

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

**UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE THIRD QUARTER ENDED**  
**30 JUNE 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 30 June		CUMULATIVE QUARTER 9 months ended 30 June	
		2018	2017	2018	2017
		RM'000 (Unaudited)	RM'000 (Unaudited)	RM'000 (Unaudited)	RM'000 (Unaudited)
<b>Revenue</b>	<b>9</b>	<b>430,677</b>	<b>382,271</b>	<b>1,284,538</b>	<b>1,080,887</b>
Cost of sales		(395,868)	(334,831)	(1,158,514)	(958,334)
<b>Gross profit</b>		<b>34,809</b>	<b>47,440</b>	<b>126,024</b>	<b>122,553</b>
Other income		3,461	3,761	10,752	11,091
Distribution costs		(14,121)	(10,606)	(39,431)	(32,465)
Administrative expenses		(13,241)	(12,405)	(39,725)	(33,953)
Other expenses		(50)	(387)	(320)	(861)
<b>Profit from operations</b>	<b>9</b>	<b>10,858</b>	<b>27,803</b>	<b>57,300</b>	<b>66,365</b>
Investment revenue		334	60	592	517
Other gains and losses		(760)	(470)	(2,515)	(2,010)
Finance costs		(4,916)	(3,644)	(12,601)	(11,086)
Share of loss of associates		(13)	-	(35)	-
<b>Profit before taxation</b>		<b>5,503</b>	<b>23,749</b>	<b>42,741</b>	<b>53,786</b>
Tax expenses	19	(889)	(7,264)	(9,755)	(15,278)
<b>Profit for the period</b>	<b>27</b>	<b>4,614</b>	<b>16,485</b>	<b>32,986</b>	<b>38,508</b>
<b>Other Comprehensive income/(loss)</b>					
Items that will be reclassified subsequently to profit or loss:					
Exchange difference on translating foreign operations		233	(673)	(2,621)	1,018
Other comprehensive income/(loss) for the period, net of tax		233	(673)	(2,621)	1,018
<b>Total comprehensive income for the period</b>		<b>4,847</b>	<b>15,812</b>	<b>30,365</b>	<b>39,526</b>
<b>Profit/(loss) attributable to:</b>					
Owners of the Company		4,898	13,741	28,877	31,006
Non-controlling interests		(284)	2,744	4,109	7,502
		4,614	16,485	32,986	38,508
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the Company		5,013	13,413	27,631	31,500
Non-controlling interests		(166)	2,399	2,734	8,026
		4,847	15,812	30,365	39,526
(FORWARD)					

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

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended 30 June		9 months ended 30 June	
		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	0.77	2.37*	4.60	5.51*
<b>Diluted earnings per ordinary share (sen)</b>	25	0.72	2.05*	4.24	4.71*

\* 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**

	Note	As at 30 June 2018 RM'000 (Unaudited)	As at 30 September 2017 RM'000 (Audited)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		682,282	532,724
Investment properties		88,110	86,038
Prepaid lease payments on leasehold land		19,332	13,342
Other intangible asset		12,215	11,505
Goodwill		6,219	6,219
Other financial asset		961	260
Investment in an associate company		159	204
Agricultural development expenditure		34	34
Deferred tax assets		19	17
<b>Total non-current assets</b>		<b>809,331</b>	<b>650,343</b>
<b>Current Assets</b>			
Inventories		86,616	85,034
Trade and other receivables	28	190,405	180,884
Current tax assets		1,221	840
Other assets		15,665	46,233
Derivative financial asset	22	5	-
Short-term deposits with licensed banks		36,219	50,294
Cash and bank balances		60,585	51,762
		390,716	415,047
Non-current assets classified as held for sale		125	125
<b>Total current assets</b>		<b>390,841</b>	<b>415,172</b>
<b>TOTAL ASSETS</b>		<b>1,200,172</b>	<b>1,065,515</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		132,682	128,321
Treasury shares		(69)	(69)
Reserves		108,788	112,427
Retained earnings	26	177,018	149,126
Equity attributable to owners of the Company		418,419	389,805
Non-controlling interests		143,858	140,890
<b>Total equity</b>		<b>562,277</b>	<b>530,695</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	21	210,997	127,296
Deferred revenue		40	64
Deferred tax liabilities		39,738	40,017
<b>Total non-current liabilities</b>		<b>250,775</b>	<b>167,377</b>

