

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

**UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE THIRD QUARTER ENDED**  
**30 JUNE 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 - 20

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

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

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended 30 June		9 months ended 30 June	
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue</b>	<b>9</b>	<b>272,075</b>	<b>232,420</b>	<b>793,430</b>	<b>628,905</b>
Cost of sales		(244,513)	(208,260)	(725,271)	(581,697)
<b>Gross profit</b>		<b>27,562</b>	<b>24,160</b>	<b>68,159</b>	<b>47,208</b>
Other income		2,664	2,795	7,901	7,014
Distribution costs		(7,695)	(5,868)	(22,874)	(17,336)
Administrative expenses		(8,927)	(6,159)	(27,043)	(17,329)
Other expenses		(63)	(108)	(150)	(204)
<b>Profit from operations</b>	<b>9</b>	<b>13,541</b>	<b>14,820</b>	<b>25,993</b>	<b>19,353</b>
Investment revenue		130	178	422	460
Other gains and losses		(380)	(224)	(884)	(492)
Finance costs		(2,740)	(2,608)	(8,390)	(6,365)
<b>Profit before taxation</b>		<b>10,551</b>	<b>12,166</b>	<b>17,141</b>	<b>12,956</b>
Tax expenses	19	(3,186)	(2,797)	(5,000)	(4,618)
<b>Profit for the period</b>	<b>27</b>	<b>7,365</b>	<b>9,369</b>	<b>12,141</b>	<b>8,338</b>
Items that will be reclassified subsequently to profit or loss:					
Exchange difference on translating foreign operations		871	707	(1,144)	672
Other comprehensive income/(loss) for the period, net of tax		871	707	(1,144)	672
<b>Total comprehensive income for the period</b>		<b>8,236</b>	<b>10,076</b>	<b>10,997</b>	<b>9,010</b>
<b>Profit attributable to:</b>					
Owners of the Company		5,229	7,983	7,226	7,245
Non-controlling interests		2,136	1,386	4,915	1,093
		7,365	9,369	12,141	8,338
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		5,661	8,329	6,664	7,556
Non-controlling interests		2,575	1,747	4,333	1,454
		8,236	10,076	10,997	9,010
<b>Basic earnings per ordinary share (sen)</b>	<b>25</b>	<b>3.06</b>	<b>5.61</b>	<b>4.58</b>	<b>5.36</b>
<b>Diluted earnings per ordinary share (sen)</b>	<b>25</b>	<b>2.57</b>	<b>4.70</b>	<b>3.76</b>	<b>4.88</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, 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 30 June 2016 RM'000 (Unaudited)	As at 30 September 2015 RM'000 (Audited)
	Note		
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		268,589	266,684
Investment properties		71,443	71,257
Other intangible asset		12,740	13,673
Prepaid lease payments on leasehold land		9,536	9,106
Goodwill		6,219	6,219
Other financial asset		260	260
Agricultural development expenditure		40	37
Deferred tax assets		1	22
<b>Total non-current assets</b>		<b>368,828</b>	<b>367,258</b>
<b>Current Assets</b>			
Inventories		51,913	49,411
Trade and other receivables		113,611	106,908
Derivative financial asset	22	3	-
Current tax assets		1,326	769
Other assets		22,377	7,715
Short-term deposits with licensed banks		7,894	9,032
Cash and bank balances		45,002	28,536
		242,126	202,371
Non-current assets classified as held for sale		125	125
<b>Total current assets</b>		<b>242,251</b>	<b>202,496</b>
<b>TOTAL ASSETS</b>		<b>611,079</b>	<b>569,754</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		85,970	75,322
Treasury shares		(69)	(69)
Reserves		65,920	42,857
Retained earnings	26	73,590	66,055
Equity attributable to owners of the Company		225,411	184,165
Non-controlling interests		48,768	45,203
<b>Total Equity</b>		<b>274,179</b>	<b>229,368</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	21	74,960	80,786
Deferred tax liabilities		16,844	17,653
Deferred revenue		101	133
<b>Total non-current liabilities</b>		<b>91,905</b>	<b>98,572</b>

