

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

**UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE SECOUND QUARTER ENDED**  
**31 MARCH 2018**

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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 3 months ended 31 March		CUMULATIVE QUARTER 6 months ended 31 March	
		2018 RM'000 (Unaudited)	2017 RM'000 (Unaudited)	2018 RM'000 (Unaudited)	2017 RM'000 (Unaudited)
<b>Revenue</b>	<b>9</b>	<b>424,897</b>	<b>349,070</b>	<b>853,861</b>	<b>698,616</b>
Cost of sales		(379,007)	(308,209)	(762,646)	(623,503)
<b>Gross profit</b>		<b>45,890</b>	<b>40,861</b>	<b>91,215</b>	<b>75,113</b>
Other income		3,753	4,231	7,291	7,330
Distribution costs		(13,024)	(11,215)	(25,310)	(21,859)
Administrative expenses		(14,494)	(11,968)	(26,484)	(21,548)
Other expenses		(150)	(167)	(270)	(474)
<b>Profit from operations</b>	<b>9</b>	<b>21,975</b>	<b>21,742</b>	<b>46,442</b>	<b>38,562</b>
Investment revenue		86	224	258	457
Other gains and losses		(631)	(1,024)	(1,755)	(1,540)
Finance costs		(3,874)	(3,810)	(7,685)	(7,442)
Share of loss of associates		(17)	-	(22)	-
<b>Profit before taxation</b>		<b>17,539</b>	<b>17,132</b>	<b>37,238</b>	<b>30,037</b>
Tax expenses	19	(4,174)	(4,523)	(8,866)	(8,014)
<b>Profit for the period</b>	<b>27</b>	<b>13,365</b>	<b>12,609</b>	<b>28,372</b>	<b>22,023</b>
<b>Other Comprehensive (loss)/income</b>					
Items that will be reclassified subsequently to profit or loss: Exchange difference on translating foreign operations		(1,624)	880	(2,854)	1,691
Other comprehensive (loss)/ income for the period, net of tax		(1,624)	880	(2,854)	1,691
<b>Total comprehensive income for the period</b>		<b>11,741</b>	<b>13,489</b>	<b>25,518</b>	<b>23,714</b>
<b>Profit attributable to:</b>					
Owners of the Company		11,495	9,920	23,979	17,265
Non-controlling interests		1,870	2,689	4,393	4,758
		13,365	12,609	28,372	22,023
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		10,729	10,354	22,618	18,087
Non-controlling interests		1,012	3,135	2,900	5,627
		11,741	13,489	25,518	23,714
(FORWARD)					

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Cont'd)**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended 31 March		6 months ended 31 March	
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Basic earnings per ordinary share (sen)</b>	25	1.86	1.77*	3.88	3.11*
<b>Diluted earnings per ordinary share (sen)</b>	25	1.70	1.52*	3.55	2.66*

\* The comparative basic earnings per share and diluted earnings per share were recalculated to conform the changes in share split into 488,558,518 new ordinary shares and the subsequent bonus issue of 122,003,016 on August 4, 2017

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, 2017 and the accompanying explanatory notes attached to the interim financial report.

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		As at 31 March 2018	As at 30 September 2017
		RM'000	RM'000
	Note	(Unaudited)	(Audited)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		565,252	532,724
Investment properties		87,901	86,038
Prepaid lease payments on leasehold land		13,207	13,342
Other intangible asset		12,498	11,505
Goodwill		6,219	6,219
Other financial asset		260	260
Investment in an associate company		172	204
Agricultural development expenditure		34	34
Deferred tax assets		29	17
<b>Total non-current assets</b>		<b>685,572</b>	<b>650,343</b>
<b>Current Assets</b>			
Inventories		84,789	85,034
Trade and other receivables	28	183,494	180,884
Current tax assets		723	840
Other assets		51,633	46,233
Derivative financial asset	22	11	-
Short-term deposits with licensed banks		50,674	50,294
Cash and bank balances		50,447	51,762
		421,771	415,047
Non-current assets classified as held for sale		125	125
<b>Total current assets</b>		<b>421,896</b>	<b>415,172</b>
<b>TOTAL ASSETS</b>		<b>1,107,468</b>	<b>1,065,515</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		129,828	128,321
Treasury shares		(69)	(69)
Reserves		109,470	112,427
Retained earnings	26	174,483	149,126
Equity attributable to owners of the Company		413,712	389,805
Non-controlling interests		144,023	140,890
<b>Total equity</b>		<b>557,735</b>	<b>530,695</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	21	123,863	127,296
Deferred revenue		45	64
Deferred tax liabilities		40,311	40,017
<b>Total non-current liabilities</b>		<b>164,219</b>	<b>167,377</b>