(FORWARD)

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

	Note	As at 30 June 2018 RM'000 (Unaudited)	As at 30 September 2017 RM'000 (Audited)
<b>CURRENT LIABILITIES</b>			
Trade and other payables		198,899	201,031
Borrowings	21	185,502	159,202
Deferred revenue		38	44
Derivative financial liability		-	6
Current tax liabilities		2,681	7,160
<b>Total current liabilities</b>		<b>387,120</b>	<b>367,443</b>
<b>TOTAL LIABILITIES</b>		<b>637,895</b>	<b>534,820</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,200,172</b>	<b>1,065,515</b>
Net assets per share attributable to ordinary equity holders of the parent company (RM)		0.65	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)

Nine (9) Months Ended June 30, 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	-	-	-	-	28,877	28,877	4,109	32,986
Other comprehensive loss	-	-	-	(1,246)	-	(1,246)	(1,375)	(2,621)
Total comprehensive (loss)/income for the period	-	-	-	(1,246)	28,877	27,631	2,734	30,365
Exercise of share warrants for 25,653,057 new ordinary shares at RM0.17 per ordinary share	4,361	-	-	-	-	4,361	-	4,361
Subscription of shares by non-controlling interests in a subsidiary	-	-	-	-	-	-	1,216	1,216
Dividend paid	-	-	-	-	(3,160)	(3,160)	-	(3,160)
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	-	-	(2,393)	-	2,393	-	-	-
<b>Balance as at June 30, 2018</b>	132,682	(69)	108,268	520	177,018	418,419	143,858	562,277

(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, 2017

	←----- Attributable to owners of the Company -----→						Total	Non- controlling interests	Total Equity
	←----- 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	RM'000	RM'000	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	-	-	-	-	-	31,006	31,006	7,502	38,508
Other comprehensive income	-	-	-	-	494	-	494	524	1,018
<b>Total comprehensive income for the period</b>	-	-	-	-	494	31,006	31,500	8,026	39,526
Issuance of ordinary shares pursuant to exercise of Warrants	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	-	-	-	-	-	(1,808)	(1,808)	-	(1,808)
Dividend paid to non-controlling interest of subsidiaries	-	-	-	-	-	-	-	(1,222)	(1,222)
Reclassification pursuant to S618(2) of CA2016 <sup>^</sup>	28,525	-	(28,525)	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	(293)	-	293	-	-	-
<b>Balance as at June 30, 2017</b>	<b>125,773</b>	<b>(69)</b>	<b>-</b>	<b>36,387</b>	<b>1,824</b>	<b>121,882</b>	<b>285,797</b>	<b>67,705</b>	<b>353,502</b>

