

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED
30 SEPTEMBER 2016

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended 30 September		12 months ended 30 September	
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenue	9	307,875	262,787	1,101,305	891,692
Cost of sales		(269,464)	(236,131)	(994,735)	(817,828)
Gross profit		38,411	26,656	106,570	73,864
Other income		3,061	2,626	10,962	9,640
Distribution costs		(5,787)	(7,549)	(28,661)	(24,885)
Administrative expenses		(8,988)	(8,164)	(36,031)	(25,493)
Other expenses		(198)	(118)	(348)	(322)
Profit from operations	9	26,499	13,451	52,492	32,804
Investment revenue		130	146	552	606
Other gains and losses		5,642	5,631	4,758	5,139
Finance costs		(2,701)	(2,898)	(11,091)	(9,263)
Profit before taxation		29,570	16,330	46,711	29,286
Tax expenses	19	(5,754)	(3,725)	(10,754)	(8,343)
Profit for the period/year	27	23,816	12,605	35,957	20,943
Items that will be reclassified subsequently to profit or loss:					
Exchange difference on translating foreign operations		652	2,434	(492)	3,106
Other comprehensive income/(loss) for the period/year, net of tax		652	2,434	(492)	3,106
Total comprehensive income for the period/year		24,468	15,039	35,465	24,049
Profit attributable to:					
Owners of the Company		18,772	8,796	25,998	16,041
Non-controlling interests		5,044	3,809	9,959	4,902
		23,816	12,605	35,957	20,943
Total comprehensive income attributable to:					
Owners of the Company		19,094	10,091	25,758	17,647
Non-controlling interests		5,374	4,948	9,707	6,402
		24,468	15,039	35,465	24,049
Basic earnings per ordinary share (sen)	25	10.85	5.85	16.09	11.54
Diluted earnings per ordinary share (sen)	25	9.04	4.98	13.29	10.25

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 September 2016	As at 30 September 2015
	RM'000	RM'000
Note	(Unaudited)	(Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	318,584	266,684
Investment properties	78,409	71,257
Other intangible asset	12,499	13,673
Prepaid lease payments on leasehold land	9,473	9,106
Goodwill	6,219	6,219
Other financial asset	715	260
Agricultural development expenditure	41	37
Deferred tax assets	15	22
Total non-current assets	425,955	367,258
Current Assets		
Inventories	52,231	49,411
Trade and other receivables	128,817	106,908
Current tax assets	409	769
Other assets	14,710	7,715
Short-term deposits with licensed banks	36,014	9,032
Cash and bank balances	33,828	28,536
	266,009	202,371
Non-current assets classified as held for sale	125	125
Total current assets	266,134	202,496
TOTAL ASSETS	692,089	569,754
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	87,583	75,322
Treasury shares	(69)	(69)
Reserves	66,374	42,857
Retained earnings	92,391	66,055
Equity attributable to owners of the Company	246,279	184,165
Non-controlling interests	54,142	45,203
Total Equity	300,421	229,368
NON-CURRENT LIABILITIES		
Borrowings	103,132	80,786
Deferred tax liabilities	18,425	17,653
Deferred revenue	106	133
Total non-current liabilities	121,663	98,572

(FORWARD)

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

		As at 30 September 2016 RM'000 (Unaudited)	As at 30 September 2015 RM'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables		145,946	126,751
Borrowings	21	119,216	112,342
Deferred revenue		50	55
Derivative financial liability	22	8	15
Current tax liabilities		4,785	2,651
Total current liabilities		270,005	241,814
TOTAL LIABILITIES		391,668	340,386
TOTAL EQUITY AND LIABILITIES		692,089	569,754
Net assets per share of RM0.50 each attributable to ordinary equity holders of the parent company (RM)		1.41	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)