(FORWARD)

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

		As at 30 June 2016 RM'000 (Unaudited)	As at 30 September 2015 RM'000 (Audited)
<b>CURRENT LIABILITIES</b>			
Trade and other payables		132,400	126,751
Borrowings	21	109,860	112,342
Deferred revenue		40	55
Derivative financial liability	22	3	15
Current tax liabilities		2,692	2,651
<b>Total current liabilities</b>		244,995	241,814
<b>TOTAL LIABILITIES</b>		336,900	340,386
<b>TOTAL EQUITY AND LIABILITIES</b>		611,079	569,754
Net assets per share of RM0.50 each attributable to ordinary equity holders of the parent company (RM)		1.31	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)

Nine (9) Months Ended June 30, 2016

	←----- 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, 2015</b>	75,322	(69)	4,240	37,047	1,570	66,055	184,165	45,203	229,368
Profit for the period	-	-	-	-	-	7,226	7,226	4,915	12,141
Other comprehensive loss	-	-	-	-	(562)	-	(562)	(582)	(1,144)
Total comprehensive (loss)/income for the period	-	-	-	-	(562)	7,226	6,664	4,333	10,997
Exercise of share warrants for 6,232,750 new ordinary shares of RM0.50 each at RM0.55 per ordinary share	3,116	-	312	-	-	-	3,428	-	3,428
Private placement of 15,064,400 new ordinary shares of RM0.50 each at RM2.07 per ordinary share	7,532	-	23,651	-	-	-	31,183	-	31,183
Transfer to retained earnings	-	-	-	(338)	-	338	-	-	-
Subscription of shares by non-controlling interests in subsidiary	-	-	-	-	-	-	-	-*	-*
Decrease in non-controlling interest arising from purchase of shares from non-controlling interest in a subsidiary	-	-	-	-	-	(29)	(29)	(348)	(377)
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	(420)	(420)
<b>Balance as at June 30, 2016</b>	<b>85,970</b>	<b>(69)</b>	<b>28,203</b>	<b>36,709</b>	<b>1,008</b>	<b>73,590</b>	<b>225,411</b>	<b>48,768</b>	<b>274,179</b>

\*Negligible  
(FORWARD)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)**  
(The figures have not been audited)

Nine (9) Months Ended June 30, 2015

	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, 2014</b>	65,890	(69)	71	37,610	(35)	48,928	152,395	21,205	173,600
Profit for the period	-	-	-	-	-	7,245	7,245	1,093	8,338
Other comprehensive income	-	-	-	-	311	-	311	361	672
Total comprehensive income for the period	-	-	-	-	311	7,245	7,556	1,454	9,010
Allotment of 9,214,514 new ordinary shares of RM0.50 each at RM0.90 per ordinary share in exchange for shares in a subsidiary	4,607	-	3,686	-	-	-	8,293	-	8,293
Exercise of share warrants for 9,650,375 new ordinary shares of RM0.50 each at RM0.55 per ordinary share	4,825	-	483	-	-	-	5,308	-	5,308
Transfer to retained earnings	-	-	-	(422)	-	422	-	-	-
Additional non-controlling interests arising on the acquisition of a subsidiary	-	-	-	-	-	-	-	9,769	9,769
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)
<b>Balance as at June 30, 2015</b>	<b>75,322</b>	<b>(69)</b>	<b>4,240</b>	<b>37,188</b>	<b>276</b>	<b>56,595</b>	<b>173,552</b>	<b>34,557</b>	<b>208,109</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, 2015 and the accompanying explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	9 months ended June 30, 2016 RM'000 (Unaudited)	9 months ended June 30, 2015 RM'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	12,141	8,338
Adjustments for:		
Depreciation and amortization of non-current assets	17,269	12,082
Interest expenses	7,665	5,690
Tax expenses recognized in profit or loss	5,000	4,618
Property, plant and equipment written off	124	87
Net unrealized loss/(gain) on foreign exchange	76	(84)
Inventories written off	14	291
Deposit written off	1	4
Interest revenue recognized in profit or loss	(359)	(167)
Gain on disposal of property, plant and equipment	(103)	(42)
Amortization of deferred revenue	(40)	(4)
Net fair value gain on derivative financial asset/ liability	(15)	(8)
Bad debt recovery	(2)	-
Bad debt written off	-	582
Agricultural expenditure written off	-	156
Gain on disposal of assets held for sale	-	(108)
Dividend Income	-	(5)
	41,771	31,430
Movement in working capital:		
Inventories	(2,623)	(10,032)
Trade and other receivables	(7,585)	(24,497)
Other assets	(14,749)	315
Trade and other payables	6,015	21,853
Cash generated from operations	22,829	19,069
Interest received	147	20
Interest paid	(7,614)	(5,701)
Net of income tax paid and refunded	(6,240)	(3,577)
Net cash generated from operating activities	9,122	9,811
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	212	135
Proceeds from disposal of property, plant and equipment	177	858
Payments for property, plant and equipment, investment properties and prepaid land lease	(13,993)	(66,610)
Payment for purchase of shares from non-controlling interest in a subsidiary	(377)	-
Payments for agricultural expenditure	(8)	(27)
Payment for other investment	-*	-
Proceeds from disposal of non-current assets classified as held for sale	-	819
Dividend received	-	5
Net cash outflow on acquisition of a subsidiary	-	(6,915)
Net cash used in investing activities	(13,989)	(71,735)

