

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

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED  
31 MARCH 2014**

CONTENTS

	Page
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME .....	2
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	3
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	4- 5
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS .....	6 - 7
NOTES TO THE INTERIM FINANCIAL REPORT .....	8 - 17

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended 31 March		6 months ended 31 March	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue</b>	<b>9</b>	<b>163,903</b>	<b>149,879</b>	<b>322,839</b>	<b>287,889</b>
Cost of sales		(148,573)	(141,401)	(297,554)	(272,530)
<b>Gross profit</b>		<b>15,330</b>	<b>8,478</b>	<b>25,285</b>	<b>15,359</b>
Other income		1,471	1,070*	2,816	2,412*
Distribution costs		(4,504)	(4,003)	(8,317)	(7,858)
Administrative expenses		(5,052)	(4,425)	(9,057)	(8,103)
Other expenses		(190)	(294)	(352)	(547)
<b>Profit from operations</b>	<b>9</b>	<b>7,055</b>	<b>826</b>	<b>10,375</b>	<b>1,263</b>
Investment revenue		135	95*	279	183*
Other gains and losses		(156)	(73)	(257)	(156)
Finance costs		(1,503)	(1,464)	(2,997)	(2,970)
<b>Profit/(loss) before taxation</b>		<b>5,531</b>	<b>(616)</b>	<b>7,400</b>	<b>(1,680)</b>
Tax(expense)/ income	19	(2,156)	1,003	(2,869)	1,134
<b>Profit/(loss) for the period</b>	<b>27</b>	<b>3,375</b>	<b>387</b>	<b>4,531</b>	<b>(546)</b>
<b>Other comprehensive loss</b>					
Items that will be reclassified subsequently to profit or loss:					
Exchange difference on translating foreign operations		-	(4)	(1)	(9)
<b>Total comprehensive income/(loss) for the period</b>		<b>3,375</b>	<b>383</b>	<b>4,530</b>	<b>(555)</b>
<b>Profit/ (loss) attributable to:</b>					
Owners of the Company		3,284	145	4,458	(771)
Non-controlling interests		91	242	73	225
		<b>3,375</b>	<b>387</b>	<b>4,531</b>	<b>(546)</b>
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the Company		3,284	145	4,457	(773)
Non-controlling interests		91	238	73	218
		<b>3,375</b>	<b>383</b>	<b>4,530</b>	<b>(555)</b>
<b>Basic earnings/ (loss) per ordinary share (sen)</b>	<b>25</b>	<b>2.50</b>	<b>0.11</b>	<b>3.39</b>	<b>(0.59)</b>
<b>Diluted earnings per ordinary share (sen)</b>	<b>25</b>	<b>Not applicable</b>	<b>Not applicable</b>	<b>Not applicable</b>	<b>Not applicable</b>

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, 2013 and the accompanying explanatory notes attached to the interim financial report.

\*Rental income of RM937,000 have been reclassified from investment revenue to other income to conform with the current quarter's presentation.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 31 March 2014	As at 30 September 2013
	RM'000	RM'000
Note	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	183,592	177,349
Investment properties	54,090	54,827
Prepaid lease payments on leasehold land	8,135	8,241
Goodwill	1,670	1,670
Other financial asset	260	260
Agricultural development expenditure	100	280
Deferred tax assets	135	175
<b>Total non-current assets</b>	<b>247,982</b>	<b>242,802</b>
<b>Current Assets</b>		
Inventories	38,943	29,028
Trade and other receivables	61,615	67,792
Derivative financial asset	2	-
Current tax assets	1,681	2,953
Other assets	6,789	5,631
Short-term deposits with licensed banks	6,303	5,683
Cash and bank balances	8,553	9,742
	123,886	120,829
Non-current assets classified as held for sale	125	125
<b>Total current assets</b>	<b>124,011</b>	<b>120,954</b>
<b>TOTAL ASSETS</b>	<b>371,993</b>	<b>363,756</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	65,890	65,890
Treasury shares	(69)	(69)
Reserves	38,300	38,602
Retained earnings	41,885	37,126
Equity attributable to owners of the Company	146,006	141,549
Non-controlling interests	21,726	22,308
<b>Total Equity</b>	<b>167,732</b>	<b>163,857</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	26,235	26,489
Deferred tax liabilities	8,598	7,945
<b>Total non-current liabilities</b>	<b>34,833</b>	<b>34,434</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	83,067	80,068
Borrowings	85,882	84,964
Derivative financial liability	8	15
Current tax liabilities	471	418
<b>Total current liabilities</b>	<b>169,428</b>	<b>165,465</b>
<b>TOTAL LIABILITIES</b>	<b>204,261</b>	<b>199,899</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>371,993</b>	<b>363,756</b>
Net assets per share of RM0.50 each attributable to ordinary equity holders of the parent company (RM)	1.11	1.07