Twelve (12) Months Ended September 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			
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 year	-	-	-	-	-	25,998	25,998	9,959	35,957
Other comprehensive loss	-	-	-	-	(240)	-	(240)	(252)	(492)
Total comprehensive (loss)/income for the year	-	-	-	-	(240)	25,998	25,758	9,707	35,465
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
Exercise of share warrants for 9,457,250 new ordinary shares of RM0.50 each at RM0.55 per ordinary share	4,729	-	473	-	-	-	5,202	-	5,202
Transfer to retained earnings	-	-	-	(359)	-	359	-	-	-
Realisation of property revaluation reserve upon written off of revalued properties	-	-	-	(8)	-	8	-	-	-
Decrease in non-controlling interest arising from purchase of shares from non-controlling interests in a subsidiary	-	-	-	-	-	(29)	(29)	(348)	(377)
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	(420)	(420)
Subscription of shares by non-controlling interests in a subsidiary	-	-	-	-	-	-	-	_*	_*
Balance as at September 30, 2016	87,583	(69)	28,364	36,680	1,330	92,391	246,279	54,142	300,421

*Negligible
(FORWARD)

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

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

Twelve (12) Months Ended September 30, 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	(36)	48,929	152,395	21,205	173,600
Profit for the year	-	-	-	-	-	16,041	16,041	4,902	20,943
Other comprehensive income	-	-	-	-	1,606	-	1,606	1,500	3,106
Total comprehensive income for the year	-	-	-	-	1,606	16,041	17,647	6,402	24,049
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
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
Transfer to retained earnings	-	-	-	(563)	-	563	-	-	-
Disposal of partial interests in a subsidiary	-	-	-	-	-	522	522	(522)	-
Additional non-controlling interests arising on the acquisition of subsidiaries	-	-	-	-	-	-	-	14,679	14,679
Subscription of shares by non-controlling interests in a subsidiaries	-	-	-	-	-	-	-	3,564	3,564
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	(125)	(125)
Balance as at September 30, 2015	75,322	(69)	4,240	37,047	1,570	66,055	184,165	45,203	229,368

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

	12 months ended September 30, 2016 RM'000 (Unaudited)	12 months ended September 30, 2015 RM'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	35,957	20,943
Adjustments for:		
Depreciation and amortization of non-current assets	23,071	17,737
Tax expenses recognized in profit or loss	10,754	8,343
Interest expenses	10,149	8,307
Impairment loss recognized on receivables	1,178	485
Net unrealized loss/(gain) on foreign exchange	309	(67)
Property, plant and equipment written off	220	123
Bad debt written off	58	530
Inventories written down	20	-
Inventories written off	14	291
Impairment loss recognized on property, plant and equipment	5	43
Deposit written off	1	151
Gain on fair value adjustment of investment properties	(6,955)	(6,443)
Interest revenue recognized in profit or loss	(595)	(341)
Reversal of impairment loss recognized on receivables	(439)	(248)
Gain on disposal of property, plant and equipment	(55)	(86)
Amortization of deferred revenue	(54)	(22)
Bad debt recovery	(23)	-
Net fair value (gain)/loss on derivative financial liability	(6)	4
Dividend income	(5)	(5)
Agricultural development expenditure written off	-	156
Gain on disposal of assets held for sale	-	(108)
	73,604	49,793
Movement in working capital:		
Inventories	(2,923)	(9,448)
Trade and other receivables	(23,157)	(25,676)
Other assets	(7,054)	(312)
Trade and other payables	19,168	26,658
Deferred revenue	26	50
Cash generated from operations	59,664	41,065
Interest received	321	62
Interest paid	(10,068)	(8,310)
Net of income tax paid and refunded	(7,463)	(6,837)
Net cash generated from operating activities	42,454	25,980