(FORWARD)

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

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

		As at 31 March 2018	As at 30 September 2017
		RM'000	RM'000
	Note	(Unaudited)	(Audited)
<b>CURRENT LIABILITIES</b>			
Trade and other payables		197,013	201,031
Borrowings	21	182,910	159,202
Deferred revenue		44	44
Derivative financial liability		-	6
Current tax liabilities		5,547	7,160
<b>Total current liabilities</b>		<b>385,514</b>	<b>367,443</b>
<b>TOTAL LIABILITIES</b>		<b>549,733</b>	<b>534,820</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,107,468</b>	<b>1,065,515</b>
Net assets per share attributable to ordinary equity holders of the parent company (RM)		0.66	0.63

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, 2017 and the accompanying explanatory notes attached to the interim financial report.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

(The figures have not been audited)

Six (6) Months Ended March 31, 2018

	----- Attributable to owners of the Company ----->					Total RM'000	Non- Controlling interest RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Retained earnings RM'000			
<b>As at October 1, 2017</b>	128,321	(69)	110,661	1,766	149,126	389,805	140,890	530,695
Profit for the period	-	-	-	-	23,979	23,979	4,393	28,372
Other comprehensive loss	-	-	-	(1,361)	-	(1,361)	(1,493)	(2,854)
Total comprehensive (loss)/income for the period	-	-	-	(1,361)	23,979	22,618	2,900	25,518
Exercise of share warrants for 8,865,000 new ordinary shares at RM0.17 per ordinary share	1,507	-	-	-	-	1,507	-	1,507
Subscription of shares by non-controlling interests in a subsidiary	-	-	-	-	-	-	1,215	1,215
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	(1,019)	(1,019)
Additional non-controlling interests arising on the acquisition of a subsidiary	-	-	-	-	-	-	(181)	(181)
Arising from increase in equity interest in a subsidiary	-	-	-	-	(218)	(218)	218	-
Transfer to retained earnings	-	-	(1,596)	-	1,596	-	-	-
<b>Balance as at March 31, 2018</b>	129,828	(69)	109,065	405	174,483	413,712	144,023	557,735

(FORWARD)

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

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

Six (6) Months Ended March 31, 2017

	<----- Attributable to owners of the Company ----->						Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
	<----- Non-distributable ----->			-----> Distributable					
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Retained earnings RM'000			
<b>As at October 1, 2016</b>	87,583	(69)	28,364	36,680	1,330	92,391	246,279	54,142	300,421
Profit for the period	-	-	-	-	-	17,265	17,265	4,758	22,023
Other comprehensive income	-	-	-	-	822	-	822	869	1,691
<b>Total comprehensive income for the period</b>	-	-	-	-	822	17,265	18,087	5,627	23,714
Additional non-controlling interests arising on the acquisition of a subsidiary	-	-	-	-	-	-	-	6,534	6,534
Issuance of ordinary shares pursuant to exercise of Warrants	3,078	-	161	-	-	-	3,239	-	3,239
Subscription of shares by non-controlling interests in a subsidiary	-	-	-	-	-	-	-	225	225
Dividend paid to non-controlling interest of subsidiaries	-	-	-	-	-	-	-	(1,114)	(1,114)
Reclassification pursuant to S618(2) of CA2016 <sup>^</sup>	28,525	-	(28,525)	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	(195)	-	195	-	-	-
<b>Balance as at March 31, 2017</b>	119,186	(69)	-	36,485	2,152	109,851	267,605	65,414	330,019

<sup>^</sup> 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.