<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**

	9 months ended June 30, 2018 RM'000 (Unaudited)	9 months ended June 30, 2017 RM'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	32,986	38,508
Adjustments for:		
Depreciation and amortization of non-current assets	27,861	22,650
Interest expenses	11,713	10,335
Tax expenses recognized in profit or loss	9,755	15,278
Net unrealized loss/(gain) on foreign exchange	1,640	(208)
Bad debts written off	324	204
Property, plant and equipment written off	322	42
Inventories written off	90	-
Goodwill written off	80	-
Share of loss in an associate company	35	-
Interest revenue recognized in profit or loss	(1,028)	(1,178)
Net fair value gain on derivative financial asset	(712)	(15)
(Gain)/loss on disposal of property, plant and equipment	(73)	11
Amortization of deferred revenue	(33)	(38)
Deposit written off	-	66
Gain from bargain purchase	-	(19)
Reversal of impairment loss recognized on receivables	-	(1)
	82,960	85,635
Movement in working capital:		
Inventories	(1,565)	(22,867)
Trade and other receivables	(10,507)	(20,725)
Other assets	(2,038)	(31,307)
Trade and other payables	(5,426)	3,129
Deferred revenue	6	-
Cash generated from operations	63,430	13,865
Interest received	666	872
Net of income tax paid and refunded	(14,750)	(7,969)
Interest paid	(11,627)	(10,179)
Net cash generated from/(used in) operating activities	37,719	(3,411)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease in other assets for acquisition of property, plant and equipment	32,567	-
Net cash inflow/(outflow) on acquisition of a subsidiary	479	(6,297)
Interest received	320	257
Proceeds from disposal of property, plant and equipment	125	622
Payments for property, plant and equipment, prepaid land lease and investment properties	(180,810)	(33,069)
Proceeds from disposal of other investment	-	78
Net cash used in investing activities	(147,319)	(38,409)

(FORWARD)



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

	9 months ended June 30, 2018 RM'000 (Unaudited)	9 months ended June 30, 2017 RM'000 (Unaudited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net change in long-term loans	93,984	(1,353)
Net change in short-term borrowings	14,656	19,600
Proceeds from Warrants exercise	4,361	9,826
Proceeds from issuance of shares by a subsidiary to non-controlling interests	1,216	225
Net change in hire-purchase	(6,177)	(5,730)
Dividend paid to shareholders of the Company	(3,160)	(1,808)
Dividend paid to non-controlling interests of a subsidiary	(1,019)	(1,222)
Short-term deposits pledged as securities	(249)	(259)
Advance from non-controlling interests of a subsidiary	-	37,041
Net cash generated from financing activities	103,612	56,320
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(5,988)	14,500
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	91,803	60,388
Effect of foreign exchange rate changes	(1,216)	420
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	84,599	75,308
<b>REPRESENTED BY:-</b>		
Short-term deposits with licensed banks	36,219	41,189
Cash and bank balances	60,585	44,789
Bank overdrafts classified as cash equivalents	(2,639)	(1,490)
	94,165	84,488
Less: Short-term deposits pledged as securities	(9,566)	(9,180)
	84,599	75,308

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 THIRD QUARTER ENDED JUNE 30, 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 June 30, 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 June 30, 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 June 30, 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))	25,653,057
Issued and paid up capital including treasury shares as at June 30, 2018	<u><u>643,463,279</u></u>

At the Annual General Meeting of the Company held on March 23, 2018, 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, 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 June 30, 2018</b>							
Segment revenue							
External revenue	-	396,663	33,356	22	636	-	430,677
Inter-segment revenue	4,585	4,827	27	1	197	(9,637)	-
Total revenue	4,585	401,490	33,383	23	833	(9,637)	430,677
Segment results	3,812	14,095	(156)	2	(9)	(6,886)	10,858
<b>Nine (9) Months ended June 30, 2018</b>							
Segment revenue							
External revenue	-	1,184,788	97,512	53	2,185	-	1,284,538
Inter-segment revenue	4,768	14,458	48	11	639	(19,924)	-
Total revenue	4,768	1,199,246	97,560	64	2,824	(19,924)	1,284,538
Segment results	2,656	65,883	(287)	22	108	(11,082)	57,300
<b>As at June 30, 2018</b>							
Segment assets	130,078	1,076,062	31,414	4,231	8,555	(87,627)	1,162,713
Interest revenue producing assets							36,219
Income tax assets							1,240
<b>Consolidated total assets</b>							<b>1,200,172</b>
Segment liabilities	114	180,630	17,431	649	158	(5)	198,977
Borrowings							396,499
Income tax liabilities							42,419
<b>Consolidated total liabilities</b>							<b>637,895</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 June 30, 2017</b>							
Segment revenue							
External revenue	-	349,148	32,501	34	588	-	382,271
Inter-segment revenue	1,090	4,875	1	7	196	(6,169)	-
Total revenue	<u>1,090</u>	<u>354,023</u>	<u>32,502</u>	<u>41</u>	<u>784</u>	<u>(6,169)</u>	<u>382,271</u>
Segment results	<u>586</u>	<u>29,406</u>	<u>(76)</u>	<u>(86)</u>	<u>(95)</u>	<u>(1,932)</u>	<u>27,803</u>
<b>Nine (9) Months ended June 30, 2017</b>							
Segment revenue							
External revenue	-	986,675	91,944	84	2,184	-	1,080,887
Inter-segment revenue	1,273	14,098	7	12	617	(16,007)	-
Total revenue	<u>1,273</u>	<u>1,000,773</u>	<u>91,951</u>	<u>96</u>	<u>2,801</u>	<u>(16,007)</u>	<u>1,080,887</u>
Segment results	<u>349</u>	<u>70,720</u>	<u>(460)</u>	<u>(272)</u>	<u>(306)</u>	<u>(3,666)</u>	<u>66,365</u>
<b>As at June 30, 2017</b>							
Segment assets	91,555	820,208	31,266	4,251	3,464	(97,718)	853,026
Interest revenue producing assets							41,189
Income tax assets							465
<b>Consolidated total assets</b>							<u>894,680</u>
Segment liabilities	121	213,147	19,656	113	136	(5)	231,168
Borrowings							272,219
Income tax liabilities							35,791
<b>Consolidated total liabilities</b>							<u>541,178</u>