(FORWARD)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	12 months ended September 30, 2016 RM'000 (Unaudited)	12 months ended September 30, 2015 RM'000 (Audited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	256	257
Proceeds from disposal of property, plant and equipment	194	684
Dividend received	5	5
Payments for property, plant and equipment, investment properties and prepaid land lease	(68,407)	(73,734)
Payment for other investment	(448)	-
Payment for purchase of shares from non-controlling interests in a subsidiary	(377)	-
Payments for agricultural development expenditure	(11)	(35)
Proceeds on disposal of partial interest in a subsidiary that does not involve loss of control	-	-*
Proceeds from disposal of non-current assets classified as held for sale	-	819
Net cash outflow on acquisition of a subsidiary	-	(6,915)
Payment for intangible assets	-	(638)
Net cash used in investing activities	(68,788)	(79,557)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	31,183	-
Net change in long-term loans	26,506	49,606
Proceeds from issuing of shares for share warrants exercised	5,202	5308
Net change in short-term borrowings	4,232	20,822
Proceeds from issuing of shares to non-controlling interests in a subsidiary	-*	3,564
Net change in hire-purchase payables	(7,528)	(7,478)
Short-term deposits pledged as securities	(2,424)	(543)
Dividend paid to non-controlling interests of a subsidiary	(420)	(125)
Repayment to non-controlling interests in a subsidiary	-	(1,697)
Repayment to directors	-	(11)
Net cash generated from financing activities	56,751	69,446
NET INCREASE IN CASH AND CASH EQUIVALENTS	30,417	15,869
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	30,018	13,325
Effect of foreign exchange rate changes	(47)	824
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	60,388	30,018
REPRESENTED BY:-		
Short-term deposits with licensed banks	36,014	9,032
Cash and bank balances	33,828	28,536
Bank overdrafts classified as cash equivalents	(533)	(1,054)
	69,309	36,514
Less: Short-term deposits pledged as security	(8,921)	(6,496)
	60,388	30,018

* 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 FOURTH QUARTER ENDED
SEPTEMBER 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 ^(c)
FRS 14	Regulatory Deferral Accounts ^(a)
Amendments FRS 2	Classification and Measurement of Share-base Payment Transactions ^(c)
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)
Amendments to FRS 116 and FRS 138	Clarification to acceptable methods of depreciation and amortization ^(a)
Amendments to FRS 116 and FRS 141	Agriculture: Bearer Plants ^(a)
Amendments to FRS127	Equity Method in Separate Financial Statement ^(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 September 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 September 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 year ended September 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))	9,457,250
Private placement (refer to Note 20 (b))	15,064,400
Issued and paid up capital including treasury shares as at September 30, 2016	<u>175,165,639</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 September 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
Three (3) Months ended September 30, 2016								
Segment revenue								
External revenue	-	263,711	29,819	13,664	11	670	-	307,875
Inter-segment revenue	5,112	5,905	(48)	1,708	-	197	(12,874)	-
Total revenue	5,112	269,616	29,771	15,372	11	867	(12,874)	307,875
Segment results	4,561	27,125	174	444	(206)	(84)	(5,515)	26,499
Twelve (12) Months ended September 30, 2016								
Segment revenue								
External revenue	-	923,611	124,014	50,227	260	3,193	-	1,101,305
Inter-segment revenue	5,352	26,809	12	3,657	1	819	(36,650)	-
Total revenue	5,352	950,420	124,026	53,884	261	4,012	(36,650)	1,101,305
Segment results	3,046	54,341	520	1,320	(747)	(356)	(5,632)	52,492
As at September 30, 2016								
Segment assets	92,768	603,461	22,831	38,610	6,237	3,475	(111,731)	655,651
Interest revenue producing assets								36,014
Income tax assets								424
Consolidated total assets								692,089
Segment liabilities	287	126,513	14,011	4,671	234	399	(5)	146,110
Borrowings								222,348
Income tax liabilities								23,210
Consolidated total liabilities								391,668

(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 September 30, 2015								
Segment revenue								
External revenue	-	215,560	35,279	10,890	302	756	-	262,787
Inter-segment revenue	5,087	8,681	3	584	-	196	(14,551)	-
Total revenue	5,087	224,241	35,282	11,474	302	952	(14,551)	262,787
Segment results	4,706	13,229	120	418	(248)	(309)	(4,465)	13,451
Twelve (12) Months ended September 30, 2015								
Segment revenue								
External revenue	-	701,393	140,241	43,904	2,156	3,998	-	891,692
Inter-segment revenue	5,320	30,818	32	2,722	5	800	(39,697)	-
Total revenue	5,320	732,211	140,273	46,626	2,161	4,798	(39,697)	891,692
Segment results	3,872	31,867	284	2,048	(340)	(124)	(4,803)	32,804
As at September 30, 2015								
Segment assets	71,996	504,483	26,387	39,247	7,132	3,454	(92,768)	559,931
Interest revenue producing assets								9,032
Income tax assets								791
Consolidated total assets								569,754
Segment liabilities	93	102,701	19,760	3,740	284	381	(5)	126,954
Borrowings								193,128
Income tax liabilities								20,304
Consolidated total liabilities								340,386