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, 2017 and the accompanying explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	6 months ended March 31, 2018 RM'000 (Unaudited)	6 months ended March 31, 2017 RM'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	28,372	22,023
Adjustments for:		
Depreciation and amortization of non-current assets	18,025	14,995
Tax expenses recognized in profit or loss	8,866	8,014
Interest expenses	7,092	6,952
Bad debts written off	326	88
Property, plant and equipment written off	271	2
Net unrealized loss/(gain) on foreign exchange	89	(255)
Goodwill written off	80	-
Share of loss in an associate company	21	-
Loss/(gain) on disposal of property, plant and equipment	11	(68)
Interest revenue recognized in profit or loss	(749)	(833)
Amortization of deferred revenue	(22)	(26)
Net fair value (gain)/loss on derivative financial asset/ (liability)	(17)	-*
Deposit written off	-	66
Gain from bargain purchase	-	(19)
Reversal of impairment loss recognized on receivables	-	(1)
	62,365	50,938
Movement in working capital:		
Inventories	357	(20,646)
Trade and other receivables	(3,724)	5,028
Other assets	(1,999)	(29,015)
Trade and other payables	(7,174)	(5,383)
Deferred revenue	6	-
Cash generated from operations	49,831	922
Interest received	513	482
Net of income tax paid and refunded	(9,929)	(4,113)
Interest paid	(7,102)	(6,806)
Net cash generated from/(used in) operating activities	33,313	(9,515)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash inflow/(outflow) on acquisition of a subsidiary	479	(6,297)
Interest received	183	297
Proceeds from disposal of property, plant and equipment	12	399
Payments for property, plant and equipment and investment properties	(49,165)	(12,614)
Increase in other assets for acquisition of property, plant and equipment	(3,433)	-
Net cash used in investing activities	(51,924)	(18,215)

\* Negligible

(FORWARD)



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

	6 months ended March 31, 2018 RM'000 (Unaudited)	6 months ended March 31, 2017 RM'000 (Unaudited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net change in short-term borrowings	20,386	16,639
Proceeds from Warrants exercise	1,507	3,239
Proceeds from issuance of shares by a subsidiary to non-controlling interests	1,215	225
Net change in hire-purchase	(3,687)	(3,639)
Net change in long-term loans	(1,354)	2,484
Dividend paid to non-controlling interests of a subsidiary	(1,019)	(1,114)
Short-term deposits pledged as securities	(126)	(137)
Advance from non-controlling interests of a subsidiary	-	36,595
Net cash generated from financing activities	16,922	54,292
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(1,689)	26,562
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	91,803	60,388
Effect of foreign exchange rate changes	(1,037)	690
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	89,077	87,640
<b>REPRESENTED BY:-</b>		
Short-term deposits with licensed banks	50,674	56,321
Cash and bank balances	50,447	40,972
Bank overdrafts classified as cash equivalents	(2,601)	(595)
	98,520	96,698
Less: Short-term deposits pledged as securities	(9,443)	(9,058)
	89,077	87,640

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, 2017 and the accompanying explanatory notes attached to the interim financial report.

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED MARCH 31, 2018**

**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, 2017. 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, 2017.

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, 2017.

**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>(a)</sup>
Amendments FRS 2	Classification and Measurement of Share-base Payment Transactions <sup>(a)</sup>
Amendments FRS 4	Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts <sup>(a)</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 140	Transfers of investment property <sup>(a)</sup>
IC Interpretation 22	Foreign currency translations and advance consideration <sup>(a)</sup>
IC Interpretation 23	Uncertainty over income tax treatments <sup>(b)</sup>
Annual Improvements to FRSs 2014 – 2016 Cycle – Amendments to FRS 1 and FRS 128	<sup>(a)</sup>

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

<sup>(b)</sup> Effective for annual period s beginning on or after January 1, 2019

<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, 2017.

**3. Audit opinion**

The auditors' report on the financial statements of the Group for the financial year ended September 30, 2017 was not subject to any audit qualification.

#### 4. Seasonal or cyclical factors

The Group's financial performance in the current quarter was not significantly affected by any seasonal or cyclical factor.

#### 5. Unusual items

There were no unusual nature and amount of items affecting assets, liabilities, equity, net income or cash flows of the Group in the current quarter ended March 31, 2018.

#### 6. Material change in estimates

There were no material change in estimates of amounts reported in the prior quarter and/ or financial year that have a material effect on the Group in the current quarter ended March 31, 2018.

#### 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 March 31, 2018.

	No of shares issued (units)
Issued and paid up capital including treasury shares as at October 1, 2017	617,810,222
Issued during the financial year	
- Pursuant to shares warrant (refer to Note 20 (a))	8,865,000
Issued and paid up capital including treasury shares as at March 31, 2018	<u><u>626,675,222</u></u>

At the Annual General Meeting of the Company held on March 23, 2017, the shareholders of the Company had approved the Proposed Renewal of Share Buy Back Authority for the Company to purchase its own ordinary shares of RM0.50 each as may be determined by the Directors of the Company up to a maximum of 10% of the issued and paid up capital of the Company. The mandate will expire upon the conclusion of the next Annual General Meeting of the Company.