(FORWARD)

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

	9 months ended June 30, 2016 RM'000 (Unaudited)	9 months ended June 30, 2015 RM'000 (Unaudited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from private placement	31,183	-
Proceeds from issuing of shares for share warrants exercised	3,428	5308
Advance from directors	60	69
Proceeds from issuing of shares to non-controlling interests in a subsidiary	-*	2,254
Net change in long-term loans	(5,309)	51,720
Net change in hire-purchase	(4,967)	(5,399)
Net change in short-term borrowings	(4,684)	15,709
Dividend paid to non-controlling interests of a subsidiary	(420)	(125)
Short-term deposits pledged as security	(256)	(1,329)
Repayment to non-controlling interests in a subsidiary	-	(1,697)
Net cash generated from financing activities	19,035	66,510
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>14,168</b>	<b>4,586</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>30,018</b>	<b>13,325</b>
Effect of foreign exchange rate changes	(303)	207
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>43,883</b>	<b>18,118</b>
<b>REPRESENTED BY:-</b>		
Short-term deposits with licensed banks	7,894	7,998
Cash and bank balances	45,002	19,114
Bank overdrafts classified as cash equivalents	(2,261)	(1,713)
	50,635	25,399
Less: Short-term deposits pledged as security	(6,752)	(7,281)
	43,883	18,118

\* 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 THIRD QUARTER ENDED JUNE 30, 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 <sup>(c)</sup>
FRS 14	Regulatory Deferral Accounts <sup>(a)</sup>
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 <sup>(c)</sup>
Amendments to FRS 10 and FRS128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>(d)</sup>
Amendments to FRS 10, FRS 12 and FRS128	Investment Entities: Applying the Consolidation Exception <sup>(a)</sup>
Amendments to FRS 11	Accounting for acquisitions of interest in Joint Operations <sup>(a)</sup>
Amendments to FRS 101	Presentation of Financial Statement (Amendment relating to disclosure initiative) <sup>(a)</sup>
Amendments to FRS 107	Statement of Cash Flows (Amendment relating to disclosure initiative) <sup>(b)</sup>
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses <sup>(b)</sup>
Amendment to FRS 116 and FRS 138	Clarification to acceptable methods of depreciation and amortization <sup>(a)</sup>
Amendment to FRS 116 and FRS 141	Agriculture: Bearer Plants <sup>(a)</sup>
Amendments to FRSs contained in the document entitled Annual Improvements 2012- 2014 cycle	<sup>(a)</sup>

<sup>(a)</sup> Effective for annual period s beginning on or after January 1, 2016