(FORWARD)

9. Segmental information (Cont'd)

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

	Three (3) Months ended September 30, 2016		Twelve (12) Months ended September 30, 2016	
	RM'000	%	RM'000	%
Revenue				
By Geographical Locations				
Malaysia	266,877	86.68%	929,887	84.43%
Singapore	40,005	12.99%	169,386	15.38%
Bangladesh	674	0.22%	674	0.06%
Pakistan	235	0.08%	957	0.09%
Others	84	0.03%	401	0.04%
Consolidated	<u>307,875</u>	<u>100.0%</u>	<u>1,101,305</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 September 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 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 interests for total purchase consideration of RM376,896. Upon completion of the aforesaid purchase transaction, JGF became a 58.02% owned subsidiary of the company.
- iii) 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 CABC, by way of cash injection. Accordingly, the Company's equity interest in CABC remains unchanged.

(FORWARD)

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

- iv) 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:

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.

- v) On September 1, 2016, CAB Amesist Biomass Generation Sdn Bhd (“CABG”) a wholly-owned subsidiary of the Company, increased its issued and fully paid up share capital from 100 ordinary shares of RM1 each to 8,300,000 ordinary shares of RM1 each. The Company subscribed for the entire additional 8,299,900 ordinary shares of RM1 each in CABG, by way of cash injection. Accordingly, the Company’s equity interest in CABG remains unchanged.

13. Changes in contingent liabilities and assets

As at September 30, 2016, the Company had issued corporate guarantees of RM356.34 million (September 30, 2015: RM293.84 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 September 30, 2016 are as follows:-

	RM'000
Property, plant and equipment:	
Approved and contracted for	865
Authorised but not contracted for	6,165
	<u>7,030</u>

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED SEPTEMBER 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 fourth quarter ended September 30, 2016, the Group recorded revenue of RM307.88 million, representing an increase of about 17.16% over the prior year corresponding quarter's revenue of RM262.79 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 higher profit from operations of RM26.50 million due to the better margin achieved by most of the divisions in the Group as compared to RM13.45 million in the prior year corresponding quarter.

The higher Group revenue was attributed mainly to the better sales achieved by the integrated poultry farming and processing division resulting from the increase in the production and sales of broilers as well as the higher trading volumes of feeds. The higher profit margin achieved were due to the higher average selling price of broilers in Malaysia of RM5.32 per kg as compared to RM4.63 per kg in the prior year corresponding quarter. This has contributed significantly to the segment result of the integrated poultry farming and processing division.

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. Despite the decrease in revenue, the supermarket division recorded a better profit from operations of RM0.17 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 tandem with the higher revenue of RM15.37 million, the value added food products manufacturing and trading division recorded a higher profit from operation of RM0.44 million. This was attributed to the higher sales volume and better margin achieved, although the result has been negatively impacted by 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 lower loss from operations of RM0.21 million as compared to the prior year corresponding quarter. The better result was due mainly to income generated from rental.

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:-

	2016 Quarter 4 RM'000 (Unaudited)	2016 Quarter 3 RM'000 (Unaudited)	Variance RM'000	%
Revenue	307,875	272,075	35,800	13.16
Profit before taxation	29,570	10,551	19,019	180.26

For the current quarter ended September 30, 2016, the Group recorded a higher revenue as compared to the preceding quarter due mainly to the higher sales achieved by the integrated poultry farming and processing division resulting from both the higher sales volume and prices of feeds and broilers prevalent during the quarter under review.

