

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

**UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE FIRST QUARTER ENDED**  
**31 DECEMBER 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 31 December		3 months ended 31 December	
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue</b>	<b>9</b>	<b>349,546</b>	<b>253,704</b>	<b>349,546</b>	<b>253,704</b>
Cost of sales		(315,294)	(241,872)	(315,294)	(241,872)
<b>Gross profit</b>		<b>34,252</b>	<b>11,832</b>	<b>34,252</b>	<b>11,832</b>
Other income		3,099	2,356	3,099	2,356
Distribution costs		(10,644)	(7,248)	(10,644)	(7,248)
Administrative expenses		(9,580)	(7,525)	(9,580)	(7,525)
Other expenses		(307)	(63)	(307)	(63)
<b>Profit/(loss) from operations</b>	<b>9</b>	<b>16,820</b>	<b>(648)</b>	<b>16,820</b>	<b>(648)</b>
Investment revenue		233	152	233	152
Other gains and losses		(516)	(586)	(516)	(586)
Finance costs		(3,632)	(2,759)	(3,632)	(2,759)
<b>Profit/(loss) before taxation</b>		<b>12,905</b>	<b>(3,841)</b>	<b>12,905</b>	<b>(3,841)</b>
Tax expenses	19	(3,491)	(233)	(3,491)	(233)
<b>Profit/(loss) for the period</b>	<b>27</b>	<b>9,414</b>	<b>(4,074)</b>	<b>9,414</b>	<b>(4,074)</b>
Items that will be reclassified subsequently to profit or loss:					
Exchange difference on translating foreign operations		811	(709)	811	(709)
Other comprehensive income/(loss) for the period, net of tax		811	(709)	811	(709)
<b>Total comprehensive income/(loss) for the period</b>		<b>10,225</b>	<b>(4,783)</b>	<b>10,225</b>	<b>(4,783)</b>
<b>Profit/(loss) attributable to:</b>					
Owners of the Company		7,345	(4,190)	7,345	(4,190)
Non-controlling interests		2,069	116	2,069	116
		9,414	(4,074)	9,414	(4,074)
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the Company		7,733	(4,539)	7,733	(4,539)
Non-controlling interests		2,492	(244)	2,492	(244)
		10,225	(4,783)	10,225	(4,783)
<b>Basic earnings/(loss) per ordinary share (sen)</b>	<b>25</b>	<b>4.16</b>	<b>(2.79)</b>	<b>4.16</b>	<b>(2.79)</b>
<b>Diluted earnings/(loss) per ordinary share (sen)</b>	<b>25</b>	<b>3.57</b>	<b>(2.27)</b>	<b>3.57</b>	<b>(2.27)</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, 2016 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 December 2016	As at 30 September 2016
	RM'000	RM'000
Note	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	384,320	318,585
Investment properties	78,409	78,409
Prepaid lease payments on leasehold land	10,847	9,473
Other intangible asset	12,258	12,499
Goodwill	6,219	6,219
Other financial asset	715	715
Agricultural development expenditure	39	41
Deferred tax assets	15	15
<b>Total non-current assets</b>	<b>492,822</b>	<b>425,956</b>
<b>Current Assets</b>		
Inventories	70,989	52,231
Trade and other receivables	150,521	128,817
Current tax assets	502	409
Other assets	32,509	14,710
Short-term deposits with licensed banks	66,439	36,014
Cash and bank balances	39,579	33,828
	360,539	266,009
Non-current assets classified as held for sale	125	125
<b>Total current assets</b>	<b>360,664</b>	<b>266,134</b>
<b>TOTAL ASSETS</b>	<b>853,486</b>	<b>692,090</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	88,868	87,583
Treasury shares	(69)	(69)
Reserves	66,792	66,374
Retained earnings	99,834	92,391
Equity attributable to owners of the Company	255,425	246,279
Non-controlling interests	63,168	54,142
<b>Total Equity</b>	<b>318,593</b>	<b>300,421</b>
<b>NON-CURRENT LIABILITIES</b>		
Other payables	36,000	-
Borrowings	136,660	103,132
Deferred revenue	94	106
Deferred tax liabilities	23,271	18,426
<b>Total non-current liabilities</b>	<b>196,025</b>	<b>121,664</b>

