

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED
30 JUNE 2017

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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 June		9 months ended 30 June	
		2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	9	382,271	272,075	1,080,887	793,430
Cost of sales		(334,831)	(244,513)	(958,334)	(725,271)
Gross profit		47,440	27,562	122,553	68,159
Other income		3,761	2,664	11,091	7,901
Distribution costs		(10,606)	(7,695)	(32,465)	(22,874)
Administrative expenses		(12,405)	(8,927)	(33,953)	(27,043)
Other expenses		(387)	(63)	(861)	(150)
Profit from operations	9	27,803	13,541	66,365	25,993
Investment revenue		60	130	517	422
Other gains and losses		(470)	(380)	(2,010)	(884)
Finance costs		(3,644)	(2,740)	(11,086)	(8,390)
Profit before taxation		23,749	10,551	53,786	17,141
Tax expenses	19	(7,264)	(3,186)	(15,278)	(5,000)
Profit for the period	27	16,485	7,365	38,508	12,141
Items that will be reclassified subsequently to profit or loss:					
Exchange difference on translating foreign operations		(673)	871	1,018	(1,144)
Other comprehensive (loss)/ income for the period, net of tax		(673)	871	1,018	(1,144)
Total comprehensive income for the period		15,812	8,236	39,526	10,997
Profit attributable to:					
Owners of the Company		13,741	5,229	31,006	7,226
Non-controlling interests		2,744	2,136	7,502	4,915
		16,485	7,365	38,508	12,141
Total comprehensive income attributable to:					
Owners of the Company		13,413	5,661	31,500	6,664
Non-controlling interests		2,399	2,575	8,026	4,333
		15,812	8,236	39,526	10,997
Basic earnings per ordinary share (sen)	25	7.42	3.06	17.21	4.58
Diluted earnings per ordinary share (sen)	25	6.41	2.57	14.75	3.76

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 30 June 2017	As at 30 September 2016
	RM'000	RM'000
Note	(Unaudited)	(Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	401,066	318,585
Investment properties	76,709	78,409
Prepaid lease payments on leasehold land	10,720	9,473
Other intangible asset	11,757	12,499
Goodwill	6,219	6,219
Other financial asset	650	715
Agricultural development expenditure	35	41
Deferred tax assets	15	15
Total non-current assets	507,171	425,956
Current Assets		
Inventories	83,923	52,231
Trade and other receivables	169,620	128,817
Derivative financial asset	7	-
Current tax assets	450	409
Other assets	47,406	14,710
Short-term deposits with licensed banks	41,189	36,014
Cash and bank balances	44,789	33,828
	387,384	266,009
Non-current assets classified as held for sale	125	125
Total current assets	387,509	266,134
TOTAL ASSETS	894,680	692,090
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	125,773	87,583
Treasury shares	(69)	(69)
Reserves	38,211	66,374
Retained earnings	121,882	92,391
Equity attributable to owners of the Company	285,797	246,279
Non-controlling interests	67,705	54,142
Total equity	353,502	300,421
NON-CURRENT LIABILITIES		
Other payables	36,816	-
Borrowings	128,838	103,132
Deferred revenue	77	106
Deferred tax liabilities	24,772	18,426
Total non-current liabilities	190,503	121,664

(FORWARD)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

		As at 30 June 2017	As at 30 September 2016
	Note	RM'000 (Unaudited)	RM'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables		196,232	145,946
Borrowings	21	143,381	119,216
Deferred revenue		43	50
Derivative financial liability	22	-	8
Current tax liabilities		11,019	4,785
Total current liabilities		350,675	270,005
TOTAL LIABILITIES		541,178	391,669
TOTAL EQUITY AND LIABILITIES		894,680	692,090
Net assets per share attributable to ordinary equity holders of the parent company (RM)		1.48	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)