<sup>(b)</sup> Effective for annual period s beginning on or after January 1, 2017

<sup>(c)</sup> Effective for annual period s beginning on or after January 1, 2018

<sup>(d)</sup> 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 June 30, 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 June 30, 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 period ended June 30, 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))	6,232,750
Private placement (refer to Note 20 (b))	15,064,400
Issued and paid up capital including treasury shares as at June 30, 2016	<u>171,941,139</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 June 30, 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
<b>Three (3) Months ended June 30, 2016</b>								
Segment revenue								
External revenue	-	228,794	30,994	11,538	39	710	-	272,075
Inter-segment revenue	77	6,349	19	577	1	218	(7,241)	-
Total revenue	77	235,143	31,013	12,115	40	928	(7,241)	272,075
Segment results	(586)	14,655	137	129	(246)	(68)	(480)	13,541
<b>Nine (9) Months ended June 30, 2016</b>								
Segment revenue								
External revenue	-	659,900	94,195	36,563	249	2,523	-	793,430
Inter-segment revenue	240	20,904	60	1,949	1	622	(23,776)	-
Total revenue	240	680,804	94,255	38,512	250	3,145	(23,776)	793,430
Segment results	(1,515)	27,216	346	876	(541)	(272)	(117)	25,993
<b>As at June 30, 2016</b>								
Segment assets	82,589	543,175	27,177	38,065	6,324	3,367	(98,839)	601,858
Interest revenue producing assets								7,894
Income tax assets								1,327
<b>Consolidated total assets</b>								<b>611,079</b>
Segment liabilities	169	108,846	19,061	3,984	186	303	(5)	132,544
Borrowings								184,820
Income tax liabilities								19,536
<b>Consolidated total liabilities</b>								<b>336,900</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 June 30, 2015</b>								
Segment revenue								
External revenue	-	186,704	34,619	10,176	21	900	-	232,420
Inter-segment revenue	233	7,182	3	671	-	196	(8,285)	-
Total revenue	233	193,886	34,622	10,847	21	1,096	(8,285)	232,420
Segment results	(76)	15,622	(103)	253	(228)	(41)	(607)	14,820
<b>Nine (9) Months ended June 30, 2015</b>								
Segment revenue								
External revenue	-	485,833	104,962	33,014	1,854	3,242	-	628,905
Inter-segment revenue	233	22,137	29	2,138	5	604	(25,146)	-
Total revenue	233	507,970	104,991	35,152	1,859	3,846	(25,146)	628,905
Segment results	(834)	18,638	164	1,630	(92)	185	(338)	19,353
<b>As at June 30, 2015</b>								
Segment assets	71,132	477,734	29,446	33,835	6,968	3,732	(93,974)	528,873
Interest revenue producing assets								7,998
Income tax assets								1,383
<b>Consolidated total assets</b>								<b>538,254</b>
Segment liabilities	45	96,014	21,906	3,113	267	163	(5)	121,503
Borrowings								191,509
Income tax liabilities								17,133
<b>Consolidated total liabilities</b>								<b>330,145</b>

(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, 2016		Nine (9) Months ended June 30, 2016	
	RM'000	%	RM'000	%
Revenue				
By Geographical Locations				
Malaysia	227,854	83.75%	663,010	83.56%
Singapore	43,928	16.14%	129,381	16.31%
Pakistan	216	0.08%	722	0.09%
Others	77	0.03%	317	0.04%
Consolidated	<u>272,075</u>	<u>100.0%</u>	<u>793,430</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, 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 below:

- i) 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. Subsequently on June 30, 2016, the Company acquired the remaining 49 shares in CABG for a total consideration of RM49.00. In consequent thereof, CABG became a 100% owned subsidiary of the Company.
- ii) On May 12, 2016, CAB Cakaran Sdn Bhd ("CABC"), a wholly-owned subsidiary of the Company, increased its issued and fully paid up share capital from 10,000,000 ordinary shares of RM1 each to 15,000,000 ordinary shares of RM1 each. The Company subscribed for the entire additional 5,000,000 ordinary shares of RM1 each in CAB Cakaran Sdn Bhd, by way of cash injection. Accordingly, the Company's equity interest in CABC remains unchanged.
- iii) On June 22, 2016, Tong Huat Poultry Processing Factory Pte Ltd ("THPP"), a 51% owned subsidiary of the Company and Likes Marketing Sdn Bhd ("LMSB"), a wholly-owned subsidiary of the Company subscribed for the following ordinary shares of Singapore Dollar (SGD) 1.00 each in EC Grocer Pte Ltd ("ECG"), a newly incorporated company in Singapore under the Singapore Company Act, Cap 50:

(FORWARD)

## 12. Changes in the composition of the Group (Con't)

Name of subscriber	No. of subscriber shares	Percentage (%)	Consideration (SGD)
THPP	50	50	50
LMSB	10	10	10
Chua Tuan Gu	40	40	40
Total	100	100	100

Consequent thereto, ECG became a 50% owned subsidiary of THPP. The Company effectively hold 35.5% equity interest in ECG.

- iv) On May 4, 2016, CAB Cakaran Sdn Bhd (“CABC”), a wholly-owned subsidiary of the Company, purchased 30,200 ordinary shares of RM1 each, representing 3.02% equity interest in Jaya Gading Farm Sdn Bhd (“JGF”), a 55% owned subsidiary of CABC, from the non-controlling interest for total purchase consideration of RM376,896. Upon completion of the aforesaid purchase transaction, JGF became a 58.02% owned subsidiary of the Company.

## 13. Changes in contingent liabilities and assets

As at June 30, 2016, the Company had issued corporate guarantees of RM347.50 million (June 30, 2015: RM268.79 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, 2016 are as follows:-

	RM'000
Property, plant and equipment:	
Approved and contracted for	45,662
Authorised but not contracted for	6,459
	<u>52,121</u>

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED JUNE 30, 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 third quarter ended June 30, 2016, the Group recorded revenue of RM272.08 million, representing an increase of about 17.06% over the prior year corresponding quarter's revenue of RM232.42 million. The higher revenue in the current quarter was due to the increase in sales of the integrated poultry farming and processing division. Despite the higher revenue, the Group recorded a lower profit from operations of RM13.54 million due to the lower margin achieved by most of the divisions in the Group.

The higher Group revenue was attributed mainly to the better sales achieved by the integrated poultry farming and processing division which was attributed to the inclusion of the results of the two subsidiaries in Singapore which were acquired in June 2015. Although the inclusion of the two subsidiaries in Singapore has contributed positively to the integrated poultry farming and processing division result, this division still recorded a lower profit from operations due to the lower average selling price of broilers in Malaysia of RM4.50 per kg as compared to RM4.75 per kg in the prior year corresponding quarter.

The supermarket division recorded a lower revenue 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 spite of the decrease in revenue, the supermarket division recorded a better result of RM0.14 million in the current quarter as compared to a loss in the corresponding quarter. This was due to the higher margin achieved by most of its outlets.

In spite of the value added food products manufacturing and trading division recording a higher revenue of RM12.12 million, the profit from operations was lower at RM0.13 million in the current quarter. This was partly attributed to the inclusion of the losses incurred by a newly incorporated company in Singapore due to the initial high start up cost.

The marine products division recorded a higher loss from operations of RM0.25 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 before taxation for the current quarter and preceding quarter is summarised as follows:-

	<b>2016</b> <b>Quarter 3</b> <b>RM'000</b> (Unaudited)	<b>2016</b> <b>Quarter 2</b> <b>RM'000</b> (Unaudited)	<b>Variance</b> <b>RM'000</b>	<b>%</b>
Revenue	272,075	267,651	4,424	1.65
Profit before taxation	10,551	10,431	120	1.15

For the current quarter ended June 30, 2016, 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 attributed to both the higher demand for chicks and feeds.

The higher profit before tax during the third quarter was mainly due to the better result achieved by the two subsidiaries in Singapore.

