

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED
31 MARCH 2016

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 -19

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 31 March		6 months ended 31 March	
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenue	9	267,651	208,488	521,355	396,485
Cost of sales		(238,886)	(192,304)	(480,758)	(373,437)
Gross profit		28,765	16,184	40,597	23,048
Other income		2,881	2,022	5,237	4,219
Distribution costs		(7,931)	(5,624)	(15,179)	(11,468)
Administrative expenses		(10,591)	(5,855)	(18,116)	(11,170)
Other expenses		(24)	(96)	(87)	(96)
Profit from operations	9	13,100	6,631	12,452	4,533
Investment revenue		140	145	292	282
Other gains and losses		82	(521)	(504)	(268)
Finance costs		(2,891)	(1,992)	(5,650)	(3,757)
Profit before taxation		10,431	4,263	6,590	790
Tax expenses	19	(1,581)	(1,247)	(1,814)	(1,821)
Profit/(loss) for the period	27	8,850	3,016	4,776	(1,031)
Items that will be reclassified subsequently to profit or loss:					
Exchange difference on translating foreign operations		(1,306)	(15)	(2,015)	(35)
Other comprehensive loss for the period, net of tax		(1,306)	(15)	(2,015)	(35)
Total comprehensive income/(loss) for the period		7,544	3,001	2,761	(1,066)
Profit/(loss) attributable to:					
Owners of the Company		6,187	2,502	1,997	(738)
Non-controlling interests		2,663	514	2,779	(293)
		8,850	3,016	4,776	(1,031)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		5,542	2,487	1,003	(773)
Non-controlling interests		2,002	514	1,758	(293)
		7,544	3,001	2,761	(1,066)
Basic earnings/(loss) per ordinary share (sen)	25	4.06	1.90	1.32	(0.56)
Diluted earnings/(loss) per ordinary share (sen)	25	3.28	1.71	1.07	(0.53)

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, 2015 and the accompanying explanatory notes attached to the interim financial report.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March 2016	As at 30 September 2015
		RM'000	RM'000
	Note	(Unaudited)	(Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment		265,489	266,684
Investment properties		71,257	71,257
Other intangible asset		12,976	13,673
Prepaid lease payments on leasehold land		9,593	9,106
Goodwill		6,219	6,219
Other financial asset		260	260
Agricultural development expenditure		38	37
Deferred tax assets		1	22
Total non-current assets		365,833	367,258
Current Assets			
Inventories		52,042	49,411
Trade and other receivables		104,875	106,908
Derivative financial asset	22	4	-
Current tax assets		1,334	769
Other assets		17,876	7,715
Short-term deposits with licensed banks		7,906	9,032
Cash and bank balances		24,200	28,536
		208,237	202,371
Non-current assets classified as held for sale		125	125
Total current assets		208,362	202,496
TOTAL ASSETS		575,195	569,754
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		78,244	75,322
Treasury shares		(69)	(69)
Reserves		41,930	42,857
Retained earnings	26	68,277	66,055
Equity attributable to owners of the Company		188,382	184,165
Non-controlling interests		46,541	45,203
Total Equity		234,923	229,368
NON-CURRENT LIABILITIES			
Borrowings	21	78,414	80,786
Deferred tax liabilities		16,298	17,653
Deferred revenue		108	133
Total non-current liabilities		94,820	98,572

(FORWARD)

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

		As at 31 March 2016	As at 30 September 2015
		RM'000	RM'000
	Note	(Unaudited)	(Audited)
CURRENT LIABILITIES			
Trade and other payables		126,451	126,751
Borrowings	21	117,066	112,342
Deferred revenue		44	55
Derivative financial liability	22	9	15
Current tax liabilities		1,882	2,651
Total current liabilities		245,452	241,814
TOTAL LIABILITIES		340,272	340,386
TOTAL EQUITY AND LIABILITIES		575,195	569,754
Net assets per share of RM0.50 each attributable to ordinary equity holders of the parent company (RM)		1.20	1.22

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, 2015 and the accompanying explanatory notes attached to the interim financial report.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