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, 2013 and the accompanying explanatory notes attached to the interim financial report.

**CAB CAKARAN CORPORATION BERHAD (583661-W)**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
(The figures have not been audited)

Six (6) Months Ended March 31, 2014

	←----- 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			
<b>As at October 1, 2013</b>	65,890	(69)	71	38,572	(41)	37,126	141,549	22,308	163,857
Profit for the period	-	-	-	-	-	4,458	4,458	73	4,531
Other comprehensive loss	-	-	-	-	(1)	-	(1)	-	(1)
<b>Total comprehensive (loss)/ income for the period</b>	-	-	-	-	(1)	4,458	4,457	73	4,530
Transfer to retained earnings	-	-	-	(301)	-	301	-	-	-
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	(655)	(655)
<b>Balance as at March 31, 2014</b>	65,890	(69)	71	38,271	(42)	41,885	146,006	21,726	167,732

(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 March 31, 2013

	←----- Attributable to owners of the Company -----→						Total	Non- controlling interests	Total Equity
	←----- 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	RM'000	RM'000	RM'000
<b>As at October 1, 2012</b>	65,890	(69)	71	39,901	(23)	23,860	129,630	20,290	149,920
(Loss)/profit for the period	-	-	-	-	-	(771)	(771)	225	(546)
Other comprehensive loss	-	-	-	-	(2)	-	(2)	(7)	(9)
<b>Total comprehensive (loss)/ income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2)</b>	<b>(771)</b>	<b>(773)</b>	<b>218</b>	<b>(555)</b>
Transfer to retained earnings	-	-	-	(312)	-	312	-	-	-
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	(135)	(135)
<b>Balance as at March 31, 2013</b>	<b>65,890</b>	<b>(69)</b>	<b>71</b>	<b>39,589</b>	<b>(25)</b>	<b>23,401</b>	<b>128,857</b>	<b>20,373</b>	<b>149,230</b>

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, 2013 and the accompanying explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	6 months ended March 31, 2014 RM'000 (Unaudited)	6 months ended March 31, 2013 RM'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) for the period	4,531	(546)
Adjustments for:		
Depreciation and amortization of non-current assets	6,455	4,966
Interest expense	2,631	2,694
Tax expenses/(income) recognized in profit or loss	2,869	(1,134)
Agricultural expenditure written off	177	-
Inventories written off	100	46
Loss on disposal of investment property	85	-
Net unrealised loss/(gain) on foreign exchange	15	(18)
Impairment loss recognized on receivables	8	-
Property, plant and equipment written off	5	7
Interest revenue recognized in profit or loss	(98)	(90)
Reversal of impairment loss recognized on receivables	(43)	-
Gain on disposal of property, plant and equipment	(19)	-
Dividend income	(10)	(10)
Net fair value (gain)/loss on derivative financial asset or liability	(9)	9
	16,697	5,924
Movement in working capital		
Inventories	(10,015)	(1,923)
Trade and other receivables	6,200	1,794
Other assets	(1,143)	(10)
Trade and other payables	3,050	4,003
Cash generated from operations	14,789	9,788
Interest received	11	6
Interest paid	(2,655)	(2,899)
Net of income tax paid and refunded	(850)	(840)
Net cash generated from operating activities	11,295	6,055
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of investment properties	1,680	-
Interest received	70	71
Dividend received	10	7
Proceeds from disposal of property, plant and equipment	23	-
Payments for property, plant and equipment and investment properties	(11,263)	(5,799)
Net cash used in investing activities	(9,480)	(5,721)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net change in hire-purchase	(1,832)	(2,528)
Net change in long-term loans	(1,299)	(1,353)
Dividend paid to non-controlling interest of a subsidiary	(655)	(135)
Net change in short-term borrowings	(452)	4,472
Short-term deposits pledged as security	(119)	(118)
Repayment to directors	(30)	(572)
Net cash used in financing activities	(4,387)	(234)