(FORWARD)

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)**

		As at 31 December 2016	As at 30 September 2015
		RM'000	RM'000
	Note	(Unaudited)	(Audited)
<b>CURRENT LIABILITIES</b>			
Trade and other payables		197,981	145,946
Borrowings	21	134,379	119,216
Deferred revenue		51	50
Derivative financial liability	22	19	8
Current tax liabilities		6,438	4,785
<b>Total current liabilities</b>		<b>338,868</b>	<b>270,005</b>
<b>TOTAL LIABILITIES</b>		<b>534,893</b>	<b>391,669</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>853,486</b>	<b>692,090</b>
Net assets per share of RM0.50 each attributable to ordinary equity holders of the parent company (RM)		1.44	1.41

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, 2016 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)

Three (3) Months Ended December 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		
<b>As at October 1, 2016</b>	87,583	(69)	28,364	36,680	1,330	92,391	246,279	54,142	300,421
Profit for the period	-	-	-	-	-	7,345	7,345	2,069	9,414
Other comprehensive income	-	-	-	-	388	-	388	423	811
Total comprehensive income for the period	-	-	-	-	388	7,345	7,733	2,492	10,225
Exercise of share warrants for 2,569,600 new ordinary shares of RM0.50 each at RM0.55 per ordinary share	1,285	-	128	-	-	-	1,413	-	1,413
Transfer to retained earnings	-	-	-	(98)	-	98	-	-	-
Additional non-controlling interests arising on the acquisition of subsidiary	-	-	-	-	-	-	-	6,534	6,534
Subscription of shares by non-controlling interests in subsidiary	-	-	-	-	-	-	-	-*	-*
<b>Balance as at December 31, 2016</b>	<b>88,868</b>	<b>(69)</b>	<b>28,492</b>	<b>36,582</b>	<b>1,718</b>	<b>99,834</b>	<b>255,425</b>	<b>63,168</b>	<b>318,593</b>

\*Negligible

(FORWARD)

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

Three (3) Months Ended December 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			
<b>As at October 1, 2015</b>	75,322	(69)	4,240	37,047	1,570	66,055	184,165	45,203	229,368
(Loss)/profit for the period	-	-	-	-	-	(4,190)	(4,190)	116	(4,074)
Other comprehensive loss	-	-	-	-	(349)	-	(349)	(360)	(709)
Total comprehensive loss for the period	-	-	-	-	(349)	(4,190)	(4,539)	(244)	(4,783)
Transfer to retained earnings	-	-	-	(112)	-	112	-	-	-
Subscription of shares by non-controlling interests in a subsidiary	-	-	-	-	-	-	-	-*	-*
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	(150)	(150)
<b>Balance as at December 31, 2015</b>	<b>75,322</b>	<b>(69)</b>	<b>4,240</b>	<b>36,935</b>	<b>1,221</b>	<b>61,977</b>	<b>179,626</b>	<b>44,809</b>	<b>224,435</b>

\*Negligible

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, 2016 and the accompanying explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	3 months ended December 31, 2016 RM'000 (Unaudited)	3 months ended December 31, 2015 RM'000 (Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) for the period	9,414	(4,074)
Adjustments for:		
Depreciation and amortization of non-current assets	7,404	5,820
Tax expenses recognized in profit or loss	3,491	233
Interest expenses	3,392	2,538
Net fair value loss/(gain) on derivative financial liability	11	(15)
Property, plant and equipment written off	1	2
Interest revenue recognized in profit or loss	(384)	(88)
Net unrealized (gain)/loss on foreign exchange	(110)	134
Amortization of negative goodwill	(19)	-
Amortization of deferred revenue	(13)	(13)
(Gain)/loss on disposal of property, plant and equipment	(12)	3
	23,175	4,540
Movement in working capital:		
Inventories	(11,902)	(8,153)
Trade and other receivables	(1,523)	(1,915)
Other assets	(16,272)	(983)
Trade and other payables	5,056	6,923
Cash (used in)/generated from operations	(1,466)	412
Interest received	216	8
Interest paid	(3,374)	(2,592)
Net of income tax paid and refunded	(2,301)	(2,426)
Net cash used in operating activities	(6,925)	(4,598)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	138	62
Proceeds from disposal of property, plant and equipment	124	12
Net cash outflow on acquisition of a subsidiary	(6,297)	-
Payments for property, plant and equipment, investment properties and prepaid land lease	(4,729)	(3,317)
Payments for agricultural development expenditure	-	(2)
Net cash used in investing activities	(10,764)	(3,245)