Nine (9) Months Ended June 30, 2017

	←----- 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	Non-distributable Share Premium RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Distributable Retained earnings RM'000			
As at October 1, 2016	87,583	(69)	28,364	36,680	1,330	92,391	246,279	54,142	300,421
Profit for the period	-	-	-	-	-	31,006	31,006	7,502	38,508
Other comprehensive income	-	-	-	-	494	-	494	524	1,018
Total comprehensive income for the period	-	-	-	-	494	31,006	31,500	8,026	39,526
Exercise of share warrants for 17,866,622 new ordinary shares at RM0.55 per ordinary share	9,665	-	161	-	-	-	9,826	-	9,826
Additional non-controlling interests arising on the acquisition of a subsidiary	-	-	-	-	-	-	-	6,534	6,534
Subscription of shares by non-controlling interests in a subsidiary	-	-	-	-	-	-	-	225	225
Dividend paid to shareholders of the Company	-	-	-	-	-	(1,808)	(1,808)	-	(1,808)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(1,222)	(1,222)
Reclassification pursuant to S618(2) of CA 2016 ^	28,525	-	(28,525)	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	(293)	-	293	-	-	-
Balance as at June 30, 2017	125,773	(69)	-	36,387	1,824	121,882	285,797	67,705	353,502

^ Pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"), which come into operation on January 31, 2017, any outstanding share premium and capital redemption reserve accounts shall become part of share capital. Notwithstanding to this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM28,525,334 for purpose as set out in Section 618 (3). There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

(FORWARD)

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

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

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			
As at October 1, 2015	75,322	(69)	4,240	37,047	1,570	66,055	184,165	45,203	229,368
Profit for the period	-	-	-	-	-	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
Subscription of shares by non-controlling interests in a 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)
Transfer to retained earnings	-	-	-	(338)	-	338	-	-	-
Balance as at June 30, 2016	85,970	(69)	28,203	36,709	1,008	73,590	225,411	48,768	274,179

*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

	9 months ended June 30, 2017 RM'000 (Unaudited)	9 months ended June 30, 2016 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	38,508	12,141
Adjustments for:		
Depreciation and amortization of non-current assets	22,650	17,269
Tax expenses recognized in profit or loss	15,278	5,000
Interest expenses	10,335	7,665
Bad debts written off	204	-
Deposit written off	66	1
Property, plant and equipment written off	42	124
Loss/(gain) on disposal of property, plant and equipment	11	(103)
Inventories written off	-	14
Interest revenue recognized in profit or loss	(1,178)	(359)
Net unrealized (gain)/loss on foreign exchange	(208)	76
Amortization of deferred revenue	(38)	(40)
Amortization of negative goodwill	(19)	-
Net fair value gain on derivative financial asset and liability	(15)	(15)
Reversal of impairment loss recognized on receivables	(1)	-
Bad debt recovery	-	(2)
	85,635	41,771
Movement in working capital:		
Inventories	(22,867)	(2,623)
Trade and other receivables	(20,725)	(7,585)
Other assets	(31,307)	(14,749)
Trade and other payables	3,129	6,015
Cash generated from operations	13,865	22,829
Interest received	872	147
Interest paid	(10,179)	(7,614)
Net of income tax paid and refunded	(7,969)	(6,240)
Net cash (used in)/ generated from operating activities	(3,411)	9,122
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	622	177
Interest received	257	212
Proceed from disposal of other investment	78	-
Payments for property, plant and equipment, investment properties and prepaid lease payments on leasehold land	(33,069)	(13,993)
Net cash outflow on acquisition of a subsidiary	(6,297)	-
Payments for purchase of shares from non-controlling interest in a subsidiary	-	(377)
Payments for agricultural development expenditure	-	(8)
Payments for other investment	-	-*
Net cash used in investing activities	(38,409)	(13,989)

