

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED
30 JUNE 2013**

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended 30 June		9 months ended 30 June	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	9	150,586	129,683	438,475	397,132
Cost of sales		(139,039)	(122,736)	(411,569)	(378,843)
Gross profit		11,547	6,947	26,906	18,289
Other income		590	316	2,065	1,144
Distribution costs		(3,519)	(3,314)	(11,377)	(11,320)
Administrative expenses		(3,946)	(4,189)	(12,049)	(12,447)
Other expenses		(322)	-	(869)	(162)
Profit/ (loss) from operations	9	4,350	(240)	4,676	(4,496)
Investment revenue		669	810	1,789	1,852
Other gains and losses		8	(106)	(148)	(60)
Finance costs		(1,471)	(1,476)	(4,441)	(4,252)
Profit/ (loss) before taxation		3,556	(1,012)	1,876	(6,956)
Tax(expense)/ income	19	(864)	(792)	270	6
Profit/ (loss) for the period	27	2,692	(1,804)	2,146	(6,950)
Other comprehensive income					
Exchange difference on translating foreign operations		(29)	(32)	(38)	(15)
Total comprehensive income/ (loss) for the period		2,663	(1,836)	2,108	(6,965)
Profit/ (loss) attributable to:					
Owners of the Company		2,173	(1,975)	1,402	(6,840)
Non-controlling interests		519	171	744	(110)
		2,692	(1,804)	2,146	(6,950)
Total comprehensive income/ (loss) attributable to:					
Owners of the Company		2,159	(1,996)	1,386	(6,853)
Non-controlling interests		504	160	722	(112)
		2,663	(1,836)	2,108	(6,965)
Basic earnings/ (loss) per ordinary share (sen)	25	1.65	(1.50)	1.06	(5.20)
Diluted earnings per ordinary share (sen)	25	Not applicable	Not applicable	Not applicable	Not applicable

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 September 30, 2012 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2013	As at 30 September 2012
		RM'000	RM'000
	Note	(Unaudited)	(Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment		176,067	175,222
Investment properties		47,719	46,819
Prepaid lease payments on leasehold land		8,295	8,455
Goodwill		1,670	1,670
Other financial asset		260	260
Agricultural development expenditure		281	285
Deferred tax assets		269	269
Total non-current assets		234,561	232,980
Current Assets			
Inventories		29,197	26,126
Trade and other receivables		58,891	57,390
Derivative financial asset	22	4	2
Current tax assets		2,978	1,734
Other assets		4,565	3,789
Short-term deposits with licensed banks		5,624	5,418
Cash and bank balances		9,410	8,428
		110,669	102,887
Non-current assets classified as held for sale		125	125
Total current assets		110,794	103,012
TOTAL ASSETS		345,355	335,992
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		65,890	65,890
Treasury shares		(69)	(69)
Reserves		38,756	39,949
Retained earnings	26	26,439	23,860
Equity attributable to owners of the Company		131,016	129,630
Non-controlling interests		20,877	20,290
Total Equity		151,893	149,920
NON-CURRENT LIABILITIES			
Borrowings	21	29,254	32,068
Deferred tax liabilities		6,117	7,016
Total non-current liabilities		35,371	39,084
CURRENT LIABILITIES			
Trade and other payables		70,846	64,921
Borrowings	21	86,624	81,893
Derivative financial liability	22	19	-
Current tax liabilities		602	174
Total current liabilities		158,091	146,988
TOTAL LIABILITIES		193,462	186,072
TOTAL EQUITY AND LIABILITIES		345,355	335,992
Net assets per share of RM0.50 each attributable to ordinary equity holders of the parent company (RM)		0.99	0.98

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 September 30, 2012 and the accompanying explanatory notes attached to the interim financial report.