(FORWARD)

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

	3 months ended December 31, 2016 RM'000 (Unaudited)	3 months ended December 31, 2015 RM'000 (Audited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advance from non-controlling interests	36,004	-
Net change in short-term borrowings	10,617	3,219
Net change in long-term loans	6,190	(1,599)
Proceeds from issuing of shares for share warrants exercised	1,413	-
Advance from directors	34	61
Proceeds from issuing of shares to non-controlling interests in a subsidiary	-*	-*
Net change in hire-purchase	(662)	(2,036)
Short-term deposits pledged as security	(73)	(76)
Dividend paid to non-controlling interests of a subsidiary	-	(150)
Net cash generated from/(used in) financing activities	53,523	(581)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	35,834	(8,424)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	60,388	30,018
Effect of foreign exchange rate changes	332	(198)
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	96,554	21,396
<b>REPRESENTED BY:-</b>		
Short-term deposits with licensed banks	66,439	9,144
Cash and bank balances	39,579	20,816
Bank overdrafts classified as cash equivalents	(471)	(1,992)
	105,547	27,968
Less: Short-term deposits pledged as security	(8,993)	(6,572)
	96,554	21,396

\* 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, 2016 and the accompanying explanatory notes attached to the interim financial report.



**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED  
DECEMBER 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, 2016. 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, 2016.

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, 2016.

**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>(b)</sup>
Amendments FRS 2	Classification and Measurement of Share-base Payment Transactions <sup>(b)</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>(b)</sup>
Amendments to FRS 10 and FRS128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>(c)</sup>
Amendments to FRS 107	Statement of Cash Flows (Amendment relating to disclosure initiative) <sup>(a)</sup>
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses <sup>(a)</sup>

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

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

<sup>(c)</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, 2016.

**3. Audit opinion**

The auditors' report on the financial statements of the Group for the financial year ended September 30, 2016 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 December 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 December 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 period ended December 31, 2016.

	No of shares issued (units)
Issued and paid up capital including treasury shares as at October 1, 2016	175,165,639
Exercised of shares warrant (refer to Note 20 (a))	2,569,600
Issued and paid up capital including treasury shares as at December 31, 2016	<u>177,735,239</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 December 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
<b>Three (3) Months ended December 31, 2016</b>								
Segment revenue								
External revenue	-	265,000	28,382	55,384	26	754	-	349,546
Inter-segment revenue	87	12,929	2	4,337	3	196	(17,554)	-
<b>Total revenue</b>	<b>87</b>	<b>277,929</b>	<b>28,384</b>	<b>59,721</b>	<b>29</b>	<b>950</b>	<b>(17,554)</b>	<b>349,546</b>
Segment results	(300)	18,753	(349)	(339)	(85)	8	(868)	16,820
<b>As at December 31, 2016</b>								
Segment assets	93,012	633,609	28,995	118,120	4,499	3,352	(95,057)	786,530
Interest revenue producing assets								66,439
Income tax assets								517
<b>Consolidated total assets</b>								<b>853,486</b>
Segment liabilities	171	129,623	19,110	84,774	140	332	(5)	234,145
Borrowings								271,039
Income tax liabilities								29,709
<b>Consolidated total liabilities</b>								<b>534,893</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 December 31, 2015</b>								
Segment revenue								
External revenue	-	210,617	30,684	11,566	49	788	-	253,704
Inter-segment revenue	74	11,425	23	589	-	197	(12,308)	-
Total revenue	74	222,042	30,707	12,155	49	985	(12,308)	253,704
Segment results	(254)	(1,387)	171	409	(184)	(120)	717	(648)
<b>As at December 31, 2015</b>								
Segment assets	71,120	506,922	26,206	39,533	6,728	3,741	(92,073)	562,177
Interest revenue producing assets								9,144
Income tax assets								990
<b>Consolidated total assets</b>								<b>572,311</b>
Segment liabilities	103	109,738	19,350	4,044	217	327	(5)	133,774
Borrowings								195,832
Income tax liabilities								18,270
<b>Consolidated total liabilities</b>								<b>347,876</b>