(FORWARD)

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

	6 months ended March 31, 2014 RM'000 (Unaudited)	6 months ended March 31, 2013 RM'000 (Audited)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(2,572)	100
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	9,101	7,027
Effect of exchange rate changes on the balance of cash held in foreign currencies	(4)	(1)
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>6,525</b>	<b>7,126</b>
<b>REPRESENTED BY:-</b>		
Short-term deposits with licensed banks	6,303	5,536
Cash and bank balances	8,553	8,908
Bank overdrafts classified as cash equivalents	(2,528)	(1,782)
	12,328	12,662
Less: Short-term deposits pledged as security	(5,803)	(5,536)
	<b>6,525</b>	<b>7,126</b>

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, 2013 and the accompanying explanatory notes attached to the interim financial report.

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED March 31, 2014**

**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, 2013. 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, 2013.

**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, 2013 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, 2013.

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to government loans)
FRS 7	Financial Instruments: Disclosures (Amendments relating to disclosures: offsetting financial assets and financial liabilities)
FRS 10	Consolidated Financial Statements
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)
FRS 11	Joint Arrangements
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)
FRS 12	Disclosure of Interests in Other Entities
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)
FRS 13	Fair Value Measurement
FRS 119	Employee Benefits (IAS 9 as amended by IASB in June 2011)
FRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
FRS 128	Investment in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to FRSs contained in the document entitled Annual Improvements 2009- 2011 cycle	

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.

## 2. Changes in Accounting Policies (Cont'd)

### Standards and IC Interpretations in issue but not yet effective

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

FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009) <sup>(a)</sup>
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010) <sup>(a)</sup>
FRS 10	Investment Entities (Amendments to FRS 10, FRS 12 and FRS 127) <sup>(b)</sup>
FRS 12	Investment Entities (Amendments to FRS 10, FRS 12 and FRS 127) <sup>(b)</sup>
FRS 119	Employee Benefits (Amendments relating to Defined Benefit Plans: Employee Contributions) <sup>(c)</sup>
FRS 127	Investment Entities (Amendments to FRS 10, FRS 12 and FRS 127) <sup>(b)</sup>
FRS 132	Financial instruments Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities) <sup>(b)</sup>
FRS 136	Impairment of Assets (Amendments relating to Recoverable Amount Disclosures for Non-Financial Assets) <sup>(b)</sup>
FRS 139	Financial Instruments (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting) <sup>(b)</sup>
IC Interpretation 21	Levies <sup>(b)</sup>
Amendments to FRSs contained in the document entitled Annual Improvements 2010- 2012 cycle <sup>(c)</sup>	
Amendments to FRSs contained in the document entitled Annual Improvements 2011- 2013 cycle <sup>(c)</sup>	

<sup>(a)</sup> 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

<sup>(b)</sup> Effective for annual periods beginning on or after January 1, 2014

<sup>(c)</sup> Effective for annual periods beginning on or after July 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, 2013.