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 June 30, 2018		Nine (9) Months ended June 30, 2018	
	RM'000	%	RM'000	%
Revenue				
By Geographical Locations				
Malaysia	376,897	87.51	1,121,631	87.32
Singapore	50,634	11.76	155,870	12.13
Bangladesh	1,488	0.35	3,397	0.27
Mynmar	783	0.18	941	0.07
Brunei	640	0.15	1,660	0.13
Pakistan	136	0.03	505	0.04
Indonesia	-	0.00	264	0.02
Others	99	0.02	270	0.02
Consolidated	<u>430,677</u>	<u>100.00</u>	<u>1,284,538</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 June 30, 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 TH Likes Pte. Ltd. ("THL") (formerly known as EC Grocer Pte. Ltd.) from a non-controlling interest for a total purchase consideration of SGD40. Upon completion of the aforesaid transaction, THL became a 55.9% owned subsidiary of the Group.

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

Shareholders' name	No. of ordinary shares	
	Before the Acquisition	After the Acquisition
THPP	50	90
Chua Tuan Gu	40	-
Likes Marketing Sdn. Bhd. (a 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.

- iv) On June 27, 2018, Jimat Jaya Sdn. Bhd., a wholly-owned sub-sub-subsidiary company of the Company, entered into a Share Sale Agreement ("the Agreement") with CAB Cakaran Southern Sdn. Bhd. ("the Purchaser" or "CABS"), a 51% owned subsidiary of the Group to dispose of 2 ordinary shares, representing 100% of the total share capital of C&B Poultry Sdn. Bhd. ("C&B") (formerly known as Jimat Jaya Pemasaran Sdn. Bhd.) to CABS for a total cash consideration of RM2 ("the Disposal Consideration"). Upon the completion of the Disposal, C&B became a wholly-owned subsidiary of CABS, which in turn is a 51% owned subsidiary of the Group.

Subsequently, on July 5, 2018, C&B increased its issued share capital from RM2 to RM400,000 by way of allotment and issuance of 399,998 new ordinary shares for a total cash consideration of RM399,998 to the following allottees ("the Allotment"):-

Shareholders' name	No. of ordinary shares	
	Before the Acquisition	After the Acquisition
CABS	2	160,000
CAB Cakaran Sdn. Bhd. ("CABC"), a wholly-owned subsidiary of the Company	-	40,000
Alex Tan Kuan Hon	-	200,000
Total	100	400,000

Accordingly, the equity interest of the Company in C&B diluted from 51% to 30.4% and consequently, C&B became a 30.4% subsidiary of the Group.