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

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

Nine (9) Months Ended June 30, 2013

	←----- Attributable to owners of the Company -----→						Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
	←----- Non-distributable -----→			Distributable					
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Retained earnings RM'000			
As at October 1, 2012	65,890	(69)	71	39,901	(23)	23,860	129,630	20,290	149,920
Profit for the period	-	-	-	-	-	1,402	1,402	744	2,146
Other comprehensive loss	-	-	-	-	(16)	-	(16)	(22)	(38)
Total comprehensive (loss)/ income for the period	-	-	-	-	(16)	1,402	1,386	722	2,108
Transfer to retained earnings	-	-	-	(463)	-	463	-	-	-
Realisation of properties revaluation reserve	-	-	-	(714)	-	714	-	-	-
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	(135)	(135)
Balance as at June 30, 2013	65,890	(69)	71	38,724	(39)	26,439	131,016	20,877	151,893

(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)

Nine (9) Months Ended June 30, 2012

	Attributable to owners of the Company						Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
	Non-distributable			Distributable					
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Retained earnings RM'000			
As at October 1, 2011	65,890	(69)	71	5,115	(21)	26,636	97,622	14,147	111,769
Loss for the period	-	-	-	-	-	(6,840)	(6,840)	(110)	(6,950)
Other comprehensive loss	-	-	-	-	(13)	-	(13)	(2)	(15)
Total comprehensive loss for the period	-	-	-	-	(13)	(6,840)	(6,853)	(112)	(6,965)
Transfer to retained earnings	-	-	-	(104)	-	104	-	-	-
Realisation of properties revaluation reserve upon disposal of revalued properties	-	-	-	(49)	-	49	-	-	-
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	(285)	(285)
Balance as at June 30, 2012	65,890	(69)	71	4,962	(34)	19,949	90,769	13,750	104,519

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 September 30, 2012 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended June 30, 2013 RM'000 (Unaudited)	9 months ended June 30, 2012 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (loss) for the period	2,146	(6,950)
Adjustments for:		
Depreciation and amortization of non-current assets	7,434	7,067
Interest expense	3,987	3,864
Inventories written off	46	-
Loss/ (gain) on disposal of property, plant and equipment	36	(55)
Net fair value loss/ (gain) on derivative financial asset or liability	16	(23)
Property, plant and equipment written off	8	166
Deposit written off	2	-
Tax income recognized in profit or loss	(270)	(6)
Interest revenue recognized in profit or loss	(137)	(119)
Dividend income	(10)	(10)
Net unrealised (gain)/ loss on foreign exchange	(7)	103
Bad debts written off	-	66
Impairment loss recognized on receivables	-	5
Net fair value gain on loans and receivables	-	(121)
Reversal of impairment loss recognized on receivables	-	(110)
	13,251	3,877
Movement in working capital		
Inventories	(3,117)	(168)
Trade and other receivables	(1,604)	(2,430)
Other assets	(747)	(131)
Trade and other payables	6,601	7,953
Effect of exchange rate changes on working capital	-	(4)
Cash generated from operations	14,384	9,097
Interest received	8	11
Interest paid	(4,298)	(3,863)
Net of income tax paid and refunded	(1,442)	(4,652)
Net cash generated from operating activities	8,652	593
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	271	661
Interest received	137	110
Dividend received	7	7
Payments for property, plant and equipment, prepaid land least and investment properties	(7,399)	(12,428)
Net cash used in investing activities	(6,984)	(11,650)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in short-term borrowings	6,786	8,877
Net change in hire-purchase	(3,840)	(3,360)
Net change in long-term loans	(2,563)	6,024
Repayment to a director	(605)	(61)
Short-term deposits pledged as security	(206)	(1,099)
Dividend paid to non-controlling interest of a subsidiary	(135)	(285)
Net cash (used in)/ generated from financing activities	(563)	10,096

(FORWARD)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	9 months ended June 30, 2013 RM'000 (Unaudited)	9 months ended June 30, 2012 RM'000 (Unaudited)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	1,105	(961)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	7,027	5,271
Effects of exchange rates changes on the balances of cash held in foreign currencies	4	(8)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	8,136	4,302
REPRESENTED BY:-		
Short-term deposits with licensed banks	5,624	5,380
Cash and bank balances	9,410	5,414
Bank overdrafts classified as cash equivalents	(1,274)	(1,112)
	13,760	9,682
Less: Short-term deposits pledged as security	(5,624)	(5,380)
	8,136	4,302

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 September 30, 2012 and the accompanying explanatory notes attached to the interim financial report.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED JUNE 30, 2013

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 FRS134, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended September 30, 2012. 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 September 30, 2012.