Six (6) Months Ended March 31, 2016

	←----- Attributable to owners of the Company -----→							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	Total RM'000		
As at October 1, 2015	75,322	(69)	4,240	37,047	1,570	66,055	184,165	45,203	229,368
Profit for the period	-	-	-	-	-	1,997	1,997	2,779	4,776
Other comprehensive loss	-	-	-	-	(994)	-	(994)	(1,021)	(2,015)
Total comprehensive (loss)/income for the period	-	-	-	-	(994)	1,997	1,003	1,758	2,761
Exercise of share warrants for 5,844,050 new ordinary shares of RM0.50 each at RM0.55 per ordinary share	2,922	-	292	-	-	-	3,214	-	3,214
Transfer to retained earnings	-	-	-	(225)	-	225	-	-	-
Subscription of shares by non-controlling interests in subsidiary	-	-	-	-	-	-	-	-*	-*
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	(420)	(420)
Balance as at March 31, 2016	78,244	(69)	4,532	36,822	576	68,277	188,382	46,541	234,923

*Negligible

(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, 2015

	<----- Attributable to owners of the Company ----->						Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
	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, 2014	65,890	(69)	71	37,610	(35)	48,928	152,395	21,205	173,600
Loss for the period	-	-	-	-	-	(738)	(738)	(293)	(1,031)
Other comprehensive loss	-	-	-	-	(35)	-	(35)	-	(35)
Total comprehensive loss for the period	-	-	-	-	(35)	(738)	(773)	(293)	(1,066)
Transfer to retained earnings	-	-	-	(281)	-	281	-	-	-
Subscription of shares by non-controlling interests in a subsidiary	-	-	-	-	-	-	-	2,254	2,254
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	(125)	(125)
Balance as at March 31, 2015	65,890	(69)	71	37,329	(70)	48,471	151,622	23,041	174,663

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, 2015 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended March 31, 2016 RM'000 (Unaudited)	6 months ended March 31, 2015 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the period	4,776	(1,031)
Adjustments for:		
Depreciation and amortization of non-current assets	11,566	7,722
Interest expenses	5,167	3,337
Tax expenses recognized in profit or loss	1,814	1,821
Net unrealized loss/(gain) on foreign exchange	167	(88)
Property, plant and equipment written off	21	70
Deposit written off	1	4
Interest revenue recognized in profit or loss	(151)	(111)
Gain on disposal of property, plant and equipment	(69)	(33)
Amortization of deferred revenue	(27)	-
Net fair value gain on derivative financial asset/ liability	(10)	(32)
Bad debt written off	-	582
Agricultural expenditure written off	-	156
Inventories written off	-	31
Gain on disposal of assets held for sale	-	(108)
Dividend Income	-	(5)
	23,255	12,315
Movement in working capital:		
Inventories	(2,791)	(11,535)
Trade and other receivables	685	(12,364)
Other assets	(10,232)	(5,752)
Trade and other payables	194	17,349
Cash generated from operations	11,111	13
Interest received	8	19
Interest paid	(5,169)	(3,311)
Net of income tax paid and refunded	(4,375)	(652)
Net cash generated from/(used in) operating activities	1,575	(3,931)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	138	849
Interest received	118	82
Payments for property, plant and equipment, investment properties and prepaid land lease	(6,655)	(19,744)
Payments for agricultural expenditure	(4)	(23)
Proceeds from disposal of non-current assets classified as held for sale	-	819
Dividend received	-	5
Net cash used in investing activities	(6,403)	(18,012)

(FORWARD)

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	6 months ended March 31, 2016 RM'000 (Unaudited)	6 months ended March 31, 2015 RM'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuing of shares for share warrants exercised	3,214	-
Net change in short-term borrowings	3,054	10,313
Advance from directors	60	352
Proceeds from issuing of shares to non-controlling interests in a subsidiary	-*	2,254
Net change in long-term loans	(3,411)	13,000
Net change in hire-purchase	(2,980)	(3,456)
Dividend paid to non-controlling interests of a subsidiary	(420)	(125)
Short-term deposits pledged as security	(140)	(125)
Repayment to non-controlling interests in a subsidiary	-	(1,697)
Net cash (used in)/generated from financing activities	(623)	20,516
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,451)	(1,427)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	30,018	13,325
Effect of foreign exchange rate changes	(612)	29
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	23,955	11,927
REPRESENTED BY:-		
Short-term deposits with licensed banks	7,906	6,795
Cash and bank balances	24,200	13,260
Bank overdrafts classified as cash equivalents	(1,515)	(2,050)
Less: Short-term deposits pledged as security	(6,636)	(6,078)
	23,955	11,927

* 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 September 30, 2015 and the accompanying explanatory notes attached to the interim financial report.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED MARCH 31, 2016

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, 2015. 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, 2015.