The Company did not repurchase any shares during the current quarter under review.

As at March 31, 2018, a total of 545,500 shares were repurchased and held as treasury shares and carried at cost of RM69,304.

#### 8. Dividends paid

A final single tier dividend of RM0.005 per ordinary share amount to RM3,159,960.47 in respect of the financial year ended September 30, 2017 was approved by the shareholders during the Annual General Meeting held on March 23, 2018 and subsequently paid on April 19, 2018.

## 9. Segmental information

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

	Investment holding	Integrated poultry	Supermarket	Marine products	Fast Food	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Three (3) Months ended March 31, 2018</b>							
Segment revenue							
External revenue	-	391,377	32,590	26	904	-	424,897
Inter-segment revenue	101	5,098	16	5	244	(5,464)	-
Total revenue	101	396,475	32,606	31	1,148	(5,464)	424,897
Segment results	(351)	25,136	(276)	(21)	106	(2,619)	21,975
<b>Six (6) Months ended March 31, 2018</b>							
Segment revenue							
External revenue	-	788,125	64,156	31	1,549	-	853,861
Inter-segment revenue	183	9,631	21	10	442	(10,287)	-
Total revenue	183	797,756	64,177	41	1,991	(10,287)	853,861
Segment results	(1,156)	51,788	(131)	20	117	(4,196)	46,442
<b>As at March 31, 2018</b>							
Segment assets	131,107	961,022	30,915	4,106	8,760	(79,868)	1,056,042
Interest revenue producing assets							50,674
Income tax assets							752
<b>Consolidated total assets</b>							<b>1,107,468</b>
Segment liabilities	1,100	178,305	17,386	130	186	(5)	197,102
Borrowings							306,773
Income tax liabilities							45,858
<b>Consolidated total liabilities</b>							<b>549,733</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 RM'000	Supermarket RM'000	Marine products RM'000	Fast Food RM'000	Eliminations RM'000	Consolidated RM'000
<b>Three (3) Months ended March 31, 2017</b>							
Segment revenue							
External revenue	-	317,143	31,061	24	842	-	349,070
Inter-segment revenue	96	4,994	4	2	225	(5,321)	-
Total revenue	96	322,137	31,065	26	1,067	(5,321)	349,070
Segment results	63	22,900	(35)	(101)	(219)	(866)	21,742
<b>Six (6) Months ended March 31, 2017</b>							
Segment revenue							
External revenue	-	637,527	59,443	50	1,596	-	698,616
Inter-segment revenue	183	9,223	6	5	421	(9,838)	-
Total revenue	183	646,750	59,449	55	2,017	(9,838)	698,616
Segment results	(237)	41,314	(384)	(186)	(211)	(1,734)	38,562
<b>As at March 31, 2017</b>							
Segment assets	91,671	773,773	28,203	4,398	3,915	(96,136)	805,824
Interest revenue producing assets							56,321
Income tax assets							541
<b>Consolidated total assets</b>							<b>862,686</b>
Segment liabilities	94	206,847	17,110	118	164	(5)	224,328
Borrowings							272,842
Income tax liabilities							32,497
<b>Consolidated total liabilities</b>							<b>529,667</b>

The revenue, segment assets and segment liabilities of Value added food products manufacturing trading division have been combined with Integrate poultry farming and processing division became integrated poultry division to conform to current quarter presentation

(FORWARD)

## 9. Segmental information (Cont'd)

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

	Three (3) Months ended March 31, 2018		Six (6) Months ended March 31, 2018	
	RM'000	%	RM'000	%
Revenue				
By Geographical Locations				
Malaysia	371,257	87.38	744,734	87.22
Singapore	51,537	12.13	105,236	12.33
Bangladesh	882	0.21	1,909	0.22
Brunei	668	0.16	1,020	0.12
Pakistan	236	0.05	369	0.04
Indonesia	89	0.02	264	0.03
Others	228	0.05	329	0.04
Consolidated	<u>424,897</u>	<u>100.00</u>	<u>853,861</u>	<u>100</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 were no revaluation of property, plant and equipment for the current quarter under review.