(FORWARD)

## 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: (Cont'd)

- v) On July 9, 2018, the Company had incorporated a new subsidiary company, Ayam Kempas Food Industries Sdn. Bhd. (Company No. 1286549-D) ("AKFI"). The initial issued and paid up capital of AKFI was RM65 divided into 65 ordinary shares to the following shareholders as below.

Shareholders' name	No. of ordinary shares
CABS	35
CABC	20
Sia Hui Chen	10
Total	<u>65</u>

Accordingly, AKFI became a 58.23% subsidiary of the Company.

## 13. Changes in contingent liabilities and assets

As at June 30, 2018, the Company had issued corporate guarantees of RM676.82 million (June 30, 2017: RM500.00 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, 2018 are as follows:-

	RM'000
Property, plant and equipment:	
Approved and contracted for	20,827
Authorised but not contracted for	2,895
	<u>23,722</u>



**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED JUNE 30, 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 third quarter ended June 30, 2018, the Group recorded revenue of RM430.68 million, representing an increase of about 12.66% over the prior year corresponding quarter's revenue of RM382.27 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 finance costs of the Group for the quarter under review was mainly due to the increased in term loan interest charges related to the drawn down of term loan mainly to finance the acquisitions of breeder farms and broiler farms from Sinmah Capital Berhad.

Despite the strong sales growth, the Group recorded a decrease in profit from operation of RM10.86 million as compared to RM27.86 million in prior year corresponding quarter. This was mainly attributed to the lower profit generated by most of the divisions especially the integrated poultry division.

The higher revenue of the integrated poultry division was mainly attributed to the increase in the production of broilers as well as the higher trading volumes of feeds. In spite of the higher revenue of the division, it recorded a lower profit from operation of RM14.10 million as compared to RM29.41 million in prior year corresponding quarter. This was due to the increase in feed cost as well as a lower average selling price of RM4.77 per kg for broilers as compared to RM5.01 in the prior year corresponding quarter.

The supermarket division showed an increase in revenue to RM33.38 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 higher profit from operations of RM0.002 million as compared to the corresponding quarter due to better cost management and higher rental income.

In tandem with the higher revenue of RM0.83 million, the fast food division recorded a lower loss from operation of RM0.09 million during the quarter under review as a result of better margin achieved.

**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>2018</b>	<b>2018</b>	<b>Variance</b>	
	<b>Quarter 3</b>	<b>Quarter 2</b>	<b>RM'000</b>	<b>%</b>
	<b>RM'000</b>	<b>RM'000</b>		
	(Unaudited)	(Unaudited)		
Revenue	430,677	424,897	5,780	1.36
Profit before taxation	5,503	17,539	(12,036)	(68.62)

For the current quarter ended June 30, 2018, the Group recorded a higher revenue mainly due to the higher sales achieved by the integrated poultry division as a result of the increase in the production of chicks and broilers as well as the higher trading volumes of feeds as compared to the preceding quarter.

In spite of the higher revenue, the Group's profit before taxation decreased from RM17.54 million to RM5.50 million mainly as a result of the higher cost of sales due to the increased in feed cost and the lower average selling price of broilers.

## 17. Commentary on prospects

Given the escalating trade war between the USA and China which has created great uncertainty in the world economic system, we expect the prospect for the next quarter to be challenging. The instability of the currencies, especially of the emerging economies is expected to have a negative impact on world trade.

The integrated poultry division will likely be affected by the uncertainties arising from the trade war, in particular the cost of feed where the main raw materials used are imported. The weakening Ringgit Malaysia versus the US Dollar will result in higher cost of feed. In addition, both the increase in cost of labour and financing charges will have a direct impact on the bottom line given that the average price of broiler is not expected to improve in the next quarter.

The supermarket division is not expected to show any significant improvement in its performance for the next quarter. Management will continue to implement cost saving measures and to scout for suitable locations to open more outlets.