(FORWARD)

## 9. Segmental information (Cont'd)

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

	Three (3) Months ended December 31, 2016	
	RM'000	%
Revenue		
By Geographical Locations		
Malaysia	302,199	86.45%
Singapore	46,481	13.30%
Brunei	401	0.12%
Pakistan	225	0.06%
Bangladesh	137	0.04%
Others	103	0.03%
Consolidated	<u>349,546</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 December 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 below:

- i) On June 3, 2016 the Company together with Tong Huat Poultry Processing Factory Pte. Ltd. ("THPP"), 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 Rm1.00 each in Farm's Best Food Industries Sdn. Bhd. ("FBFI") for a total purchase consideration of RM13,384,099 (after the adjusted purchase price). The acquisition has been completed on November 8, 2016 and consequent thereto, the Company effectively hold 53.04% equity interest in FBFI.
- ii) On October 18, 2016, CAB Cakaran Sdn. Bhd. ("CABC"), a wholly-owned subsidiary of the Company had incorporated a new subsidiary, namely OTK Farm Equipment Sdn. Bhd. ("OTK") in Malaysia. The initial issued and paid up capital of OTK is RM100 divided into 100 ordinary shares of RM1.00 each, of which 55% is held by CABC. In consequent thereof, OTK became a 55% owned subsidiary of the Company.

### 13. Changes in contingent liabilities and assets

As at December 31, 2016, the Company had issued corporate guarantees of RM421.05 million (December 31, 2015: RM293.16 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 December 31, 2016 are as follows:-

	RM'000
Property, plant and equipment:	
Approved and contracted for	45,546
Authorised but not contracted for	5,394
	<u>50,940</u>

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED DECEMBER 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 first quarter ended December 31, 2016, the Group recorded revenue of RM349.546 million, representing an increase of about 37.78% over the prior year corresponding quarter's revenue of RM253.704 million. The higher revenue in the current quarter was due to the increase in sales of the integrated poultry farming and processing division and value added food products manufacturing and trading division. In tandem with the higher revenue, the Group recorded a higher profit from operations of RM16.82 million.

The better sales achieved by the integrated poultry farming and processing division resulting from the increase in the production of broilers and higher trading volumes of feeds as compared to the prior year corresponding quarter contributed to the higher revenue achieved by the Group. The better segment result was due to the higher average selling price of RM4.47 per kg for broilers as compared to RM3.73 per kg in the prior year corresponding quarter.

The supermarket division recorded a segment loss of RM0.35 million in the current quarter as compared to the corresponding quarter resulting from the decrease in revenue to RM28.38 million and lower operating margin. The loss was due mainly to the lower margin recorded by all outlets of this division as a result of higher wastage from the perishable food section.

In spite of the value added food products manufacturing and trading division showing an increase in revenue to RM 59.72 million, it recorded a loss from operation of RM0.34 million in the current quarter. The higher revenue in the current quarter as compared to prior year corresponding quarter was due to the inclusion of the revenue generated by the newly acquired subsidiary, Farm's Best Food Industries Sdn. Bhd.. However, the segment loss suffered by the newly acquired subsidiary of RM0.92 million has attributed to the loss of this division. This was due to high operating cost and use of inefficient distribution channel for its products.

The marine products division continue to record low revenue and loss from operations due to lower trading volume.

**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>2017</b>	<b>2016</b>	<b>Variance</b>	
	<b>Quarter 1</b>	<b>Quarter 4</b>	<b>RM'000</b>	<b>%</b>
	<b>RM'000</b>	<b>RM'000</b>		
	(Unaudited)	(Unaudited)		
Revenue	349,546	307,875	41,671	13.54
Profit before taxation	12,905	29,570	(16,665)	(56.36)

For the current quarter ended December 31, 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 and value added food products manufacturing and trading division. The higher revenue achieved by the value added food products manufacturing and trading division is attributed mainly to the inclusion of the revenue generated by the newly acquired subsidiary, Farm's Best Food Industries Sdn. Bhd..