The valuation of land and buildings has been brought forward without any amendment from the previous audited financial statements.

## 11. Material events subsequent to the end of the interim period

There were no material events which have occurred subsequent to the end of current quarter ended March 31, 2018 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 October 24, 2017, Tong Huat Poultry Processing Factory Pte. Ltd. ("THPP"), a 51% owned subsidiary of the Company, acquired 60 ordinary shares in Kim Fa Foodstuffs Pte. Ltd. ("KF"), representing 60% of the issued and fully paid up share capital of KF for a total purchase consideration of SGD60 (equivalent to approximately RM186). Consequently, KF became a 30.6% owned subsidiary of the Group.

Subsequently on December 29, 2017, KF increased its issued and fully paid up share capital from SGD100 to SGD1,000,000 by the issuance of 999,900 new ordinary shares. THPP has subscribed for the additional 599,940 ordinary shares in KF by way of cash injection. Accordingly, the Group's interest in KF 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)

- ii) On November 24, 2017, THPP, a 51% owned subsidiary of the Company, acquired addition 40 ordinary shares, representing 40% equity interest in EC Grocer Pte. Ltd. ("EC") from a non-controlling interest for a total purchase consideration of SGD40. Upon completion of the aforesaid transaction, EC became a 55.9% owned subsidiary of the Group.

The shareholding structure of EC prior to and after the Acquisition is as follows:-

Name	No. of ordinary shares	
	Before the Acquisition	After the Acquisition
THPP	50	90
Chua Tuan Gu	40	-
Likes Marketing Sdn. Bhd. (wholly-owned subsidiary of the Company)	10	10
Total	100	100

- iii) On February 21, 2018, a 53.04% owned subsidiary, Farm's Best Food Industries Sdn. Bhd. ("FBFI"), increased its issued and fully paid up share capital from RM50,000,000 to RM110,000,000 by the issuance of 60,000,000 new ordinary shares. The Company subscribed for the 30,600,000 ordinary shares and its 51% owned subsidiary, THPP, subscribed for the 2,400,000 ordinary shares. Accordingly, the Company's equity interest in FBFI remains unchanged.

## 13. Changes in contingent liabilities and assets

As at March 31, 2018, the Company had issued corporate guarantees of RM562.00 million (March 31, 2017: RM425.99 million) as security to financial institutions and suppliers for banking facilities and/ or credit terms respectively, granted to its subsidiary companies.

## 14. Capital commitments

The capital commitments of the Group as at March 31, 2018 are as follows:-

	RM'000
Property, plant and equipment:	
Approved and contracted for	105,927
Authorised but not contracted for	2,895
	<u>108,822</u>

## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED MARCH 31, 2018

### PART B : ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

#### 15. Review of performance

For the second quarter ended March 31, 2018, the Group recorded revenue of RM424.90 million, representing an increase of about 21.72% over the prior year corresponding quarter's revenue of RM349.07 million. The higher revenue was achieved on the back of strong sales growth of the integrated poultry division. The higher revenue, for the quarter was accompanied by a higher corresponding increase in cost of sales and distribution costs. The increased in administrative expenses of the Group for the quarter under review was mainly due to the underlying costs associated with the expansion of breeder farms operation.

Despite the strong sales growth, the Group recorded a slight increase in profit from operation of RM21.98 million as compared to RM21.72 million in prior year corresponding quarter. This was mainly attributed to the higher administrative cost and lower profit contribution by the subsidiaries in Singapore due to higher cost of broilers imported from Malaysia as a result of the stronger Malaysia Ringgit.

The increase in the production of broilers and chicks and higher trading volumes of feeds have contributed to the higher revenue of the integrated poultry division. The average selling price of broilers in the current quarter under review was maintained at RM4.96 per kg as compared to the prior year corresponding quarter. However, the increase in the cost of sales of the Singapore's subsidiaries and administration cost have mitigated the profit contributed by the integrated poultry division and recorded a profit from operation of RM25.14 million.

The supermarket division showed an increase in revenue to RM32.59 million as a result of the inclusion of the revenue of a newly opened outlet in June 2017. It recorded a higher loss from operation in the current quarter mainly due to the lower sales generated by most of the outlets during the quarter under review as compared to the prior year corresponding quarter.