No improvement is expected from the marine division 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	
	30.06.18 RM'000	30.06.17 RM'000	30.06.18 RM'000	30.06.17 RM'000
Current taxation				
- Current	2,958	5,770	11,512	14,065
- Prior year	(1,504)	35	(1,495)	35
	1,454	5,805	10,017	14,100
Deferred taxation	(565)	1,459	(262)	1,178
	889	7,264	9,755	15,278

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 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 June 30, 2018 a total of 72,267,142 warrants as below have been converted into shares.

(FORWARD)

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

### a) Warrants (Cont'd)

Date of allotment	No. of Warrants exercised	Proceed (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	
In second quarter financial year ended 2018	2,961,025	503,374	
03/04/2018	5,827,600	990,692	05/04/2018
05/04/2018	35,500	6,035	09/04/2018
13/04/2018	261,900	44,523	17/04/2018
19/04/2018	422,600	71,842	23/04/2018
24/04/2018	136,500	23,205	26/04/2018
30/04/2018	100,000	17,000	03/05/2018
14/05/2018	8,311,180	1,412,901	16/05/2018
21/05/2018	686,977	116,786	23/05/2018
31/05/2018	342,800	58,276	04/06/2018
07/06/2018	369,000	62,730	12/06/2018
14/06/2018	50,000	8,500	19/06/2018
27/06/2018	166,000	28,220	29/06/2018
29/06/2018	78,000	13,260	03/07/2018
	<u>72,267,142</u>	<u>27,244,265</u>	

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

As at June 30, 2018, the number of outstanding unexercised warrants is 49,645,039.

### b) Corporate proposals not completed

There were no corporate proposals announced but not completed in the current quarter ended June 30, 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.

- ii) 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.
- iii) 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, 2018 are as follows:-

	As at June 30, 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	86,998	63,302	150,300	75,238	60,406	135,644
Term loans	23,586	-	23,586	13,790	-	13,790
Hire purchase payables	8,976	-	8,976	8,832	-	8,832
Bank overdrafts	1,025	1,615	2,640	936	-	936
Sub-total	120,585	64,917	185,502	98,796	60,406	159,202
<b>Long-term borrowings:</b>						
Term loans	201,167	-	201,167	115,545	-	115,545
Hire purchase payables	9,830	-	9,830	11,751	-	11,751
Sub-total	210,997	-	210,997	127,296	-	127,296
<b>Total borrowings</b>	<b>331,582</b>	<b>64,917</b>	<b>396,499</b>	<b>226,092</b>	<b>60,406</b>	<b>286,498</b>

The Group's total borrowings increased to RM396.50 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 term loan to finance the acquisition of property, plant and equipment and 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 June 30, 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	116,114	RM	98,531
Unsecured	RM	64,917	RM	60,406
Secured	USD	847	USD	-
Secured	SGD	355	SGD	85
		185,502		159,202
<b>Long Term Borrowing</b>				
Secured	RM	157,766	RM	126,989
Secured	USD	9,623	USD	-
Secured	SGD	4,858	SGD	99
		210,997		127,296
<b>Total Borrowing</b>				
Secured	RM	273,880	RM	225,520
Unsecured	RM	64,917	RM	60,406
Secured	USD	10,470	USD	-
Secured	SGD	5,213	SGD	184
		396,499		286,498

## 22. Derivative financial instruments

The derivative financial asset as at June 30, 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	154	5
Cross Currency Interest Rate Swap Contracts:		
Purchase Contracts - More than 1 year	10,470	701

For the quarter ended June 30, 2018, the Group has entered into two cross currency interest rate swap contracts to exchange the principal payments of USD10.47 million loan into RM, the functional currency of the subsidiaries, to reduce the Group's exposure from adverse fluctuations in foreign currency.