Despite the Group achieving a higher revenue, it recorded a lower profit before taxation as compared to the preceding quarter mainly due to the lower average selling price of RM4.47 per kg for broilers as compared to the RM5.32 per kg in the preceding quarter. The inclusion of the gain on fair value adjustment of investment properties amounting to RM6.443 million in the preceding quarter has also contributed partly to the adverse variance of the Group's profit before taxation.

## 17. Commentary on prospects

The prospect of the integrated poultry farming and processing division is expected to be better in the second quarter as demand and price of broilers are expected to be higher especially during the Lunar New Year. The overall shortage in the supply of broilers in the local market will likely maintain the present high average selling price of broiler over the next quarter. The cost of production is expected to increase slightly due to higher cost of imported raw materials resulting mainly from the strong US Dollar. Nevertheless the management is confident that the higher cost of feed will be mediated by the better selling price of broiler and the Group's overall better economy of scale in operation.

The prospect of the supermarket division will be challenging given the current poor market sentiment. The management will undertake more promotional activities to stimulate demand and improve on its operational efficiency and by cutting down on wastages in the perishable food section.

The value added food products manufacturing and trading division is expected to improve on its performance as management is taking measures to turnaround the operation of Farm's Best Food Industries Sdn. Bhd.. Moving forward, there will be better consolidation of operation between the Group's two subsidiaries in this division which will help to reduce overall operating cost and improve efficiency.

The marine products division is not expected to show improvement in its operation in the next quarter. However, management is considering the prospect of venturing into aquaculture. If this did not materialize, then management will undertake a review of the current operation to decide on the viability of maintaining the business.

## 18. Variance of actual profit from profit forecast

Not applicable as no profit forecast was published.

## 19. Tax expenses

	3 months ended		3 months ended	
	31.12.16 RM'000	31.12.15 RM'000	31.12.16 RM'000	31.12.15 RM'000
Current taxation				
- Current	3,812	1,583	3,812	1,583
- Prior year	-	-	-	-
	<u>3,812</u>	<u>1,583</u>	<u>3,812</u>	<u>1,583</u>
Deferred taxation	(321)	(1,350)	(321)	(1,350)
	<u>3,491</u>	<u>233</u>	<u>3,491</u>	<u>233</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.

(FORWARD)



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

### a) Warrants (Cont'd)

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 December 31, 2016 a total of 21,677,225 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	
In Financial year ended 2016	9,457,250	5,201,488	
06/10/2016	55,000	30,250	10/10/2016
11/10/2016	782,000	430,100	14/10/2016
19/10/2016	122,000	67,100	24/10/2016
25/10/2016	139,900	76,945	27/10/2016
31/11/2016	40,000	22,000	02/11/2016
10/11/2016	104,500	57,475	14/11/2016
15/11/2016	259,000	142,450	17/11/2016
21/11/2016	85,400	46,970	23/11/2016
24/11/2016	544,400	299,420	28/11/2016
29/12/2016	69,000	37,950	01/12/2016
14/12/2016	118,200	65,010	16/12/2016
20/12/2016	41,000	22,550	22/12/2016
23/12/2016	189,200	104,060	28/12/2016
28/12/2016	20,000	11,000	30/12/2016
	<u>21,677,225</u>	<u>11,922,474</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 44,103,225.

### b) 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 Sinmah Breeders Sdn. Bhd. (“SBSB”) and Sinmah Livestocks Sdn. Bhd. (“SLSB”) for the proposed acquisition of the assets of SBSB and SLSB for an indicative cash consideration of 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 November 25, 2016 and January 24, 2017, the Company had executed letters of termination to terminate the proposed acquisition of SBSB’s and SLSB’s assets. In lieu thereof the Company had:

- a) On November 25, 2016, a 53.04%-owned subsidiary of the Company, Farm’s Best Food Industries Sdn. Bhd. (“FBFI”), had entered into four conditional sales and purchase agreements with SBSB and Sinmah Multifeed Sdn. Bhd. (“SMSB”) in relation to the proposed acquisition of 21 parcels of freehold agricultural lands measuring approximately 200.23 acres together with 6 breeder poultry farms and all equipment erected thereon for a total purchase consideration of RM63 million.