2. Changes in Accounting Policies

Adoption of new and revised Financial Reporting Standards

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended September 30, 2012 except for the adoption of the following Financial Reporting Standards ("FRSs"), amendments to FRSs and Issues Committee ("IC") Interpretations which were effective for the Group's financial period beginning on October 1, 2012.

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to severe hyperinflation and removal of fixed dates for first-time adopters)
FRS 7	Financial Instruments: Disclosures (Amendments relating to disclosures: transfers of financial assets)
FRS 101	Presentation of Financial Statements (Amendments relating to presentation of item of other comprehensive income)
FRS 112	Income Taxes (Amendments relating to deferred tax: recovery of underlying assets)
FRS 124	Related Party Disclosures (revised)

The adoption of the above new and revised Standards and IC Interpretations have not significantly affected the amounts reported on the financial statements of the Group and of the Company.

Standards and IC Interpretations in issue but not yet effective

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

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to government loans) ^(a)
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to Repeated application of FRS 1 and Borrowing Costs) ^(a)
FRS 7	Financial Instruments: Disclosures (Amendments relating to disclosures: offsetting financial assets and financial liabilities) ^(a)
FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009) ^(b)
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010) ^(b)
FRS 10	Consolidated Financial Statements ^(a)
FRS 10	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to FRS 10, FRS 11 and FRS 12) ^(a)
FRS 10	Investment Entities (Amendments to FRS 10, FRS 11 and FRS 127) ^(c)

2. Changes in Accounting Policies (Cont'd)

FRS 11	Joint Arrangements ^(a)
FRS 11	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance (Amendments to FRS 10, FRS 11 and FRS 12) ^(a)
FRS 12	Disclosure of Interests in Other Entities ^(a)
FRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance (Amendments to FRS 10, FRS 11 and FRS 12) ^(a)
FRS 12	Investment Entities (Amendments to FRS 10, FRS 11 and FRS 127) ^(c)
FRS 13	Fair Value Measurement ^(a)
FRS 101	Presentation of Financial Statements (Amendments relating to Clarification of the requirements for comparative information) ^(a)
FRS 116	Property, Plant and Equipment (Amendments relating to Classification of servicing equipment) ^(a)
FRS 119	Employee Benefits (2011) ^(a)
FRS 127	Separate Financial Statements (2011) ^(a)
FRS 127	Investment Entities (Amendments to FRS 10, FRS 11 and FRS 127) ^(c)
FRS 128	Investment in Associates and Joint Ventures (2011) ^(a)
FRS 132	Financial instruments Presentation (Amendments relating to Tax effect of distribution to holders of equity instruments) ^(a)
FRS 132	Financial instruments Presentation (Amendments relating to offsetting financial assets and financial liabilities) ^(c)
FRS 134	Interim Financial Reporting (Amendments relating to Interim financial reporting and segment information for total assets and liabilities) ^(a)
IC Interpretation 2	Members' Shares in CO-operative Entities and Similar Instruments (Amendments relating to Tax effect of equity distributions) ^(a)
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine ^(a)

^(a) Effective for annual periods beginning on or after January 1, 2013

^(b) Effective for annual periods beginning on or after January 1, 2015 instead of January 1, 2013 immediately upon the issuance of Amendments to FRS 9 (IFRS 9 issued by IASB on November 2009 and October 2010 respectively) and FRS 7 relating to "Mandatory Effective Date of FRS 9 and Transition Disclosures" on March 1, 2012

^(c) Effective for annual periods beginning on or after January 1, 2014

The directors anticipate that the abovementioned Standards and IC Interpretations will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these FRSs and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application except as discussed in the audited financial statements of the Group for the year ended September 30, 2012.