The significant accounting policies adopted by the Group in this interim financial statements are consistent with those of the audited financial statements for the financial year ended September 30, 2015.

2. Changes in Accounting Policies

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 ^(c)
FRS 14	Regulatory Deferral Accounts ^(a)
Amendments to FRS 9 and FRS 7	Mandatory Effective Date of FRS 9 (IFRS9 issued by IASB in November 2009 and October 2010 respectively) and Transition Disclosures ^(c)
Amendments to FRS 10 and FRS128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ^(d)
Amendments to FRS 10, FRS 12 and FRS128	Investment Entities: Applying the Consolidation Exception ^(a)
Amendments to FRS 11	Accounting for acquisitions of interest in Joint Operations ^(a)
Amendments to FRS 101	Presentation of Financial Statement (Amendment relating to disclosure initiative) ^(a)
Amendments to FRS 107	Statement of Cash Flows (Amendment relating to disclosure initiative) ^(b)
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses ^(b)
Amendment to FRS 116 and FRS 138	Clarification to acceptable methods of depreciation and amortization ^(a)
Amendment to FRS 116 and FRS 141	Agriculture: Bearer Plants ^(a)
Amendment to FRS 127	Equity method in Separate Financial Statements ^(a)
Amendments to FRSs contained in the document entitled Annual Improvements 2012- 2014 cycle	^(a)

^(a) Effective for annual period s beginning on or after January 1, 2016

^(b) Effective for annual period s beginning on or after January 1, 2017

^(c) Effective for annual period s beginning on or after January 1, 2018

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

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 disclosed in the audited financial statements of the Group for the year ended September 30, 2015.

3. Audit opinion

The auditors' report on the financial statements of the Group for the financial year ended September 30, 2015 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, 2016.

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, 2016.

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 current quarter ended March 31, 2016.

	No of shares issued (units)
Issued and paid up capital including treasury shares as at October 1, 2015	150,643,989
Exercised of shares warrant (refer to Note 20 (a))	5,844,050
Issued and paid up capital including treasury shares as at March 31, 2016	<u>156,488,039</u>

At the Annual General Meeting of the Company held on March 23, 2016, 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 March 31, 2016, 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 during the current year to date.

9. Segmental information

The analysis of contribution by business activities of the Group is as follows:-

	Investment holding RM'000	Integrated poultry 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 March 31, 2016								
Segment revenue								
External revenue	-	220,489	32,517	13,459	161	1,025	-	267,651
Inter-segment revenue	89	3,130	18	783	-	207	(4,227)	-
Total revenue	89	223,619	32,535	14,242	161	1,232	(4,227)	267,651
Segment results	(675)	13,948	38	338	(111)	(84)	(354)	13,100
Six (6) Months ended March 31, 2016								
Segment revenue								
External revenue	-	431,106	63,201	25,025	210	1,813	-	521,355
Inter-segment revenue	163	14,555	41	1,372	-	404	(16,535)	-
Total revenue	163	445,661	63,242	26,397	210	2,217	(16,535)	521,355
Segment results	(929)	12,561	209	747	(295)	(204)	363	12,452
As at March 31, 2016								
Segment assets	77,276	505,050	26,298	39,387	6,561	3,601	(92,219)	565,954
Interest revenue producing assets								7,906
Income tax assets								1,335
Consolidated total assets								575,195
Segment liabilities	85	103,177	18,082	4,828	160	285	(5)	126,612
Borrowings								195,480
Income tax liabilities								18,180
Consolidated total liabilities								340,272