(FORWARD)

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

### b) Corporate proposals not completed (Cont'd)

- b) On January 24, 2017, a 53.04%-owned subsidiary of the Company, FBFI, had entered into nine conditional sales and purchase agreements with SLSB, SBSB, SMSB, Bersatu Segar Sdn. Bhd. and Dee Huat Farming Trading Sdn. Bhd. in relation to the proposed acquisition of 43 parcels of freehold and/or leasehold agricultural lands measuring approximately 294.3553 acres together with 26 broiler poultry farms erected thereon for a total purchase consideration of RM58.53 million.

## 21. Group borrowings and debt securities

The Group's total bank borrowings as at December 31, 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	94,244	16,459	110,703
Hire purchase payables	9,137	-	9,137
Term loans	14,068	-	14,068
Bank overdrafts	471	-	471
Sub-total	117,920	16,459	134,379
<b>Long-term borrowings:</b>			
Term loans	122,878	-	122,878
Hire purchase payables	13,782	-	13,782
Sub-total	136,660	-	136,660
<b>Total borrowings</b>	<b>254,580</b>	<b>16,459</b>	<b>271,039</b>

The foreign currency exposure profile of borrowings is as follow:

	<b>RM'000</b>
Ringgit Malaysia	269,787
Singapore Dollar	1,252
	<b>271,039</b>

## 22. Derivative financial instruments

The derivative financial liability as at December 31, 2016 are carried at fair value through profit or loss as follows:

<b>Financial instruments</b>	<b>Contracted Amount RM'000</b>	<b>Net Fair Value Loss RM'000</b>
Forward Foreign Exchange Contracts: Sales Contracts - Less than 1 year	439	(19)

For the quarter ended December 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

The Directors of the Company had on December 22, 2016 declared a final single tier dividend of RM0.01 sen per ordinary share of RM0.50 each for the financial year ended September 30, 2016. The said final single tier dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as liability in the financial statements.

No any other interim dividend has been declared during the current quarter ended December 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 December 31, 2016	Prior Period Quarter December 31, 2015	Current Year To Date December 31, 2016	Preceding Year Corresponding Year December 31, 2015
Net profit/(loss) attributable to shareholders (RM'000)	7,345	(4,190)	7,345	(4,190)
Weighted average number of shares				
a) Basic				
Weighted average number of ordinary shares in issue ('000)	176,452	150,426	176,452	150,426
b) Diluted				
Weighted average number of ordinary shares in issue ('000)	176,452	150,426	176,452	150,426
Adjustment for assumed exercised of Warrant ('000)	29,548	33,973	29,548	33,973
Adjusted weighted average number of ordinary shares ('000)	206,000	184,399	206,000	184,399
Basic earnings/(loss) per ordinary share (sen)	4.16	(2.79)	4.16	(2.79)
Diluted earnings/(loss) per ordinary share (sen)	3.57	(2.27)	3.57	(2.27)

## 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 December 31, 2016 RM'000 (Unaudited)	As At September 30, 2016 RM'000 (Audited)
Total retained earnings		
Realised	79,313	124,082
Unrealised	45,962	45,477
	125,275	169,559
Less: Consolidation adjustments	(25,441)	(77,168)
Total retained earnings as per statement of financial position	99,834	92,391

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

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

	3 months ended		3 months ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	RM'000	RM'000	RM'000	RM'000
<b>After charging/(crediting):-</b>				
Depreciation and amortization of non-current assets	7,404	5,820	7,404	5,820
Interest expenses	3,392	2,538	3,392	2,538
Net fair value loss/(gain) on derivative financial liability	11	(15)	11	(15)
Property, plant and equipment written off	1	2	1	2
Interest revenue recognized in profit or loss	(384)	(88)	(384)	(88)
Net unrealized (gain)/loss on foreign exchange	(110)	134	(110)	134
Amortization of negative goodwill	(19)	-	(19)	-
Amortization of deferred revenue	(13)	(13)	(13)	(13)
(Gain)/loss on disposal of property, plant and equipment	(12)	3	(12)	3

## 28. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution dated February 27, 2017.