3. Audit opinion

The auditors' report on the financial statements of the Group for the financial year ended September 30, 2012 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 June 30, 2013.

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 June 30, 2013.

7. Changes in debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities by the company for the current quarter ended June 30, 2013.

At the Annual General Meeting held on March 28, 2013, 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 treasury shares during the current quarter under review.

As at June 30, 2013, a total of 218,200 shares were repurchased and held as treasury shares and carried at cost of RM69,304.

8. Dividends paid

There were no dividends paid for 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 farming and processing RM'000	Supermarket RM'000	Value added food products manufacturing and trading RM'000	Marine products RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Three (3) Months ended June 30, 2013								
Segment revenue								
External revenue	-	111,071	26,927	11,084	658	846	-	150,586
Inter-segment revenue	30	5,495	10	637	7	194	(6,373)	-
Total revenue	30	116,566	26,937	11,721	665	1,040	(6,373)	150,586
Segment results	(40)	3,304	697	521	(240)	249	(141)	4,350
Nine (9) Months ended June 30, 2013								
Segment revenue								
External revenue	-	322,405	77,877	32,592	3,157	2,444	-	438,475
Inter-segment revenue	90	15,750	32	2,035	252	598	(18,757)	-
Total revenue	90	338,155	77,909	34,627	3,409	3,042	(18,757)	438,475
Segment results	(145)	789	2,147	1,539	(181)	682	(155)	4,676
As at June 30, 2013								
Segment assets	42,463	300,167	21,445	30,644	7,127	1,297	(66,659)	336,484
Segment liabilities	35	52,989	13,683	3,808	261	94	(5)	70,865

(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 farming and processing RM'000	Supermarket RM'000	Value added food products manufacturing and trading RM'000	Marine products RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Three (3) Months ended June 30, 2012								
Segment revenue								
External revenue	-	95,670	23,498	9,500	420	595	-	129,683
Inter-segment revenue	30	5,036	13	535	108	195	(5,917)	-
Total revenue	30	100,706	23,511	10,035	528	790	(5,917)	129,683
Segment results	(24)	(241)	315	(42)	(185)	131	(194)	(240)
Nine (9) Months ended June 30, 2012								
Segment revenue								
External revenue	-	288,432	68,135	31,996	6,777	1,792	-	397,132
Inter-segment revenue	90	16,021	50	1,782	482	585	(19,010)	-
Total revenue	90	304,453	68,185	33,778	7,259	2,377	(19,010)	397,132
Segment results	(126)	(6,132)	657	635	(162)	236	396	(4,496)
As at June 30, 2012								
Segment assets	42,474	238,994	20,644	28,423	5,787	818	(66,774)	270,366
Segment liabilities	67	40,906	12,610	3,649	789	98	-	58,119

(FORWARD)

9. Segmental information (Cont'd)

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

	Three (3) Months ended June 30, 2013		Nine (9) Months ended June 30, 2013	
	RM'000	%	RM'000	%
Revenue				
By Geographical Locations				
Malaysia	148,919	98.9%	432,605	98.7%
United States of America	409	0.3%	2,997	0.7%
Others	1,258	0.8%	2,873	0.6%
Consolidated	<u>150,586</u>	<u>100.0%</u>	<u>438,475</u>	<u>100.0%</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 was 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 June 30, 2013 until the date of the interim financial report.

12. Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial year up to the quarter under review save as below.

- i) On May 27, 2013, Ladang Ternakan Asun Sdn Bhd, a dormant wholly-owned subsidiary of Jimat Jaya Sdn Bhd which in turn is a sub-subsidiary of CAB Cakaran Corporation Bhd has been struck-off from the register of Companies Commission of Malaysia. This has no material impact on the financial statements of the Group.