(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 March 31, 2015								
Segment revenue								
External revenue	-	159,075	36,767	10,834	596	1,216	-	208,488
Inter-segment revenue	-	2,933	8	838	-	212	(3,991)	-
Total revenue	-	162,008	36,775	11,672	596	1,428	(3,991)	208,488
Segment results	(487)	7,005	352	343	17	86	(685)	6,631
Six (6) Months ended March 31, 2015								
Segment revenue								
External revenue	-	299,129	70,343	22,838	1,833	2,342	-	396,485
Inter-segment revenue	-	14,955	26	1,467	5	408	(16,861)	-
Total revenue	-	314,084	70,369	24,305	1,838	2,750	(16,861)	396,485
Segment results	(758)	3,016	267	1,377	136	226	269	4,533
As at March 31, 2015								
Segment assets	52,907	393,363	30,599	34,420	7,372	3,963	(83,964)	438,660
Interest revenue producing assets								6,795
Income tax assets								959
Consolidated total assets								446,414
Segment liabilities	136	87,825	21,513	3,344	234	170	(5)	113,217
Borrowings								142,719
Income tax liabilities								15,815
Consolidated total liabilities								271,751

(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, 2016		Six (6) Months ended March 31, 2016	
	RM'000	%	RM'000	%
Revenue				
By Geographical Locations				
Malaysia	236,335	88.30%	435,156	83.46%
Singapore	30,994	11.58%	85,453	16.39%
Pakistan	188	0.07%	506	0.10%
Others	134	0.05%	240	0.05%
Consolidated	<u>267,651</u>	<u>100.0%</u>	<u>521,355</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 March 31, 2016 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 on November 16, 2015, the Company had incorporated a new subsidiary, namely CAB Amesist Biomass Generation Sdn Bhd ("CABG") (Company No.1165973D) in Malaysia. The initial issued and paid up capital of CABG is RM100 divided into 100 ordinary shares of RM1.00 each, of which 51% is held by the Company. In consequent thereof, CABG became a 51% owned subsidiary of the Company.

13. Changes in contingent liabilities and assets

As at March 31, 2016, the Company had issued corporate guarantees of RM303.603 million (March 31, 2015: RM215.564 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, 2016 are as follows:-

	RM'000
Property, plant and equipment:	
Approved and contracted for	42,502
Authorised but not contracted for	14,276
	<u>56,778</u>

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED MARCH 31, 2016

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, 2016, the Group recorded revenue of RM267.65 million, representing an increase of about 28.38% over the prior year corresponding quarter's revenue of RM208.49 million. The higher revenue in the current quarter was due to the increase in sales of the integrated poultry farming and processing division. In tandem with the higher revenue, the Group recorded a higher profit from operations of RM13.10 million.

The higher Group revenue and profit from operations was attributed mainly to the better sales achieved by the integrated poultry farming and processing division. This was attributed mainly to the inclusion of the results of the two subsidiaries in Singapore which were acquired in June 2015. The two new subsidiaries have contributed positively to both the division's and Group's revenue and profit.

The supermarket division recorded a lower revenue and segment result as compared to the prior year corresponding quarter. The revenue for the supermarket division has been on a declining trend since the implementation of GST in April 2015. In addition, the segment result of this division was also adversely affected by the lower margin achieved by almost all of its outlets due to higher promotional expenses to maintain the sales.

In spite of the value added food products manufacturing and trading division recording a higher revenue of RM14.24 million, the profit from operations was slightly lower at RM0.34 million in the current quarter. This was partly attributed to the inclusion of the result of a newly incorporated company in Singapore which losses were due to the initial high start up cost.

The marine products division recorded a higher loss from operations of RM0.11 million as compared to the prior year corresponding quarter. The poorer result of the marine product division was caused by the lower revenue generated during the quarter under review.

16. Comment on material change in profit 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:-

	2016 Quarter 2 RM'000 (Unaudited)	2016 Quarter 1 RM'000 (Unaudited)	Variance RM'000	%
Revenue	267,651	253,704	13,947	5.50
Profit/(loss) before taxation	10,431	(3,841)	14,272	371.57

For the current quarter ended March 31, 2016, the Group recorded a higher revenue and profit before taxation as compared to the preceding quarter mainly due to the higher sales achieved by the integrated poultry farming and processing division attributed to the higher average selling price of RM4.73 per kg for broilers as compared to the RM3.73 per kg in the preceding quarter.

17. Commentary on prospects

The integrated poultry farming and processing division is expected to continue to be profitable in the next quarter given that the price of feed is not expected to show any significant increase and that the current favourable price of broiler is expected to be maintained.

The supermarket division will undertake more promotional activities to increase sales and improve on its operational efficiency in order to achieve better margin. This division is expected to continue to show improvement in its profitability.