## 17. Commentary on prospects

The Group is expected to improve on its overall performance in the next quarter as the integrated poultry farming and processing division will continue to spearhead the growth in revenue and profits. Due to the shortage in the supply of chicken in both the local market as well as in the major producing countries such as Thailand and Brazil, the local price of broiler has increased significantly. This shortage situation is compounded with the recent ban on the importation of chicken from China due to the outbreak of Avian Flu. Although the price of feed has increased in recent months due to the shortage of raw materials such as corn and soybean, it will not have a negative material effect on the performance of the division as the higher cost is more than offset by the current high price of broilers. We expect this situation to continue until the end of the year.

The performance of the supermarket division will continue to show modest improvement given the current difficult trading condition. The division will undertake selective promotional activities to increase sales and with better control over operational expenses, the profit margin can be improved.

Although the value added food products manufacturing and trading division is expected to show improvement in its performance over the last quarter, its contribution to the Group will not be significant. The existing poor market sentiment coupled with the increased in the cost of raw materials contributed to the erosion of profit margin. Efforts are being undertaken by the management to improve production efficiency and reduce operating cost.

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		9 months ended	
	30.06.16 RM'000	30.06.15 RM'000	30.06.16 RM'000	30.06.15 RM'000
Current taxation				
- Current	2,479	2,938	5,637	4,888
- Prior year	168	(239)	139	(250)
	<u>2,647</u>	<u>2,699</u>	<u>5,776</u>	<u>4,638</u>
Deferred taxation	539	98	(776)	(20)
	<u>3,186</u>	<u>2,797</u>	<u>5,000</u>	<u>4,618</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.

(FORWARD)



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

### a) Warrants (Cont'd)

As at June 30, 2016 a total of 15,883,125 warrants as below have been converted into shares.

Date of allotment	No. of Warrants exercised	Proceed (RM)	Listing Date
In Financial year ended 2015	9,650,375	5,307,706	
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
08/04/2016	43,000	23,650	12/04/2016
27/04/2016	69,200	38,060	29/04/2016
03/04/2016	60,000	33,000	05/05/2016
11/05/2016	10,000	5,500	16/05/2016
24/05/2016	3,000	1,650	27/05/2016
01/06/2016	11,800	6,490	03/06/2016
07/06/2016	62,000	34,100	10/06/2016
14/06/2016	79,700	43,835	16/06/2016
23/06/2016	30,000	16,500	27/06/2016
30/06/2016	20,000	11,000	04/07/2016
	15,883,125	8,735,719	

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

As at June 30, 2016, the number of outstanding unexercised warrants is 49,897,325.

### 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 ("BMSB") 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 BMSB on April 7, 2016.

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

The gross proceeds from the private placement was amounted to RM31.18 million. The status of the utilization of the proceeds from the private placement as at June 30, 2016 is as follows:

Purposes	Proposed utilization RM'000	Revised utilization RM'000	Actual utilization RM'000	Balance RM'000	Estimated timeframe for use from the placement date
(i) Repayment of bank borrowings	10,000	10,000	10,000	-	Within 12 months
(ii) Working capital	20,783	20,868*	13,262	7,606	Within 12 months
(iii) Estimated placement expenses	400	315*	315	-	Upon Completion
Total gross proceeds	31,183	31,183	23,577	7,606	

\* The actual placement expenses were lower than the estimated. As such, the unutilized balance of proceeds of RM85,000 allocated for listing expenses was utilized for working capital of the Group as at June 30, 2016

(FORWARD)

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

### c) Corporate proposals not completed

There were no corporate proposals announced but not completed in the current quarter ended June 30, 2016 and up to the date of this interim financial report save as below.

- i) 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.
- ii) 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.

Subsequently on June 3, 2016, the Company has executed a letter to terminate the proposed acquisition of FBF's assets with FBF. And together with Tong Huat Poultry Processing Factory Pte Ltd, a 51% owned subsidiary of the Company, Plant Wealth Holdings Limited and Brighton Property Pte Ltd, the Company entered into a conditional share sale agreement with Farm's Best Berhad to acquire the entire 50,000,000 ordinary shares of FBF for an indicative purchase consideration RM9.45 million.