* Negligible

(FORWARD)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	9 months ended June 30, 2017 RM'000 (Unaudited)	9 months ended June 30, 2016 RM'000 (Audited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance from non-controlling interests	37,041	-
Net change in short-term borrowings	19,600	(4,684)
Proceeds from issuing of shares for share warrants exercised	9,826	3,428
Proceeds from issuing of shares to non-controlling interests in a subsidiary	225	-*
Net change in hire-purchase	(5,730)	(4,967)
Dividend paid to shareholders of the Company	(1,808)	
Net change in long-term loans	(1,353)	(5,309)
Dividend paid to non-controlling interests of a subsidiaries	(1,222)	(420)
Short-term deposits pledged as security	(259)	(256)
Proceeds from private placement	-	31,183
Advance from directors	-	60
Net cash generated from financing activities	56,320	19,035
NET INCREASE IN CASH AND CASH EQUIVALENTS	14,500	14,168
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	60,388	30,018
Effect of foreign exchange rate changes	420	(303)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	75,308	43,883
REPRESENTED BY:-		
Short-term deposits with licensed banks	41,189	7,894
Cash and bank balances	44,789	45,002
Bank overdrafts classified as cash equivalents	(1,490)	(2,261)
	84,488	50,635
Less: Short-term deposits pledged as security	(9,180)	(6,752)
	75,308	43,883

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 THIRD QUARTER ENDED JUNE 30, 2017

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

^(a) Effective for annual periods beginning on or after January 1, 2017

^(b) Effective for annual periods beginning on or after January 1, 2018

^(c) 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 June 30, 2017.

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, 2017.

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, 2017.

	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))	17,866,622
	<hr/>
Issued and paid up capital including treasury shares as at June 30, 2017	<u>193,032,261</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, 2017, a total of 218,200 shares were repurchased and held as treasury shares and carried at cost of RM69,304.

8. Dividends paid

A final single tier dividend of RM0.01 per ordinary share amounting to RM1,808,365.89 in respect of the financial year ended September 30, 2016 was approved by the shareholders during the Annual General Meeting held on March 23, 2017 and subsequently paid on April 19, 2017.

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 June 30, 2017								
Segment revenue								
External revenue	-	294,129	32,501	55,019	34	588	-	382,271
Inter-segment revenue	1,090	17,012	1	4,358	7	196	(22,664)	-
Total revenue	1,090	311,141	32,502	59,377	41	784	(22,664)	382,271
Segment results	586	32,723	(76)	(3,317)	(86)	(95)	(1,932)	27,803
Nine (9) Months ended June 30, 2017								
Segment revenue								
External revenue	-	822,892	91,944	163,783	84	2,184	-	1,080,887
Inter-segment revenue	1,272	44,213	7	13,963	12	618	(60,085)	-
Total revenue	1,272	867,105	91,951	177,746	96	2,802	(60,085)	1,080,887
Segment results	349	75,678	(460)	(4,958)	(272)	(306)	(3,666)	66,365
As at June 30, 2017								
Segment assets	91,555	697,353	31,266	122,855	4,251	3,464	(97,718)	853,026
Interest revenue producing assets								41,189
Income tax assets								465
Consolidated total assets								894,680
Segment liabilities	121	133,594	19,656	79,553	113	136	(5)	233,168
Borrowings								272,219
Income tax liabilities								35,791
Consolidated total liabilities								541,178

(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 June 30, 2016								
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
Nine (9) Months ended June 30, 2016								
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
As at June 30, 2016								
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
Consolidated total assets								611,079
Segment liabilities	169	108,846	19,061	3,984	186	303	(5)	132,544
Borrowings								184,820
Income tax liabilities								19,536
Consolidated total liabilities								336,900

(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, 2017		Nine (9) Months ended June 30, 2017	
	RM'000	%	RM'000	%
Revenue				
By Geographical Locations				
Malaysia	332,483	86.97	936,658	86.66
Singapore	47,122	12.33	139,980	12.95
Bangladesh	1,761	0.46	1,898	0.18
Brunei	639	0.17	1,408	0.13
Pakistan	148	0.04	598	0.05
Others	118	0.03	345	0.03
Consolidated	<u>382,271</u>	<u>100.00</u>	<u>1,080,887</u>	<u>100.00</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, 2017 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 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 which 55% is held by CABC. In consequent thereof, OTK became a 55% owned subsidiary of the Group. Subsequently on March 28, 2017 and July 12, 2017, OTK increased its issued and fully paid up share capital from RM100 to RM1,000,000 by the issuance of 499,900 and 500,000 new ordinary shares respectively. CABC has subscribed for the additional 549,945 ordinary shares in OTK by way of cash injection. Accordingly, the Group's interest in OTK remains unchanged.