(FORWARD)

17. Commentary on prospects (Cont'd)

The value added food products manufacturing and trading division is expected to show lower contribution in the next quarter due to poor market sentiment resulting from a slowing economy. Given the unfavourable trading condition, competitors are expected to resort to price war in market share and this will have an adverse impact on profit margin.

In view of the continuous low turnover recorded by the marine products division, this division is not expected to contribute positively to the Group.

18. Variance of actual profit from profit forecast

Not applicable as no profit forecast was published.

19. Tax expenses

	3 months ended		6 months ended	
	31.03.16 RM'000	31.03.15 RM'000	31.03.16 RM'000	31.03.15 RM'000
Current taxation				
- Current	1,575	1,158	3,158	1,950
- Prior year	(29)	(11)	(29)	(11)
	<u>1,546</u>	<u>1,147</u>	<u>3,129</u>	<u>1,939</u>
Deferred taxation	35	100	(1,315)	(118)
	<u>1,581</u>	<u>1,247</u>	<u>1,814</u>	<u>1,821</u>

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

20. Corporate proposals and utilization of proceeds

a) Warrants

At the Extraordinary General Meeting of the Company held on January 14, 2015, the shareholders of the Company had approved the bonus issue of up to 65,889,550 warrants on the basis of one warrant for every two existing ordinary shares of RM0.50 each in the Company.

A total of 65,780,450 free warrants were issued on the February 9, 2015 and listed on the Main Market of Bursa Malaysia Securities Berhad ("BMSB") on February 13, 2015 with a 5 years' exercise period and each warrant carries the entitlement to subscribe for one (1) new CAB Share at the exercise price of RM0.55 per warrant. The maturity date for the warrants is on the February 8, 2020.

As at March 31, 2016 a total of 15,494,425 warrants as below have been converted into shares

Date of allotment	No. of Warrants exercised	Procced (RM)	Listing Date
In Financial year ended 2015	9,650,375	5,307,706	
15/01/2016	750	413	20/01/2016
02/02/2016	2,500,000	1,375,000	04/02/2016
14/03/2016	2,200	1,210	16/03/2016
17/03/2016	1,065,100	585,805	22/03/2016
24/03/2016	3,000	1,650	30/03/2016
31/03/2016	2,273,000	1,250,150	04/04/2016
	<u>15,494,425</u>	<u>8,521,934</u>	

(FORWARD)

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

a) Warrants (Cont'd)

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

As at March 31, 2016, the number of outstanding unexercised warrants is 50,286,025.

b) Private Placement

On January 18, 2016, the Company entered into a placement agreement with Plant Wealth Holdings Limited, to undertake a private placement of 15,064,400 Placement Shares at an issue price of RM2.07 per Placement Share. On February 25, 2016, Bursa Malaysia Securities Berhad had approved the listing and quotation of up to 15,064,400 new ordinary shares of RM2.07 each in CAB to be issued pursuant to the proposed private placement.

At the Extraordinary General Meeting of the Company held on March 23, 2016, the shareholders of the Company had approved the private placement. A total of 15,064,400 ordinary shares were allotted on April 5, 2016 and listed on the Main Market of Bursa Malaysia Securities Berhad ("BMSB") on April 7, 2016.

The above private placement exercised was completed on April 7, 2016.

c) Corporate proposals not completed

There were no corporate proposals announced but not completed in the current quarter ended March 31, 2016 and up to the date of this interim financial report save as below.

- i) On March 20, 2015, the Company entered into a Memorandum of Understanding ("MOU") with Seri Kedah Corporation Sdn Bhd ("SKC") and New Chemical Trading Co., Ltd to explore the possibilities to set up joint ventures to operate a biomass power generation business in Malaysia by producing fertilizer as by-product through incinerating chicken dropping and marketing and selling thereof and utilizing the plant area for solar photovoltaic power generation.

On November 16, 2015, a new joint ventures company, namely CAB Amesist Biomass Generation Sdn Bhd ("CABG") was incorporated in Malaysia. The initial issued and paid up capital of CABG is RM100 divided into 100 ordinary shares of RM1.00 each, of which 51% is held by the Company and the remaining 49% is held by SKC.