13. Changes in contingent liabilities and assets

As at June 30, 2013, the Company issued corporate guarantees amounting to RM179.848 million (June 30, 2012: RM164.165 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 June 30, 2013 are as follows:-

	RM'000
Property, plant and equipment:	
Authorised but not contracted for	2,952
Approved and contracted for	3,474
Total	<u>6,426</u>

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED JUNE 30, 2013

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

15. Review of performance

For the third quarter ended June 30, 2013, the Group recorded revenue of RM150.586 million, representing an increase of about 16.1% over the prior year corresponding quarter revenue of RM129.683 million. The higher revenue in the current quarter as compared to the prior year's corresponding quarter was due to the increase in sales of all divisions. In tandem with the higher revenue, the Group recorded a profit from operations of RM4.35 million, which is a significant improvement when compared with the prior year corresponding quarter's loss from operations of RM0.24 million. This was due to the overall higher sales quantity and selling price of broilers.

The higher revenue of the integrated poultry farming and processing division was mainly attributed to the increase in the production and sale of broilers. The better segmental result was due to the higher selling price of broilers which contributed positively to better product margin.

As a result of the higher revenue in the current quarter under review, the supermarket division recorded a higher segment result of RM0.697 million. The improvement in revenue as well as its segmental result as compared to the prior year's corresponding quarter was mainly due to the better performance reported by all the five supermarket outlets.

For the current quarter under review, the value added food products manufacturing and trading division recorded a revenue and segment result of RM11.721 million and RM0.521 million respectively. The better performance was due to the more strategized sales promotion undertaken during the period.

Despite the marine products division showing an increase in revenue to RM0.665 million, it recorded a higher loss from operations of RM0.240 million in the current quarter. This was mainly due to the shortage of shrimp supply in the local market which resulted in an increase in the cost of shrimps which impacted negatively on its margin.

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

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

	2013 Quarter 3 RM'000 (Unaudited)	2013 Quarter 2 RM'000 (Unaudited)	Variance RM'000	%
Revenue	150,586	149,879	707	0.5%
Profit/ (loss) before taxation	3,556	(616)	4,172	677.3%

For the current quarter ended June 30, 2013, the Group's revenue was slightly higher as compared to the preceding quarter mainly due to the higher sales achieved by both the integrated poultry farming and processing division and the supermarket division. The group managed to record a higher profit before tax of RM3.556 million as compared to the loss of RM0.616 million in the preceding quarter due mainly to the better margin achieved from higher average ex-farm price of broilers.

17. Commentary on prospects

The local demand for chicken meat is expected to remain strong and barring any surplus production from local farms, the price of broilers is expected to remain buoyant in the next quarter. However, the recent weakening of the Malaysian Ringgit against the US Dollar, will have a direct impact on the price of feed since the major portion of the raw materials used in the production of feed is imported. The profitability of the Group for the next quarter is likely to be affected by any increase in feed cost.

(FORWARD)

17. Commentary on prospects (Cont'd)

The performance of the value added food product manufacturing division for the next quarter is expected to be less favourable due to the slower sales recorded during the month of Ramadan and the higher cost of raw materials, in particular chicken meat. The outbreak of bird flu in China has resulted in a total ban of imported chicken for the past 3 months from China, the traditional major source of supply for Malaysia. Notwithstanding the recent uplifting of the ban, this has resulted in a severe shortage of chicken meat in the domestic market which inevitably forced a major increase in price. Consequently, the profitability of this division will be impacted by higher cost.

The performance of the marine division will continue to be impacted by the shortage of supply of shrimps locally and high prices which makes it uncompetitive to export. As a result, this division is expected to incur losses in the next quarter.

18. Variance of actual profit from profit forecast

Not applicable as no profit forecast was published.

19. Tax expense/(income)

	3 months ended		9 months ended	
	30.06.13 RM'000	30.06.12 RM'000	30.06.13 RM'000	30.06.12 RM'000
Current taxation				
- Current	535	4	982	651
- Prior years	-	-	(353)	(15)
	535	4	629	636
Deferred taxation	329	788	(899)	(642)
	864	792	(270)	(6)

For the current quarter under review, the Group made provision for the current year taxation as business profit of certain subsidiary companies cannot be used to offset 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

There were no corporate proposals announced but not completed in the current quarter ended June 30, 2013 and up to the date of this interim financial report.