## 3. Audit opinion

The auditors' report on the financial statements of the Group for the financial year ended September 30, 2013 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 March 31, 2014.

## 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 March 31, 2014.

## **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 March 31, 2014.

At the Annual General Meeting held on March 27, 2014, 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 March 31, 2014, 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
<b>Three (3) Months ended March 31, 2014</b>								
Segment revenue								
External revenue	-	121,252	30,199	10,373	1,086	993	-	163,903
Inter-segment revenue	30	5,747	19	745	15	224	(6,780)	-
Total revenue	30	126,999	30,218	11,118	1,101	1,217	(6,780)	163,903
Segment results	(88)	7,143	(26)	643	(83)	132	(666)	7,055
<b>Six (6) Months ended March 31, 2014</b>								
Segment revenue								
External revenue	-	242,403	55,879	20,602	2,096	1,859	-	322,839
Inter-segment revenue	60	10,427	35	1,550	23	419	(12,514)	-
Total revenue	60	252,830	55,914	22,152	2,119	2,278	(12,514)	322,839
Segment results	(110)	9,785	200	1,422	(76)	335	(1,181)	10,375
<b>As at March 31, 2014</b>								
Segment assets	46,656	325,356	27,229	29,208	6,918	1,396	(72,889)	363,874
Interest revenue producing assets								6,303
Income tax assets								1,816
<b>Consolidated total assets</b>								<b>371,993</b>
Segment liabilities	79	61,839	17,372	3,250	401	139	(5)	83,075
Borrowings								112,117
Income tax liabilities								9,069
<b>Consolidated total liabilities</b>								<b>204,261</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 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
<b>Three (3) Months ended March 31, 2013</b>								
Segment revenue								
External revenue	-	110,847	26,326	10,746	1,015	945	-	149,879
Inter-segment revenue	30	5,364	10	864	6	209	(6,483)	-
Total revenue	30	116,211	26,336	11,610	1,021	1,154	(6,483)	149,879
Segment results	(81)	(163)	742	416	(139)	262	(211)	826
<b>Six (6) Months ended March 31, 2013</b>								
Segment revenue								
External revenue	-	211,334	50,950	21,508	2,499	1,598	-	287,889
Inter-segment revenue	60	10,255	22	1,398	245	404	(12,384)	-
Total revenue	60	221,589	50,972	22,906	2,744	2,002	(12,384)	287,889
Segment results	(105)	(1,578)	1,450	1,018	59	433	(14)	1,263
<b>As at March 31, 2013</b>								
Segment assets	42,468	293,966	21,620	30,381	7,248	1,353	(66,412)	330,624
Interest revenue producing assets								5,536
Income tax assets								3,051
<b>Consolidated total assets</b>								<b>339,211</b>
Segment liabilities	111	50,872	12,687	4,155	331	124	(5)	68,275
Borrowings								115,443
Income tax liabilities								6,263
<b>Consolidated total liabilities</b>								<b>189,981</b>

(FORWARD)

## 9. Segmental information (Cont'd)

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

	Three (3) Months ended March 31, 2014		Six (6) Months ended March 31, 2014	
	RM'000	%	RM,0000	%
Revenue				
By Geographical Locations				
Malaysia	162,094	98.9%	319,134	98.9%
Pakistan	733	0.4%	1,362	0.4%
United States of America	625	0.4%	1,092	0.3%
Others	451	0.3%	1,251	0.4%
Consolidated	<u>163,903</u>	<u>100.0%</u>	<u>322,839</u>	<u>100%</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 March 31, 2014 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, other than, on March 31, 2014, two wholly owned subsidiaries, CAB Cakaran Sdn Bhd ("CABC") and Kyros Food Industries Sdn Bhd ("KFI") increased its paid up capital from 5,500,000 ordinary shares of RM1.00 each and 6,000,000 ordinary shares of RM1.00 each respectively to 10,000,000 ordinary shares of RM1.00 each. The Company subscribed for the entire additional ordinary shares by way of converting the amount owing by CABC and KFI of RM4,500,000 and RM4,000,000 respectively into equity shares. Accordingly, the Group's equity interest in CABC and KFI remain unchanged.