(FORWARD)

12. Changes in the composition of the Group (Cont'd)

There were no changes in the composition of the Group during the current financial year up to the quarter under review save as below: (Cont'd)

- iii) On June 19, 2017, CAB Amesist Biomass Generation Sdn. Bhd. ("CABG"), a wholly-owned subsidiary of the Company, had incorporated a new subsidiary, namely CAB Econation Renewable Energy Sdn. Bhd. ("CABE") in Malaysia. The initial issued and paid up capital of CABE is RM2 divided into two ordinary shares wholly owned by CABG. In consequent thereof, CABE became a 100% owned subsidiary of the Company.
- iv) In July 25, 2017, the Company had incorporated a new wholly-owned subsidiary, namely CABINDO Poultry Sdn. Bhd. ("CABINDO"). The initial issued and paid up capital of CABINDO is RM2 divided into two ordinary shares wholly owned by the Company. In consequent thereof, CABINDO became a 100% owned subsidiary of the Company.

13. Changes in contingent liabilities and assets

As at June 30, 2017, the Company had issued corporate guarantees of RM500.00 million (June 30, 2016: RM347.50 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, 2017 are as follows:-

	RM'000
Property, plant and equipment:	
Approved and contracted for	122,486
Authorised but not contracted for	429
	<u>122,915</u>

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED JUNE 30, 2017

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, 2017, the Group recorded revenue of RM382.27 million, representing an increase of about 40.50% over the prior year corresponding quarter's revenue of RM272.08 million. The higher revenue was achieved on the back of strong sales growth of the integrated poultry farming and processing division and the inclusion of sales from the newly acquired subsidiary, Farm's Best Food Industries Sdn. Bhd. ("FBFI"). In tandem with the higher revenue, the Group recorded a higher profit from operations of RM27.80 million.

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 of the integrated poultry farming and processing division was due to the higher revenue achieved as well as the higher average selling price of RM5.01 per kg for broilers as compared to RM4.50 per kg in the prior year corresponding quarter.

The supermarket division recorded a higher revenue as compared to the prior year corresponding quarter. However, this division recorded a loss from operation of RM0.08 million mainly due to the high pre-operating cost of a newly opened supermarket during the quarter under review.

In spite of the value added food products manufacturing and trading division showing an increase in revenue to RM 59.38 million, it recorded a loss from operation of RM3.32 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, FBFI. However, the loss suffered by the newly acquired subsidiary has contributed to the loss of this division. Nevertheless, the performance of this newly acquired subsidiary is expected to show improvement in the near future given the numerous changes made to its processes together with the upgrading of production facilities.

The marine products division continues to record low revenue due to low 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:-

	2017 Quarter 3 RM'000 (Unaudited)	2017 Quarter 2 RM'000 (Unaudited)	Variance RM'000	%
Revenue	382,271	349,070	33,201	9.51
Profit before taxation	23,749	17,132	6,617	38.62

For the current quarter ended June 30, 2017, the Group recorded a higher revenue and profit before taxation as compared to the preceding quarter mainly due to the higher sales achieved by the integrated poultry farming and processing division coupled with the better average selling price of broilers. The relatively high average selling price of broilers since the first quarter of the financial year 2017 was due mainly to the worldwide shortage of broilers, as farmers cut down on production volume in the face of threat of Avian Flu outbreak.

17. Commentary on prospects

The integrated poultry farming and processing is expected to maintain its strong performance in the next quarter given that the shortfall in the supply of broilers in the market will continue and hence the current high average selling price of broilers can be sustained. In addition, the cost of feed is expected to decline marginally due to the oversupply situation of the main raw materials of corn and soya bean.

The supermarket division will have to continue with its promotional activities in the face of intense competition in order to maintain sales. This will have a direct negative impact on its margin and as such the division is not expected to contribute positively to Group's earnings.

The performance of the value added food products manufacturing and trading division will continue to be impacted by the losses incurred by the newly acquired subsidiary, Farm's Best Food Industries Sdn. Bhd. ("FBFI"). Although management has undertaken and will continue to undertake measures to improve the operational efficiency of FBFI, it is expected that the improvement in its performance may only be realized in the next financial year.