The higher profit before tax of the Group was contributed largely by the higher average selling price of broilers as compared to preceding quarter. The inclusion of the gain on fair value adjustment of investment properties amounting to RM7.0 million has further enlarged the Group's profit before taxation.

17. Commentary on prospects

Despite external challenges such as the strengthening of the US Dollar, which is expected to result in higher feed cost, and the softening economy, the management is confident of maintaining the current level of profitability. The integrated poultry farming and processing division will continue to be the main contributor to the Group's revenue and profit. Although operating cost is expected to increase and profit margin being reduced, the profitability of the division will be boosted by growth in capacity with the completion of the acquisition of the breeder and broiler farms from Farm's Best group. The Group expects to increase its broiler output by 2 million to 3 million birds per month with the next 6 months.

The supermarket division will continue to face intense competition amid the current difficult trading condition. The management will take steps to improve operational efficiency and reduce operating costs. This division although profitable is not expected to contribute significantly to Group's profit.

The value added food products manufacturing and trading division is expected to show improvement in its performance as its newly set-up fully cooked section is expected to contribute positively to the division's profitability. However, sales of its traditional value-added products such as frankfurters and nuggets are not expected to show positive growth given the current market sentiment.

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		12 months ended	
	30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Current taxation				
- Current	4,171	2,085	9,808	6,973
- Prior year	22	-	161	(250)
	4,193	2,085	9,969	6,723
Deferred taxation	1,561	1,640	785	1,620
	5,754	3,725	10,754	8,343

For the current quarter under review, the Group's effective tax rate is lower than the statutory tax rate in Malaysia due mainly to the applicable domestic statutory income tax rates for subsidiaries operating in the jurisdictions of Republic of Singapore is 17%.

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 September 30, 2016 a total of 19,107,625 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
15/07/2016	75,600	41,580	21/07/2016
22/07/2016	26,000	14,300	26/07/2016
28/07/2016	76,000	41,800	01/08/2016
03/08/2016	200,100	110,055	05/08/2016
10/08/2016	406,300	223,465	12/08/2016
15/08/2016	1,047,000	575,850	17/08/2016
22/08/2016	120,000	66,000	24/08/2016
30/08/2016	170,700	93,885	02/09/2016
07/09/2016	153,000	84,150	09/09/2016
19/09/2016	115,000	63,250	21/09/2016
22/09/2016	210,000	115,500	26/09/2016
27/09/2016	322,400	177,320	26/09/2016
30/09/2016	302,400	166,320	05/10/2016
	<u>19,107,625</u>	<u>10,509,194</u>	

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

As at September 30, 2016, the number of outstanding unexercised warrants is 46,672,825.

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.

(FORWARD)

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

b) Private Placement (Cont'd)

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 September 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*	20,868	-	Within 12 months
(iii) Estimated placement expenses	400	315*	315	-	Upon Completion
Total gross proceeds	<u>31,183</u>	<u>31,183</u>	<u>31,183</u>	-	

* 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 September 30, 2016

c) Corporate proposals not completed

There were no corporate proposals announced but not completed in the current quarter ended September 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 and November 25, 2016, the Company had executed letters of termination to terminate the proposed acquisition of FBF's and SBSB's assets. In lieu thereof the Company had:

- a) On June 3, 2016, the Company 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 had entered into a conditional Share Sale Agreement with Farm's Best Berhad to acquire the entire 50,000,000 ordinary shares of FBF for a total purchase consideration of RM13,384,099 (as subsequently adjusted vide announcement dated November 8, 2016). The acquisition has been completed on November 8, 2016 and consequently FBF became a 53.04% owned subsidiary of the Company.
- b) On November 25, 2016, FBF has entered into four conditional sales and purchase agreements with SBSB and Sinmah Multifeed Sdn Bhd for the proposed acquisition of 21 parcels of freehold agricultural lands measuring approximately 200.23 acres together with 6 breeder poultry farms and all equipments erected thereon for a total purchase consideration of RM63 million.

