

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

**UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE FOURTH QUARTER ENDED**  
**30 SEPTEMBER 2018**

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended 30 September		12 months ended 30 September	
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>Revenue</b>	<b>9</b>	<b>465,830</b>	<b>411,204</b>	<b>1,750,368</b>	<b>1,492,091</b>
Cost of sales		(438,584)	(362,117)	(1,597,098)	(1,320,451)
<b>Gross profit</b>		<b>27,246</b>	<b>49,087</b>	<b>153,270</b>	<b>171,640</b>
Other income		4,523	3,614	15,275	14,705
Distribution costs		(15,724)	(11,251)	(55,155)	(43,716)
Administrative expenses		(13,108)	(14,964)	(52,833)	(48,917)
Other expenses		(210)	(272)	(530)	(1,133)
<b>Profit from operations</b>	<b>9</b>	<b>2,727</b>	<b>26,214</b>	<b>60,027</b>	<b>92,579</b>
Investment revenue		204	183	796	700
Other gains and losses		170	6,638	(2,345)	4,628
Finance costs		(5,171)	(3,569)	(17,772)	(14,655)
Share of loss in joint venture		(11)	(185)	(46)	(185)
<b>(Loss)/profit before taxation</b>		<b>(2,081)</b>	<b>29,281</b>	<b>40,660</b>	<b>83,067</b>
Tax expenses	19	(457)	(6,114)	(10,212)	(21,392)
<b>(Loss)/profit for the period/year</b>	<b>27</b>	<b>(2,538)</b>	<b>23,167</b>	<b>30,448</b>	<b>61,675</b>
<b>Other Comprehensive (loss)/income</b>					
Items that will not be reclassified subsequently to profit or loss:					
Gain arising on revaluation of properties		-	128,840	-	128,840
Income tax relating to components of other comprehensive income		-	(13,741)	-	(13,741)
		-	115,099	-	115,099
Items that will be reclassified subsequently to profit or loss:					
Exchange difference on translating foreign operations		1,274	(118)	(1,347)	900
Other comprehensive income/(loss) for the period/year, net of tax		1,274	114,981	(1,347)	115,999
<b>Total comprehensive (loss)/income for the period/year</b>		<b>(1,264)</b>	<b>138,148</b>	<b>29,101</b>	<b>177,674</b>
<b>(Loss)/profit attributable to:</b>					
Owners of the Company		508	27,177	29,385	58,183
Non-controlling interests		(3,046)	(4,010)	1,063	3,492
		(2,538)	23,167	30,448	61,675
<b>Total comprehensive (loss)/income attributable to:</b>					
Owners of the Company		1,074	101,460	28,705	132,960
Non-controlling interests		(2,338)	36,688	396	44,714
		(1,264)	138,148	29,101	177,674

(FORWARD)

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

	Note	INDIVIDUAL QUARTER 3 months ended 30 September		CUMULATIVE QUARTER 12 months ended 30 September	
		2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Audited)
<b>Basic earnings per ordinary share (sen)</b>	25	0.08	4.45	4.65	10.12
<b>Diluted earnings per ordinary share (sen)</b>	25	0.07	4.01	4.31	8.76

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		As at 30 September 2018	As at 30 September 2017
	Note	RM'000 (Unaudited)	RM'000 (Audited)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		687,345	532,724
Investment properties		96,520	86,038
Prepaid lease payments on leasehold land		19,206	13,342
Other intangible asset		11,963	11,505
Goodwill		6,219	6,219
Other financial asset	22	2,304	260
Investment in a joint venture		2,424	204
Agricultural development expenditure		33	34
Deferred tax assets		41	17
<b>Total non-current assets</b>		<b>826,055</b>	<b>650,343</b>
<b>Current Assets</b>			
Inventories		92,266	85,034
Trade and other receivables	28	212,017	180,884
Current tax assets		3,842	840
Other assets		20,476	46,233
Short-term deposits with licensed banks		31,407	50,294
Cash and bank balances		64,497	51,762
		424,505	415,047
Non-current assets classified as held for sale		125	125
<b>Total current assets</b>		<b>424,630</b>	<b>415,172</b>
<b>TOTAL ASSETS</b>		<b>1,250,685</b>	<b>1,065,515</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		133,015	128,321
Treasury shares		(69)	(69)
Reserves		108,543	112,427
Retained earnings	26	178,420	149,126
Equity attributable to owners of the Company		419,909	389,805
Non-controlling interests		142,920	140,890
<b>Total equity</b>		<b>562,829</b>	<b>530,695</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	21	215,622	127,296
Deferred revenue		37	64
Deferred tax liabilities		39,211	40,017
<b>Total non-current liabilities</b>		<b>254,870</b>	<b>167,377</b>

(FORWARD)

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

		As at 30 September 2018 RM'000 (Unaudited)	As at 30 September 2017 RM'000 (Audited)
<b>CURRENT LIABILITIES</b>			
Trade and other payables		238,202	201,031
Borrowings	21	191,760	159,202
Deferred revenue		32	44
Derivative financial liability	22	9	6
Current tax liabilities		2,983	7,160
<b>Total current liabilities</b>		432,986	367,443
<b>TOTAL LIABILITIES</b>		687,856	534,820
<b>TOTAL EQUITY AND LIABILITIES</b>		1,250,685	1,065,515
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)