## 21. Group borrowings and debt securities

The Group's total bank borrowings as at June 30, 2016 are as follows:-

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b>Short-term borrowings:</b>			
Bankers' acceptances	70,905	19,942	90,847
Hire purchase payables	8,799	-	8,799
Term loans	7,630	-	7,630
Bank overdrafts	2,584	-	2,584
Sub-total	89,918	19,942	109,860
<b>Long-term borrowings:</b>			
Term loans	61,313	-	61,313
Hire purchase payables	13,647	-	13,647
Sub-total	74,960	-	74,960
<b>Total borrowings</b>	<b>164,878</b>	<b>19,942</b>	<b>184,820</b>

The foreign currency exposure profile of borrowings is as follow:

	<b>RM'000</b>
Ringgit Malaysia	183,799
Singapore Dollar	1,021
	<b>184,820</b>

## 22. Derivative financial instruments

The derivative financial asset/(liability) as at June 30, 2016 are carried at fair value through profit or loss as follows:

(FORWARD)

## 22. Derivative financial instruments (Cont'd)

Financial instruments	Contracted Amount RM'000	Net Fair Value Gain/(Loss) RM'000
Forward Foreign Exchange Contracts:		
Sales Contracts - Less than 1 year	162	3
Sales Contracts - Less than 1 year	102	(3)

For the quarter ended June 30, 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 June 30, 2016.

## 25. Basic earnings per ordinary share

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

	Current Period Quarter June 30, 2016	Prior Period Quarter June 30, 2015	Current Year To Date June 30, 2016	Preceding Year Corresponding Year June 30, 2015
Net profit attributable to shareholders (RM'000)	5,229	7,983	7,226	7,245
Weighted average number of shares				
a) Basic				
Weighted average number of ordinary shares in issue ('000)	170,872	142,208	157,822	135,110
b) Diluted				
Weighted average number of ordinary shares in issue ('000)	170,872	142,208	157,822	135,110
Adjustment for assumed exercised of Warrant ('000)	32,761	27,633	34,393	13,479
Adjusted weighted average number of ordinary shares ('000)	203,633	169,841	192,215	148,589
Basic earnings per ordinary share (sen)	3.06	5.61	4.58	5.36
Diluted earnings per ordinary share (sen)	2.57	4.70	3.76	4.88

## 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, 2016 RM'000 (Unaudited)	As At September 30, 2015 RM'000 (Audited)
Total retained earnings		
Realised	100,538	88,220
Unrealised	40,793	40,319
	141,331	128,539
Less: Consolidation adjustments	(67,741)	(62,484)
Total retained earnings as per statement of financial position	73,590	66,055

## 27. Profit for the period

Profit for the period has been arrived at:

	3 months ended		6 months ended	
	June 30, 2016 RM'000	June 30, 2015 RM'000	June 30, 2016 RM'000	June 30, 2015 RM'000
<b>After charging/(crediting):-</b>				
Depreciation and amortization of non-current assets	5,703	4,360	17,269	12,082
Interest expenses	2,498	2,353	7,665	5,690
Property, plant and equipment written off	103	17	124	87
Inventories written off	14	260	14	291
Interest revenue recognized in profit or loss	(208)	(56)	(359)	(167)
Net unrealized loss/(gain) on foreign exchange	(91)	4	76	(84)
Gain on disposal of property, plant and equipment	(34)	(9)	(103)	(42)
Amortization of deferred revenue	(13)	(4)	(40)	(4)
Net fair value loss/(gain) on derivative financial asset/ liability	(5)	24	(15)	(8)
Bad debt recovery	(2)	-	(2)	-
Deposit written off	-	-	1	4
Bad debt written off	-	-	-	582
Agricultural expenditure written off	-	-	-	156
Gain on disposal of asset held for sales	-	-	-	(108)
Dividend income	-	-	-	(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 26, 2016.