21. Group borrowings and debt securities

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

	Secured RM'000	Unsecured RM'000	Total RM'000
Short-term borrowings:			
Bankers' acceptances	85,110	14,677	99,787
Hire-purchase payables	8,560	-	8,560
Term loans	10,037	-	10,037
Bank overdrafts	832	-	832
Sub-total	104,539	14,677	119,216
Long-term borrowings:			
Term loans	90,721	-	90,721
Hire-purchase payables	12,411	-	12,411
Sub-total	103,132	-	103,132
Total borrowings	207,671	14,677	222,348

The foreign currency exposure profile of borrowings is as follow:

	RM'000
Ringgit Malaysia	221,177
Singapore Dollar	1,171
	<u>222,348</u>

22. Derivative financial instruments

The derivative financial liability as at September 30, 2016 are carried at fair value through profit or loss as follows:

Financial instruments	Contracted Amount RM'000	Net Fair Value Loss RM'000
Forward Foreign Exchange Contracts:		
Sales Contracts - Less than 1 year	324	(8)

For the quarter ended September 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 September 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:-

(FORWARD)

25. Basic earnings per ordinary share (Cont'd)

	Current Period Quarter September 30, 2016	Prior Period Quarter September 30, 2015	Current Year To Date September 30, 2016	Preceding Year Corresponding Year September 30, 2015
Net profit attributable to shareholders (RM'000)	18,772	8,796	25,998	16,041
Weighted average number of shares Diluted				
Weighted average number of ordinary shares in issue ('000)	172,958	150,426	161,620	138,970
Adjustment for assumed exercised of Warrant ('000)	34,737	26,048	33,962	17,474
Adjusted weighted average number of ordinary shares ('000)	207,695	176,474	195,582	156,444
Basic earnings per ordinary share (sen)	10.85	5.85	16.09	11.54
Diluted earnings per ordinary share (sen)	9.04	4.98	13.29	10.25

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 September 30, 2016 RM'000 (Unaudited)	As At September 30, 2015 RM'000 (Audited)
Total retained earnings		
Realised	124,082	88,220
Unrealised	45,477	40,319
	169,559	128,539
Less: Consolidation adjustments	(77,168)	(62,484)
Total retained earnings as per statement of financial position	92,391	66,055

27. Profit for the period/year

Profit for the period/year has been arrived at:

	3 months ended		12 months ended	
	September 30, 2016 RM'000	September 30, 2015 RM'000	September 30, 2016 RM'000	September 30, 2015 RM'000
After charging/(crediting):-				
Depreciation and amortization of non- current assets	5,802	5,655	23,071	17,737
Interest expenses	2,484	2,617	10,149	8,307
Impairment loss recognized on receivables	1,178	485	1,178	485

(FORWARD)

27. Profit for the period/year (Cont'd)

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

	3 months ended		12 months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	RM'000	RM'000	RM'000	RM'000
After charging/(crediting):- (Cont'd)				
Net unrealized loss/(gain) on foreign exchange	233	17	309	(67)
Property, plant and equipment written off	96	36	220	123
Bad debt written off	58	(52)	58	530
Loss/(gain) on disposal of property, plant and equipment	48	(44)	(55)	(86)
Inventories written down	20	-	20	-
Net fair value loss/(gain) on derivative financial liability	9	12	(6)	4
Impairment loss recognised on property, plant and equipment	5	43	5	43
Gain on fair value adjustment of investment properties	(6,955)	(6,443)	(6,955)	(6,443)
Reversal of impairment loss recognized on receivables	(439)	(248)	(439)	(248)
Interest revenue recognized in profit or loss	(236)	(174)	(595)	(341)
Amortization of deferred revenue	(14)	(18)	(54)	(22)
Bad debt recovery	(21)	-	(23)	-
Dividend income	(5)	-	(5)	(5)
Deposit written off	-	147	1	151
Inventories written off	-	-	14	291
Agricultural development expenditure written off	-	-	-	156
Gain on disposal of non-current asset classified as asset held for sales	-	-	-	(108)

28. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution dated November 29, 2016.