group faces higher operation risk which may have negative impact on the Company's financial results and position. 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. Moving forward, the Company will continue to closely monitor and remains committed to focus on its 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		12 months ended	
	30.09.20 RM'000	30.09.19 RM'000	30.09.20 RM'000	30.09.19 RM'000
Current taxation				
- Current	3,465	3,430	11,244	10,402
- Prior year	49	(153)	116	(114)
	3,514	3,277	11,360	10,288
Deferred taxation	(1,083)	2,013	(3,866)	469
	2,431	5,290	7,494	10,757

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

There were no corporate proposals announced but not completed in the current quarter ended 30 September 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 30 September 2020 are as follows:-

	As at 30 September 2020			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	122,035	55,865	177,900	105,784	64,655	170,439
Term loans	39,208	7,466	46,674	28,061	-	28,061
Hire purchase payables	9,739	-	9,739	11,046	-	11,046
Trust Receipts	1,266	-	1,266	-	-	-
Bank overdrafts	1,857	-	1,857	3,100	2,033	5,133
Revolving credit	1,000	18,350	19,350	-	-	-
Sub-total	175,105	81,681	256,786	147,991	66,688	214,679
Long-term borrowings:						
Term loans	250,687	-	250,687	231,342	-	231,342
Hire purchase payables	17,917	-	17,917	24,598	-	24,598
Sub-total	268,604	-	268,604	255,940	-	255,940
Total borrowings	443,709	81,681	525,390	403,931	66,688	470,619

The Group's total borrowings increased to RM525.39 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 short term borrowing such as bankers' acceptances, revolving credit and trust receipts to finance the purchase of raw material as well as withdrawn of term loans to finance the purchase of machinery and the conversion of farms to closed house system.

(FORWARD)

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

The foreign currency exposure profile of borrowings is as follow:

		As at 30 September 2020		As at 30 September 2019	
		Foreign Currency '000	RM Equivalent '000	Foreign Currency '000	RM Equivalent '000
Short Term Borrowing					
Secured	RM		166,992	RM	141,070
Unsecured	RM		81,681	RM	66,688
Secured	USD	1,240	5,153	USD	4,623
Secured	SGD	975	2,960	SGD	2,298
			256,786		214,679
Long Term Borrowing					
Secured	RM		177,815	RM	177,686
Secured	USD	8,324	34,593	USD	34,691
Secured	SGD	18,502	56,196	SGD	43,563
			268,604		255,940
Total Borrowing					
Secured	RM		344,807	RM	318,756
Unsecured	RM		81,681	RM	66,688
Secured	USD	9,564	39,746	USD	39,314
Secured	SGD	19,477	59,156	SGD	45,861
			525,390		470,619

22. Derivative financial instruments

The derivative financial asset as at 30 September 2020 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	131	(1)
Cross Currency Interest Rate Swap Contracts: Purchase Contracts - More than 1 year	42,713	1,531

For the quarter ended 30 September 2020, 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 any other interim dividend has been declared during the current quarter ended 30 September 2020

25. Basic earnings per ordinary share

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

	Current Period Quarter 30 September 2020	Prior Period Quarter 30 September 2019	Current Year To Date 30 September 2020	Preceding Year To Date 30 September 2019
Net profit attributable to shareholders (RM'000)	5,782	388	2,871	12,160
Weighted average number of shares				
a) Basic				
Weighted average number of ordinary shares in issue ('000)	689,963	657,534	680,323	650,872
b) Diluted				
Weighted average number of ordinary shares in issue ('000)	689,963	657,534	680,323	650,872
Adjustment for assumed exercised of Warrant ('000)	-	22,094	-	28,941
Adjusted weighted average number of ordinary shares ('000)	689,963	679,628	680,323	679,813
Basic earnings per ordinary share (sen)	0.84	0.06	0.42	1.87
Diluted earnings per ordinary share (sen)	N/A	0.06	N/A	1.79

26. Profit/(loss) for the period/year

Profit/(loss) for the period/year has been arrived at:

	3 months ended		12 months ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
After charging/(crediting):-				
Depreciation and amortization of non-current assets	14,948	12,845	54,824	46,304
Interest expenses	4,567	5,466	20,373	20,743
Property, plant and equipment written off	2,446	119	3,070	222
Net fair value loss/(gain) on derivative financial asset/ (liability)	1,078	(416)	792	(287)
Loss on revaluation of property, plant and equipment	986	-	986	-
Loss/(gain) on fair value adjustment of biological assets	695	3,758	897	(6,670)
Impairment loss on receivables	612	1,668	2,485	1,668
Inventories written off	513	227	513	267
Bad debts written off	340	177	350	315
Inventories written down	55	-	55	-
Share of result in an associate	14	(5)	1	(5)
Loss/(gain) on disposal of property, plant and equipment	9	21	(11)	(36)
Other financial assets written off	1	-	37	-
Gain on fair value adjustment of investment properties	(1,993)	(4,876)	(1,993)	(4,876)

(FORWARD)

26. Profit/(loss) for the period (Cont'd)

Profit/(loss) for the period has been arrived at: (Cont'd)

	3 months ended		12 months ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
After charging/(crediting):- (Cont'd)				
Net unrealized (gain)/ loss on foreign exchange	(1,278)	448	(666)	169
Reversal of impairment loss recognized on receivables	(621)	(359)	(621)	(359)
Share of result in a joint venture	(202)	297	653	489
Interest revenue recognized in profit or loss	(137)	(135)	(553)	(793)
Gain on forgiven lease payments	(80)	-	(80)	-
Amortization of deferred revenue	(17)	(5)	(45)	(32)
Bad debt recovery	-	-	(5)	-
Impairment loss recognized on property, plant and equipment	-	319	-	319
Agricultural development expenditures written off	-	33	-	33
Reversal of inventories written down	-	(99)	-	(99)
Deposit written off	-	-	2	-
Gain on disposal of investment properties	-	-	-	(3,407)

27. Trade Receivables

	As at 30 September 2020 RM'000 (Unaudited)	As at 30 September 2019 RM'000 (Audited)
Trade receivables:		
Third parties	193,674	188,550
Related parties	5,374	5,853
Less: Allowance for impairment losses	(21,290)	(19,585)
Trade receivable, net	177,758	174,818
Other receivables:		
Third parties	12,203	15,887
Related parties	476	477
Less: Allowance for impairment losses	(815)	(814)
Other receivable, net	11,864	15,550
Total trade and other receivables	189,622	190,368

Amounts owing by related parties are as follows:

	As at 30 September 2020 RM'000 (Unaudited)	As at 30 September 2019 RM'000 (Audited)
Included in trade receivables:		
YWT Contract Farming Sinmah Poultry Processing (S) Pte. Ltd.	2,722	2,212
Aqina Farming Sdn. Bhd.	1,134	246
Maju Jaya Farm	623	826
Sinmah Food Services (S) Pte. Ltd.	535	1,559
Jaya Gading Marketing	138	126
	62	96

(FORWARD)

27. Trade Receivables (Cont'd)

Amounts owing by related parties are as follows: (Cont'd)

	As at 30 September 2020 RM'000 (Unaudited)	As at 30 September 2019 RM'000 (Audited)
Included in trade receivables:		
Chyuan Heng Farming Sdn. Bhd.	46	571
OTO Agriculture Marketing Sdn. Bhd.	41	34
Toh York Mue	36	40
Chuah Ah Chui	26	20
Unisetali Sdn. Bhd.	10	-
DS Poultry Sdn. Bhd.	1	-
Ayam Kempas Sdn. Bhd.	-	92
Hoang Dung Pte. Ltd.	-	28
Wei Heng Maju Farm Sdn. Bhd.	-	3
	5,374	5,853
Included in other receivables:		
Singapore Poultry Hub Pte. Ltd.	456	455
DES Food Manufacturing Pte. Ltd.	16	-
Unisetali Sdn. Bhd.	3	20
Maju Jaya Farm	1	-
Chyuan Heng Farming Sdn. Bhd.	-*	-
Kebun Ngohoch (PW) Sdn. Bhd.	-*	-
OTO Agriculture Marketing Sdn. Bhd.	-	2
	476	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 30 September 2020 RM'000 (Unaudited)	As at 30 September 2019 RM'000 (Audited)
Not past due	136,991	124,818
Number of days past due:		
1 - 30 days	25,067	31,037
31 - 60 days	8,033	9,749
61 - 90 days	2,078	1,889
Over 91 days	5,589	7,325
Total	177,758	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 November 2020.