The marine products division is not expected to improve on its performance in the next quarter.

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	
	30.06.17 RM'000	30.06.16 RM'000	30.06.17 RM'000	30.06.16 RM'000
Current taxation				
- Current	5,770	2,479	14,065	5,637
- Prior year	35	168	35	139
	5,805	2,647	14,100	5,776
Deferred taxation	1,459	539	1,178	(776)
	7,264	3,186	15,278	5,000

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, 2017 a total of 36,974,247 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	
In first half year of Financial year ended 2017	5,889,150	3,239,032	
27/04/2017	1,357,800	746,790	02/05/2017
12/05/2017	1,246,872	685,780	16/05/2017
18/05/2017	258,000	141,900	22/05/2017
23/05/2017	2,257,000	1,241,350	25/05/2017
25/05/2017	281,000	154,550	29/05/2017
01/06/2017	353,600	194,480	05/06/2017
05/06/2017	1,013,600	557,480	07/06/2017
07/06/2017	1,654,000	909,700	09/06/2017
13/06/2017	1,915,500	1,053,525	15/06/2017
16/06/2017	1,221,600	671,880	20/06/2017
21/06/2017	240,000	132,000	23/06/2017
28/06/2017	178,500	98,175	30/06/2017
	<u>36,974,247</u>	<u>20,335,836</u>	

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

As at June 30, 2017, the number of outstanding unexercised warrants is 28,806,203.

b) Corporate proposals not completed

There were no corporate proposals announced but not completed in the current quarter ended June 30, 2017 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. On 26 April, 2017 both parties have agreed to extend the MOU until December 31, 2017.
- 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.
- iii) On April 7, 2017, the Company and Felcra Food Industries Sdn Bhd have through the non-binding letter of intent mutually agreed to explore the possibility of collaboration in the agriculture and aquaculture business activities.
- iv) On May 11, 2017, the Company proposes to undertake the following:-
- a) Proposed share split involving the subdivision of every 2 existing ordinary shares in the Company into 5 ordinary shares in the Company ("Split Share(s)") held on an entitlement date to be determined later ("Proposed Share Split"); and
- b) Proposed bonus issue of up to 138,649,040 new split shares ("Bonus Share(s)") to be credited as fully paid up on the basis of 1 bonus share for every 4 split shares held on the same entitlement date as the proposed share Split. ("Proposed Bonus Issue")

At the Extraordinary General Meeting of the Company held on July 19, 2017, the shareholders of the Company had approved the above Proposed Share Split and Proposed bonus Issue.

On August 7, 2017, the Proposed Share Split and Proposed Bonus Issue have been completed following the listing of and quotation for 488,558,518 subdivided shares, 122,003,016 bonus shares and 56,131,731 additional Warrants on the Main Market of Bursa Malaysia Securities Berhad.

- v) On May 16, 2017, Tong Huat Poultry Processing Factory Pte. Ltd. (a 51.00% owned subsidiary company of the Company), had accepted the exercise of the option to purchase granted by Swee Heng Bakery Pte. Ltd. in respect of 1 unit of factory site at 24 Senoko Crescent Singapore 758276 for a purchase consideration of SGD6,050,000 (equivalent to approximately RM18,669,695) to be satisfied entirely via cash.
- vi) On June 7, 2017, CAB Amesist Biomass Generation Sdn Bhd (a wholly-owned subsidiary company of the Company) had entered into a Memorandum of Understanding ("MOU-Panasonic") with Panasonic Eco Solutions Malaysia Sdn Bhd to carry out a feasibility study for establishing a joint solar farm project known as ECONATION PROJECT in Gurun Kedah, Malaysia. The MOU-Panasonic is valid for 24 months from the date of signing of the MOU-Panasonic.