## 13. Changes in contingent liabilities and assets

As at March 31, 2014, the Company issued corporate guarantees amounting to RM172.078 million (March 31, 2013: RM183.397 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 March 31, 2014 are as follows:-

Property, plant and equipment:	RM'000
Approved and contracted for	8,660
Authorised but not contracted for	3,828
Total	<u>12,488</u>

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED MARCH 30, 2014**

**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 March 31, 2014, the Group recorded revenue of RM163.903 million, representing an increase of about 9.4% over the prior year corresponding quarter's revenue of RM149.879 million. The higher revenue in the current quarter was mainly due to the increase in sales of the integrated poultry farming and processing division. In tandem with the higher revenue, the Group recorded a profit from operations of RM7.055 million, which was a significant improvement when compared with the prior year corresponding quarter's profit from operations of RM0.826 million.

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

In spite of the supermarket division showing an increase in revenue to RM30.218 million, it recorded a loss from operations of RM0.026 million in the current quarter. This was due to more promotional activities undertaken especially during the Chinese New Year period and charging out of the pre-operating cost of the two new supermarket outlets opened during the quarter under review.

For the current quarter under review, the value added food products manufacturing and trading division recorded a slightly lower revenue of RM11.118 million, but the profit from operations increased to RM0.643 million. This was due to the better margin achieved as a result of the upward price adjustment for most of the products.

The marine products division maintained a low revenue and contributed negatively to the group in the current quarter. This was due mainly to the shortage of raw materials locally and the resulting high prices which made exporting uncompetitive since late 2012.

**16. Comment on material change in profit before taxation**

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

	<b>2014 Quarter 2 RM'000 (Unaudited)</b>	<b>2014 Quarter 1 RM'000 (Unaudited)</b>	<b>Variance RM'000</b>	<b>%</b>
Revenue	163,903	158,936	4,967	3.1
Profit before taxation	5,531	1,869	3,662	195.9

For the current quarter ended March 31, 2014, the group recorded a higher revenue as compared to the preceding quarter mainly due to the higher sales achieved by the integrated poultry farming and processing division. This was resulting from the higher average selling price of RM4.70 per kg for broilers as compared to RM4.30 per kg in the preceding quarter.

The higher selling price of broilers coupled with the lower cost of feeds have contributed to the Group recording a higher profit before tax as compared to the preceding quarter.

**17. Commentary on prospects**

The integrated poultry farming and processing division's performance in the next quarter is expected to be less buoyant. This is due mainly to the drop in demand for chicken meat arising from the water rationing exercise undertaken in Selangor during the month of April, where there is a high demand for chicken meat. The lower demand has caused the selling price of broilers to drop. Together with the anticipated increase in the price of feeds in the coming quarter, the performance of this division will be rather uncertain.

(FORWARD)

## 17. Commentary on prospects (Cont'd)

The supermarket division is expected to open a new outlet in June this year. The management will focus on building up sales in the three new outlets, including the two new outlets were opened in January and March 2014, with the aim of achieving better economy of scale in its operations. Most of the outlets opened in previous years are already operating profitably.

The value added food products manufacturing and trading division is expected to witness an increase in sales and profitability in the next quarter. This is mainly due to better market penetration as well as better profit margin for most products.

The marine division is not expected to be profitable given the continued tough environment of scarcity of supply and high prices of raw materials.

## 18. Variance of actual profit from profit forecast

Not applicable as no profit forecast was published.