21. Group borrowings and debt securities

The Group's total bank borrowings as at June 30, 2013 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short-term borrowings:			
Bankers' acceptance	43,178	28,102	71,280
Bank overdrafts	6,307	826	7,133
Hire purchase payables	4,535	-	4,535
Term loans	3,178	262	3,440
Foreign currency trade loans	236	-	236
Sub-total	57,434	29,190	86,624
Long-term borrowings:			
Term loans	23,448	96	23,544
Hire purchase payables	5,710	-	5,710
Sub-total	29,158	96	29,254
Total borrowings	86,592	29,286	115,878

(FORWARD)

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

The foreign currency exposure profile of borrowings is as follows:

	RM'000
Ringgit Malaysia	115,642
United States Dollar	236
	<u>115,878</u>

22. Derivative financial instruments

The derivative financial asset and liability as at June 30, 2013 are carried at fair value through profit or loss as follows:

Financial instruments	Contracted Amount RM'000	Fair Value Gain RM'000
Forward Foreign Exchange Contracts:		
Sales Contracts - Less than 1 year	166	(17)
Purchase Contracts - Less than 1 year	61	2

For the quarter ended June 30, 2013, there have been no significant changes to the Group's exposure to credit risk, market risk, liquidity risk and foreign currency risk from the previous financial year. The Group's financial risk management objectives or policies have also not been changed since the previous financial year.

23. Changes in material litigation

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

24. Proposed Dividend

No interim dividend has been declared during the current quarter ended June 30, 2013.

25. Basic earnings/ (loss) 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 Year Quarter June 30, 2013	Prior Year Quarter June 30, 2012	Current Year To Date June 30, 2013	Preceding Year Corresponding Period June 30, 2012
Net profit/ (loss) attributable to shareholders (RM'000)	2,173	(1,975)	1,402	(6,840)
Weighted average number of shares				
Basic Weighted average number of ordinary shares in issue ('000)	131,561	131,561	131,561	131,561
Basic earnings/ (loss) per ordinary share (sen)	1.65	(1.50)	1.06	(5.20)

26. Retained earnings

The breakdown of the retained earnings of the Group into realized and unrealized amounts, pursuant to the directive from Bursa Malaysia Securities Berhad on March 25, 2010, is as follows:

	Current Quarter Ended June 30, 2013 RM'000 (Unaudited)	As At September 30, 2012 RM'000 (Audited)
Total retained earnings		
Realised	31,107	28,694
Unrealised	23,847	23,212
	54,954	51,906
Less: Consolidation adjustments	(28,515)	(28,046)
Total retained earnings as per statement of financial position	26,439	23,860

27. Profit/ (loss) for the period

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

	3 months ended		9 months ended	
	June 30, 2013 RM'000	June 30, 2012 RM'000	June 30, 2013 RM'000	June 30, 2012 RM'000
After charging/(crediting):-				
Depreciation and amortization of non-current assets	2,468	2,386	7,434	7,067
Interest expense	1,293	1,346	3,987	3,864
Loss/ (gain) on disposal of property, plant and equipment	36	(3)	36	(55)
Net unrealised loss/(gain) on foreign exchange	11	(1)	(7)	103
Net fair value loss/(gain) on derivative financial asset or liability	7	20	16	(23)
Deposit written off	2	-	2	-
Property, plant and equipment written off	1	72	8	166
Interest revenue recognized in profit or loss	(47)	(40)	(137)	(119)
Dividend income	(10)	-	(10)	(10)
Bad debts written off	-	66	-	66
Net fair value gain on loans and receivables	-	(121)	-	(121)
Reversal of impairment loss recognized on receivables	-	(32)	-	(110)
Inventories written off	-	-	46	-
Impairment loss recognized on receivables	-	-	-	5

28. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution dated August 29, 2013.