Save as the above, 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, 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:-

	3 months ended		9 Months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Net profit attributable to shareholders (RM'000)	4,898	13,741	28,877	31,006
Weighted average number of shares				
a) Basic				
Weighted average number of ordinary shares in issue ('000)	637,526	578,602	627,475	563,160
b) Diluted				
Weighted average number of ordinary shares in issue ('000)	637,526	578,602	627,475	563,160
Adjustment for assumed exercised of Warrant ('000)	44,485	92,254	53,328	95,116
Adjusted weighted average number of ordinary shares ('000)	682,011	670,856	680,803	658,276
Basic earnings per ordinary share (sen)	0.77	2.37*	4.60	5.51*
Diluted earnings per ordinary share (sen)	0.72	2.05*	4.24	4.71*

\* 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 June 30, 2018 RM'000 (Unaudited)	As At September 30, 2017 RM'000 (Audited)
Total retained earnings		
Realised	165,242	133,461
Unrealised	71,099	67,518
	236,341	200,979
Less: Consolidation adjustments	(59,323)	(51,853)
Total retained earnings as per statement of financial position	177,018	149,126

## 27. Profit for the period

Profit for the period has been arrived at:

	3 months ended		9 months ended	
	June 30, 2018 RM'000	June 30, 2017 RM'000	June 30, 2018 RM'000	June 30, 2017 RM'000
<b>After charging/(crediting):-</b>				
Depreciation and amortization of non-current assets	9,836	7,655	27,861	22,650
Interest expenses	4,621	3,383	11,713	10,335
Net unrealized loss/(gain) on foreign exchange	1,551	47	1,640	(208)
Inventories written off	90	-	90	-
Property, plant and equipment written off	51	40	322	42
Share of loss in an associate company	14	-	35	-
Net fair value gain on derivative financial asset	(695)	(15)	(712)	(15)
Interest revenue recognized in profit or loss (Gain)/loss on disposal of property, plant and equipment	(279)	(345)	(1,028)	(1,178)
Amortization of deferred revenue	(84)	79	(73)	11
Bad debts written off	(11)	(12)	(33)	(38)
Goodwill written off	(2)	116	324	204
Deposit written off	-	-	80	-
Gain from bargain purchase	-	-	-	66
Reversal of impairment loss recognized on receivable	-	-	-	(19)
	-	-	-	(1)

\* Negligible

## 28. Trade Receivables

	As At June 30, 2018 RM'000 (Unaudited)	As at September 30, 2017 RM'000 (Audited)
Trade receivables:		
Third parties	190,766	191,625
Related parties	3,758	3,533
Less: Allowance for impairment losses	(11,323)	(21,811)
Trade receivable, net	183,201	173,347
Other receivables:		
Third parties	7,177	7,572
Related parties	31	27
Less: Allowance for impairment losses	(4)	(62)
Other receivable, net	7,204	7,537
Total trade and other receivables	190,405	180,884

Amounts owing by related parties are as follows:

	As At June 30, 2018 RM'000 (Unaudited)	As at September 30, 2017 RM'000 (Audited)
Included in trade receivables:		
YWT Contract Farming	2,457	3,412
Wei Heng Maju Farm Sdn. Bhd.	563	39
Chyuan Heng Farming Sdn. Bhd.	284	-*
Maju Jaya Farm	283	
Toh York Mue	65	-
OTO Agriculture Marketing Sdn. Bhd.	54	-
Chuah Ah Chui	29	18
Hoang Dung Pte. Ltd.	21	-
DS Poultry Sdn. Bhd.	2	-
Jaya Gading Marketing	-	64
	3,758	3,533
Included in other receivables:		
Unisetali Sdn. Bhd.	31	26
DES Food Manufacturing Pte. Ltd.	-	1
	31	27

\*negligible

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

(FORWARD)

## 28. Trade Receivables (Cont'd)

Ageing of past due but not impaired trade receivables:

	<b>As At June 30, 2018 RM'000 (Unaudited)</b>	<b>As at September 30, 2017 RM'000 (Audited)</b>
Number of days past due:		
1 - 30 days	41,137	37,224
31 - 60 days	10,353	15,341
61 - 90 days	2,419	5,136
Over 90 days	14,795	8,677
Total	<u>68,704</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 August 29, 2018.