21. Group borrowings and debt securities

The Group's total bank borrowings as at June 30, 2017 are as follows:-

	As at June 30, 2017			As at September 30, 2016		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
Short-term borrowings:						
Bankers' acceptances	88,505	31,165	119,670	85,110	14,677	99,787
Hire purchase payables	8,771	-	8,771	8,560	-	8,560
Term loans	13,433	-	13,433	10,037	-	10,037
Bank overdrafts	1,507	-	1,507	832	-	832
Sub-total	112,216	31,165	143,381	104,539	14,677	119,216

(FORWARD)

21. Group borrowings and debt securities (Cont'd)

The Group's total bank borrowings as at June 30, 2017 are as follows:- (Cont'd)

	As at June 30, 2017			As at September 30, 2016		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
Long-term borrowings:						
Term loans	115,970	-	115,970	90,721	-	90,721
Hire purchase payables	12,868	-	12,868	12,411	-	12,411
Sub-total	128,838	-	128,838	103,132	-	103,132
Total borrowings	241,054	31,165	272,219	207,671	14,677	222,348

The foreign currency exposure profile of borrowings is as follow:

	As at June 30, 2017		As at September 30, 2016	
	Foreign Currency '000	RM Equivalent '000	Foreign Currency '000	RM Equivalent '000
Short Term Borrowing				
Secured	RM	111,835	RM	103,916
Secured	SGD	122	SGD	205
Unsecured	RM	31,165	RM	14,677
		143,381		119,216
Long Term Borrowing				
Secured	RM	128,462	RM	102,584
Secured	SGD	121	SGD	180
		128,838		103,132
Total Borrowing				
Secured	RM	240,297	RM	206,500
Secured	SGD	243	SGD	385
Unsecured	RM	31,165	RM	14,677
		272,219		222,348

22. Derivative financial instruments

The derivative financial asset as at June 30, 2017 are carried at fair value through profit or loss as follows:

Financial instruments	Contracted Amount RM'000	Net Fair Value Gain RM'000
Forward Foreign Exchange Contracts: Sales Contracts - Less than 1 year	256	7

For the quarter ended June 30, 2017, 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, 2017.

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, 2017	Prior Period Quarter June 30, 2016	Current Year To Date June 30, 2017	Preceding Year Corresponding Year June 30, 2016
Net profit attributable to shareholders (RM'000)	13,741	5,229	31,006	7,226
Weighted average number of shares				
a) Basic				
Weighted average number of ordinary shares in issue ('000)	185,153	170,872	180,211	157,822
b) Diluted				
Weighted average number of ordinary shares in issue ('000)	185,153	170,872	180,211	157,822
Adjustment for assumed exercised of Warrant ('000)	29,272	32,761	30,067	34,393
Adjusted weighted average number of ordinary shares ('000)	214,425	203,633	210,278	192,215
Basic earnings per ordinary share (sen)	7.42	3.06	17.21	4.58
Diluted earnings per ordinary share (sen)	6.41	2.57	14.75	3.76

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, 2017 RM'000 (Unaudited)	As At September 30, 2016 RM'000 (Audited)
Total retained earnings		
Realised	110,738	124,082
Unrealised	43,213	45,477
Less: Consolidation adjustments	153,951 (32,069)	169,559 (77,168)
Total retained earnings as per statement of financial position	121,882	92,391

27. Profit for the period

Profit for the period has been arrived at:

	3 months ended		9 months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	RM'000	RM'000	RM'000	RM'000
After charging/(crediting):-				
Depreciation and amortization of non-current assets	7,655	5,703	22,650	17,269
Interest expenses	3,383	2,498	10,335	7,665
Bad debts written off	116	-	204	-
Loss/(gain) on disposal of property, plant and equipment	79	(34)	11	(103)
Net unrealized loss/(gain) on foreign exchange	47	(91)	(208)	76
Property, plant and equipment written off	40	103	42	124
Interest revenue recognized in profit or loss	(345)	(208)	(1,178)	(359)
Net fair value gain on derivative financial asset and liability	(15)	(5)	(15)	(15)
Amortization of deferred revenue	(12)	(13)	(38)	(40)
Inventories written off	-	14	-	14
Bad debt recovery	-	(2)	-	(2)
Deposit written off	-	-	66	1
Amortization of negative goodwill	-	-	(19)	-
Reversal of impairment loss recognized on receivables	-	-	(1)	-

28. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution dated August 29, 2017.