For the current quarter under review, the marine products division continues to record a low revenue. However, it recorded a lower loss from operations of RM0.02 million as compared to the corresponding quarter due to better cost control management and higher rental income.

The fast food division recorded a higher profit from operation of RM0.11 during the quarter under review as a result of the higher revenue. The increase in revenue was mainly due to increase in sales of most of the outlets during the festive seasons.

#### 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:-

	2018 Quarter 2 RM'000 (Unaudited)	2018 Quarter 1 RM'000 (Unaudited)	Variance RM'000	%
Revenue	424,897	428,964	(4,067)	(0.95)
Profit before taxation	17,539	19,699	(2,160)	(10.97)

For the current quarter ended March 31, 2018, the Group recorded a lower revenue mainly due to the lower sales achieved by the integrated poultry division as a result of the slight decrease in the production of chicks and broilers as well as the lower trading volumes of feeds as compared to the preceding quarter.

(FORWARD)



## 16. Comment on material change in profit before taxation (Cont'd)

The Group's profit before taxation decreased from RM19.70 million to RM17.54 million mainly as a result of the higher cost of sales as well as higher administration cost as compared to the first quarter. The higher cost of sales of the Singapore subsidiaries was mainly a result of the stronger Malaysia Ringgit.

## 17. Commentary on prospects

The prospect of the integrated poultry division for the net quarter is expected to be challenging given the following reasons:

- a) Increased in cost of feed, although not significant, would result in higher cost of production;
- b) Increased in administrative and financing cost.

However, the average price of broiler is expected to be stable over this period and with the Group's increased production capacity of chicks and broilers, the management is confident that with proper costs management, the Group's profitability can be maintained.

The supermarket division's performance will continue to be affected by the poor consumer sentiment and the need to spend on promotional activities to maintain sales. The management will continue to explore opportunities to open more outlets in the future and to take advantage of bulk purchase.

The marine products division is not expected to show much improvement in its performance in the near term. However, the management is still keen to explore for opportunities in the aquaculture sector where it sees tremendous potential.

## 18. Variance of actual profit from profit forecast

Not applicable as no profit forecast was published.

## 19. Tax expenses

	3 months ended		6 months ended	
	31.03.18 RM'000	31.03.17 RM'000	31.03.18 RM'000	31.03.17 RM'000
Current taxation				
- Current	4,180	4,483	8,554	8,295
- Prior year	(1)	-	9	-
	4,179	4,483	8,563	8,295
Deferred taxation	(5)	40	303	(281)
	4,174	4,523	8,866	8,014

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 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. Subsequently 56,131,731 additional warrants were issued on August 4, 2017 and listed on the Main Market of BMSB on August 7, 2017 and the exercise price of the warrant has been adjusted to RM0.17 each pursuant to the share split and bonus issue during the year. The maturity date for the warrants is on the February 8, 2020.

As at March 31, 2018 a total of 55,479,085 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 financial year ended 2017	27,506,460	12,374,051	
In first quarter financial year ended 2018	5,903,975	1,003,676	
02/01/2018	405,000	68,850	04/01/2018
03/01/2018	69,000	11,730	05/01/2018
11/01/2018	154,800	26,316	15/01/2018
15/01/2018	70,000	11,900	17/01/2018
17/01/2018	246,200	41,854	19/01/2018
08/02/2018	49,000	8,330	12/02/2018
27/02/2018	81,500	13,855	01/03/2018
02/03/2018	473,300	80,461	06/03/2018
08/03/2018	479,000	81,430	12/03/2018
12/03/2018	144,200	24,514	14/03/2018
15/03/2018	189,500	32,215	19/03/2018
21/03/2018	111,525	18,959	23/03/2018
29/03/2018	488,000	82,960	02/04/2018
	<u>55,479,085</u>	<u>24,390,295</u>	

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

As at March 31, 2018, the number of outstanding unexercised warrants is 66,433,096.

### b) Corporate proposals not completed

There were no corporate proposals announced but not completed in the current quarter ended March 31, 2018 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.

On November 1, 2017, CABINDO Poultry Sdn. Bhd. ("CABINDO"), a wholly-owned subsidiary of the Company had entered into a Joint Venture Agreement ("JVA") with PT Ternak Ayam Terpadu Indonesia ("PT"), to form several Joint Venture Companies ("JV CO") by combining their resources and expertise to produce halal poultry based products for the Indonesia's consumers. The JVA does not stipulate any terms on the investment amount that are required from CABINDO and PT (collectively referred to as the "JVA Parties") and instead, the JVA is required by the JVA Parties to facilitate their application to the Badan Koordinasi Penanaman Modal, Indonesia for its approval in relation to the incorporation of the JV Co.