The MOU members are in the process of discussion on the extension of the duration of the MOU. Further announcement will be made to Bursa Malaysia Securities Berhad in due course.

- ii) On December 6, 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.
- iii) On February 5, 2016, the Company issued letters of intent to Farm's Best Food Industries Sdn Bhd ("FBF"), Sinmah Breeders Sdn Bhd ("SBSB") and Sinmah Livestocks Sdn Bhd ("SLSB") for the proposed acquisition of the assets of FBF, SBSB and SLSB for an indicative cash consideration of RM80,000,000, RM88,000,000 and RM74,000,000 respectively. The Vendors had, on February 5, 2016 accepted the terms therein mentioned in the letters of intent.

21. Group borrowings and debt securities

The Group's total bank borrowings as at March 31, 2016 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short-term borrowings:			
Bankers' acceptances	79,280	17,674	96,954
Hire purchase payables	9,054	-	9,054
Term loans	7,589	-	7,589
Bank overdrafts	3,469	-	3,469
Sub-total	99,392	17,674	117,066
Long-term borrowings:			
Term loans	63,252	-	63,252
Hire purchase payables	15,162	-	15,162
Sub-total	78,414	-	78,414
Total borrowings	177,806	17,674	195,480

The foreign currency exposure profile of borrowings is as follow:

	RM'000
Ringgit Malaysia	194,527
Singapore Dollar	953
	<u>195,480</u>

22. Derivative financial instruments

The derivative financial asset/(liability) as at March 31, 2016 are carried at fair value through profit or loss as follows:

Financial instruments	Contracted Amount RM'000	Net Fair Value Gain/(Loss) RM'000
Forward Foreign Exchange Contracts:		
Purchase Contracts - Less than 1 year	259,258	(9)
Sales Contracts - Less than 1 year	38,359	4

For the quarter ended March 31, 2016, 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, 2016.

25. Basic earnings/(loss) per ordinary share

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

	Current Period Quarter March 31, 2016	Prior Period Quarter March 31, 2015	Current Year To Date March 31, 2016	Preceding Year Corresponding Year March 31, 2015
Net profit/(loss) attributable to shareholders (RM'000)	6,187	2,502	1,997	(738)
Weighted average number of shares				
a) Basic				
Weighted average number of ordinary shares in issue ('000)	152,249	131,561	151,332	131,561
b) Diluted				
Weighted average number of ordinary shares in issue ('000)	152,249	131,561	151,332	131,561
Adjustment for assumed exercised of Warrant ('000)	36,097	15,007	35,190	7,916
Adjusted weighted average number of ordinary shares ('000)	188,346	146,568	186,522	139,477
Basic earnings/(loss) per ordinary share (sen)	4.06	1.90	1.32	(0.56)
Diluted earnings/(loss) per ordinary share (sen)	3.28	1.71	1.07	(0.53)

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, 2016 RM'000 (Unaudited)	As At September 30, 2015 RM'000 (Audited)
Total retained earnings		
Realised	91,947	88,220
Unrealised	41,281	40,319
	133,228	128,539
Less: Consolidation adjustments	(64,951)	(62,484)
Total retained earnings as per statement of financial position	68,277	66,055

27. Profit/(loss) for the period

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

	3 months ended		6 months ended	
	March 31, 2016 RM'000	March 31, 2015 RM'000	March 31, 2016 RM'000	March 31, 2015 RM'000
After charging/(crediting):-				
Depreciation and amortization of non-current assets	5,746	3,995	11,566	7,722
Interest expenses	2,629	1,779	5,167	3,337
Net unrealized loss/(gain) on foreign exchange	33	(11)	167	(88)
Property, plant and equipment written off	19	70	21	70
Net fair value loss/(gain) on derivative financial asset/ liability	5	(39)	(10)	(32)
Deposit written off	1	4	1	4
Gain on disposal of property, plant and equipment	(72)	(25)	(69)	(33)
Interest revenue recognized in profit or loss	(63)	(58)	(151)	(111)
Amortization of deferred revenue	(14)	-	(27)	-
Bad debt written off	-	582	-	582
Agricultural expenditure written off	-	156	-	156
Inventories written off	-	31	-	31
Gain on disposal of asset held for sales	-	(108)	-	(108)
Dividend income	-	(5)	-	(5)

28. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution dated May 24, 2016.