## 19. Tax expense/(income)

	3 months ended		6 months ended	
	31.03.14 RM'000	31.03.13 RM'000	31.03.14 RM'000	31.03.13 RM'000
Current taxation				
- Current	2,008	15	2,194	447
- Prior years	(19)	(146)	(19)	(353)
	1,989	(131)	2,175	94
Deferred taxation	167	(872)	694	(1,228)
	2,156	(1,003)	2,869	(1,134)

For the current quarter under review, the Group made provision for the current year taxation as business profit of certain subsidiary companies cannot be offset against the business loss of other subsidiary companies. The effective tax rate of the relevant subsidiaries is higher than the statutory tax rate due mainly to certain expenses being disallowed for tax purpose.

## 20. Corporate proposals

There were no corporate proposals announced but not completed in the current quarter ended March 31, 2014 and up to the date of this interim financial report.

## 21. Group borrowings and debt securities

The Group's total bank borrowings as at March 31, 2014 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Short-term borrowings:</b>			
Bankers' acceptance	51,868	19,113	70,981
Bank overdrafts	6,297	95	6,392
Hire purchase payables	4,115	-	4,115
Term loans	3,747	165	3,912
Foreign currency trade loans	482	-	482
Sub-total	66,509	19,373	85,882
<b>Long-term borrowings:</b>			
Term loans	19,650	-	19,650
Hire purchase payables	6,585	-	6,585
Sub-total	26,235	-	26,235
<b>Total borrowings</b>	<b>92,744</b>	<b>19,373</b>	<b>112,117</b>

(FORWARD)

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

The foreign currency exposure profile of borrowings is as follows:

	<b>RM'000</b>
Ringgit Malaysia	111,635
United States Dollar	482
	<u>112,117</u>

## 22. Derivative financial instruments

The derivative financial asset and liability as at March 31, 2014 are carried at fair value through profit or loss as follows:

<b>Financial instruments</b>	<b>Contracted Amount RM'000</b>	<b>Fair Value loss RM'000</b>
Forward Foreign Exchange Contracts:		
Sales Contracts – Less than 1 year	391	(2)
Purchase Contracts - Less than 1 year	193	(4)

For the quarter ended March 31, 2014, 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 March 31, 2014.

## 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 March 31, 2014	Prior Year Quarter March 31, 2013	Current Year To Date March 31, 2014	Preceding Year Corresponding Period March 31 , 2013
Net profit/ (loss) attributable to shareholders (RM'000)	3,284	145	4,458	(771)
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)	2.50	0.11	3.39	(0.59)

## 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 March 31, 2014 RM'000 (Unaudited)	As At September 30, 2013 RM'000 (Audited)
Total retained earnings		
Realised	45,201	38,690
Unrealised	30,163	31,438
	75,364	70,128
Less: Consolidation adjustments	(33,479)	(33,002)
Total retained earnings as per statement of financial position	41,885	37,126

## 27. Profit/(loss) for the period

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

	3 months ended		6 months ended	
	March 31, 2014 RM'000	March 31, 2013 RM'000	March 31, 2014 RM'000	March 31, 2013 RM'000
<b>After charging/(crediting):-</b>				
Depreciation and amortization of non-current assets	3,271	2,528	6,455	4,966
Interest expense	1,307	1,326	2,631	2,694
Agricultural expenditure written off	177	-	177	-
Loss on disposal of investment property	85	-	85	-
Net unrealized loss/(gain) on foreign exchange	17	5	15	(18)
Impairment loss recognized on receivables	8	-	8	-
Property, plant and equipment written off	5	7	5	7
Inventories written off	-	-	100	46
Interest revenue recognized in profit or loss	(45)	(45)	(98)	(90)
Gain on disposal of property, plant and equipment	(17)	-	(19)	-
Dividend income	(10)	(10)	(10)	(10)
Net fair value (gain)/loss on derivative financial asset or liability	(4)	4	(9)	9
Reversal of impairment loss recognized on receivables	(3)	-	(43)	-

## 28. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution dated May 29, 2014.