(FORWARD)

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

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

There were no corporate proposals announced but not completed in the current quarter ended March 31, 2018 and up to the date of this interim financial report save as below. (Cont'd)

- 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 ("breeder farms").
- 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 ("broiler farms").

On October 27, 2017, all the resolutions to acquire the breeder farms and broiler farms have been approved in the extraordinary general meeting by the shareholders of the Company.

On May 22, 2018, the balance purchase consideration have been paid in full pursuant to the sale and purchase agreements in relation to the Proposed Acquisition of Breeder Farms, hence marking the completion of the Proposed Acquisition of Breeder Farms.

- 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 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 March 31, 2018 are as follows:-

	As at March 31, 2018			As at September 30, 2017		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Short-term borrowings:</b>						
Bankers' acceptances	85,657	70,372	156,029	75,238	60,406	135,644
Hire purchase payables	9,036	-	9,036	8,832	-	8,832
Term loans	15,243	-	15,243	13,790	-	13,790
Bank overdrafts	1,334	1,268	2,602	936	-	936
Sub-total	111,270	71,640	182,910	98,796	60,406	159,202

(FORWARD)

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

The Group's total bank borrowings as at March 31, 2018 are as follows:- (Cont'd)

	As at March 31, 2018			As at September 30, 2017		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Long-term borrowings:</b>						
Term loans	112,738	-	112,738	115,545	-	115,545
Hire purchase payables	11,125	-	11,125	11,751	-	11,751
Sub-total	123,863	-	123,863	127,296	-	127,296
<b>Total borrowings</b>	<b>235,133</b>	<b>71,640</b>	<b>306,773</b>	<b>226,092</b>	<b>60,406</b>	<b>286,498</b>

The Group's total borrowings increased to RM306.77 million during the quarter under review as compared to RM286.50 million recorded in the financial year ended September 30, 2017 mainly due to the increase in utilization of bankers' acceptances. The Group increased its bankers' acceptances line to finance the purchase of feeds attributed to the increase in production of broilers and higher trading volumes of feeds since last financial year end.

The foreign currency exposure profile of borrowings is as follow:

	As at March 31, 2018		As at September 30, 2017	
	Foreign Currency '000	RM Equivalent '000	Foreign Currency '000	RM Equivalent '000
<b>Short Term Borrowing</b>				
Secured	RM	110,671	RM	98,531
Secured	SGD	203	SGD	85
Unsecured	RM	71,640	RM	60,406
		182,910		159,202
<b>Long Term Borrowing</b>				
Secured	RM	123,219	RM	126,989
Secured	SGD	218	SGD	99
		123,863		127,296
<b>Total Borrowing</b>				
Secured	RM	233,890	RM	225,520
Secured	SGD	421	SGD	184
Unsecured	RM	71,640	RM	60,406
		306,773		286,498

## 22. Derivative financial instruments

The derivative financial asset as at March 31, 2018 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	266	11

For the quarter ended March 31, 2018, there have been no significant changes to the Group's exposure to credit risk, market risk, liquidity risk and foreign currency risk from the previous financial year. The Group's financial risk management objectives or policies have also not been changed since the previous financial year.

### 23. Changes in material litigation

There were no material litigations as at the date of the interim financial report.

### 24. Proposed Dividend

No interim dividend has been declared during the current quarter ended March 31, 2018

### 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 March 31, 2018	Prior Period Quarter March 31, 2017	Current Year To Date March 31, 2018	Preceding Year Corresponding Year March 31, 2017
Net profit attributable to shareholders (RM'000)	11,495	9,920	23,979	17,265
Weighted average number of shares				
a) Basic				
Weighted average number of ordinary shares in issue ('000)	618,963	559,553	617,490	555,438
b) Diluted				
Weighted average number of ordinary shares in issue ('000)	618,963	559,553	617,490	555,438
Adjustment for assumed exercised of Warrant ('000)	55,684	92,823	57,753	93,475
Adjusted weighted average number of ordinary shares ('000)	674,647	652,376	675,243	648,913
Basic earnings per ordinary share (sen)	1.86	1.77*	3.88	3.11*
Diluted earnings per ordinary share (sen)	1.70	1.52*	3.55	2.66*

\* The basic earnings per share and diluted earnings per share were recalculated to conform the changes in share split into 488,558,518 new ordinary shares and the subsequent bonus issue of 122,003,016 on August 4, 2017.

### 26. Retained earnings

The breakdown of the retained earnings of the Group into realized and unrealized amounts, pursuant to the directive from Bursa Malaysia Securities Berhad on March 25, 2010, is as follows:

	Current Quarter Ended March 31, 2018 RM'000 (Unaudited)	As At September 30, 2017 RM'000 (Audited)
Total retained earnings		
Realised	160,540	133,461
Unrealised	72,340	67,518
	232,880	200,979
Less: Consolidation adjustments	(58,397)	(51,853)
Total retained earnings as per statement of financial position	174,483	149,126

## 27. Profit for the period

Profit for the period has been arrived at:

	3 months ended		6 months ended	
	March 31, 2018 RM'000	March 31, 2017 RM'000	March 31, 2018 RM'000	March 31, 2017 RM'000
<b>After charging/(crediting):-</b>				
Depreciation and amortization of non-current assets	8,946	7,591	18,025	14,995
Interest expenses	3,575	3,560	7,092	6,952
Bad debts written off	79	88	326	88
Property, plant and equipment written off	64	1	271	2
Net unrealized loss/(gain) on foreign exchange	32	(145)	89	(255)
Share of loss in an associate company	16	-	21	-
Interest revenue recognized in profit or loss	(397)	(449)	(749)	(833)
Amortization of deferred revenue	(11)	(13)	(22)	(26)
(Gain)/loss on disposal of property, plant and equipment	(3)	(56)	11	(68)
Deposit written off	-	66	-	66
Net fair value (gain)/loss on derivative financial asset/ ( liability)	-	(11)	(17)	-*
Reversal of impairment loss recognized on receivable	-	(1)	-	(1)
Goodwill written off	-	-	80	-
Gain from bargain purchase	-	-	-	(19)

\* Negligible

## 28. Trade Receivables

	As At March 31, 2018 RM'000 (Unaudited)	As at September 30, 2017 RM'000 (Audited)
Trade receivables:		
Third parties	182,750	191,625
Related parties	4,025	3,533
Less: Allowance for impairment losses	(11,323)	(21,811)
Trade receivable, net	175,452	173,347
Other receivables:		
Third parties	8,072	7,572
Related parties	32	27
Less: Allowance for impairment losses	(62)	(62)
Other receivable, net	8,042	7,537
Total trade and other receivables	183,494	180,884

(FORWARD)

## 28. Trade Receivables (Cont'd)

Amounts owing by related parties are as follows:

	<b>As At March 31, 2018 RM'000 (Unaudited)</b>	<b>As at September 30, 2017 RM'000 (Audited)</b>
Included in trade receivables:		
YWT Contract Farming	3,793	3,412
Jaya Gading Marketing	60	64
Hoang Dung Pte. Ltd.	50	-
Wei Heng Maju Farm Sdn. Bhd.	42	39
Toh York Mue	33	-
OTO Agriculture Marketing Sdn. Bhd.	18	-
Chuah Ah Chui	17	18
DS Poultry Sdn. Bhd.	11	-
Chuah Ah Bee Sdn. Bhd.	1	-
Chyuan Heng Farming Sdn. Bhd.	-*	-*
Unisetali Sdn. Bhd.	-*	-
	<u>4,025</u>	<u>3,533</u>
Included in other receivables:		
Unisetali Sdn. Bhd.	32	26
DES Food Manufacturing Pte. Ltd.	-	1
	<u>32</u>	<u>27</u>

\*negligible

There have been no significant changes to the average credit terms granted to third parties and related parties from the previous financial year.

Ageing of past due but not impaired trade receivables:

	<b>As At March 31, 2018 RM'000 (Unaudited)</b>	<b>As at September 30, 2017 RM'000 (Audited)</b>
Number of days past due:		
1 - 30 days	34,191	37,224
31 - 60 days	10,124	15,341
61 - 90 days	2,609	5,136
Over 90 days	13,436	8,677
Total	<u>60,360</u>	<u>66,378</u>

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. All debts exceed the credit terms are closely monitored by the Group's credit control team.

## 29. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution dated May 30, 2018.