Twelve (12) Months Ended September 30, 2018

	----- Attributable to owners of the Company ----->						Non- Controlling interest RM'000	Total Equity RM'000
	←----- Non-distributable ----->			Distributable				
	Share Capital RM'000	Treasury Shares RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total 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 year	-	-	-	-	29,385	29,385	1,063	30,448
Other comprehensive loss	-	-	-	(680)	-	(680)	(667)	(1,347)
Total comprehensive (loss)/income for the year	-	-	-	(680)	29,385	28,705	396	29,101
Exercise of share warrants for 27,616,457 new ordinary shares at RM0.17 per ordinary share	4,694	-	-	-	-	4,694	-	4,694
Subscription of shares by non-controlling interests in a subsidiary	-	-	-	-	-	-	2,616	2,616
Increase arising on revaluation of property	-	-	82	-	-	82	-	82
Dividend paid	-	-	-	-	(3,160)	(3,160)	-	(3,160)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	(1,018)	(1,018)
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	-
Arising from decrease in equity interest in a subsidiary	-	-	-	-	1	1	(1)	-
Realisation of revaluation upon disposal	-	-	(119)	-	119	-	-	-
Transfer to retained earnings	-	-	(3,167)	-	3,167	-	-	-
<b>Balance as at September 30, 2018</b>	133,015	(69)	107,457	1,086	178,420	419,909	142,920	562,829

(FORWARD)

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

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

Twelve (12) Months Ended September 30, 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 year	-	-	-	-	-	58,183	58,183	3,492	61,675
Other comprehensive income	-	-	-	74,341	436	-	74,777	41,222	115,999
Total comprehensive income for the year	-	-	-	74,341	436	58,183	132,960	44,714	177,674
Advance from, non-controlling interests	-	-	-	-	-	-	-	36,000	36,000
Issuance of ordinary shares pursuant to exercise of Warrants	12,213	-	161	-	-	-	12,374	-	12,374
Additional non-controlling interests arising on the acquisition of a subsidiary	-	-	-	-	-	-	-	6,535	6,535
Subscription of shares by non-controlling interests in a subsidiary	-	-	-	-	-	-	-	675	675
Dividend paid	-	-	-	-	-	(1,808)	(1,808)	-	(1,808)
Dividend paid to non-controlling interest of subsidiaries	-	-	-	-	-	-	-	(1,176)	(1,176)
Reclassification pursuant to S618(2) of CA2016 <sup>^</sup>	28,525	-	(28,525)	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	(360)	-	360	-	-	-
<b>Balance as at September 30, 2017</b>	<b>128,321</b>	<b>(69)</b>	<b>-</b>	<b>110,661</b>	<b>1,766</b>	<b>149,126</b>	<b>389,805</b>	<b>140,890</b>	<b>530,695</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**

	12 months ended September 30, 2018 RM'000 (Unaudited)	12 months ended September 30, 2017 RM'000 (Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year	30,448	61,675
Adjustments for:		
Depreciation and amortization of non-current assets	40,141	30,809
Interest expenses	16,590	13,646
Tax expenses recognized in profit or loss	10,212	21,392
Net unrealized loss/ (gain) on foreign exchange	2,559	(113)
Impairment loss recognized on property, plant and equipment	1,998	-
Bad debts written off	513	213
Property, plant and equipment written off	433	581
Impairment loss recognized on receivables	393	959
Inventories written off	325	-
Goodwill written off	80	-
Share of loss in a joint venture	46	185
Inventories written down	27	-
Gain on fair value adjustment of investment properties	(2,668)	(9,192)
Net fair value gain on derivative financial asset/ (liability)	(2,041)	(2)
Interest revenue recognized in profit or loss	(1,325)	(1,520)
Reversal of impairment loss recognized on receivables	(343)	(2)
Amortization of deferred revenue	(44)	(51)
(Gain)/loss on disposal of property, plant and equipment	(32)	45
Loss on revaluation of properties	-	1,270
Deposit written off	-	66
Allowance for inventories obsolescence	-	56
Reversal of loss on revaluation of properties recognized in prior year	-	(454)
Gain from bargain purchase	-	(21)
Reversal of inventories written down	-	(3)
	97,312	119,539
Movement in working capital:		
Inventories	(7,421)	(24,037)
Trade and other receivables	(31,725)	(33,040)
Other assets	(3,408)	2,303
Trade and other payables	33,669	7,096
Deferred revenue	8	-
Cash generated from operations	88,435	71,861
Interest received	837	1,091
Net of income tax paid and refunded	(18,123)	(16,823)
Interest paid	(16,574)	(13,326)
Net cash generated from operating activities	54,575	42,803

(FORWARD)



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

	12 months ended September 30, 2018 RM'000 (Unaudited)	12 months ended September 30, 2017 RM'000 (Audited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease/(increase) in other assets for acquisition of non-current assets	29,198	(32,443)
Net cash inflow/(outflow) on acquisition of a subsidiary	480	(6,297)
Interest received	473	410
Proceeds from disposal of property, plant and equipment	451	867
Payments for non-current assets	(198,638)	(45,485)
Payment for investment in a joint venture	(2,248)	-
Proceeds from disposal of available-for-sale investment	-	78
Net cash used in investing activities	(170,284)	(82,870)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net change in long-term loans	95,562	(1,421)
Net change in short-term borrowings	18,509	35,558
Proceeds from Warrants exercise	4,694	12,374
Proceeds from issuance of shares by a subsidiary to non-controlling interests	2,616	675
Net change in hire-purchase	(8,819)	(9,503)
Dividend paid to shareholders of the Company	(3,160)	(1,808)
Dividend paid to non-controlling interests of a subsidiary	(1,018)	(1,176)
Short-term deposits pledged as securities	(401)	(397)
Advance from non-controlling interests of a subsidiary	-	36,816
Net cash generated from financing activities	107,983	71,118
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(7,726)	31,051
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	91,803	60,388
Effect of foreign exchange rate changes	(657)	364
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	83,420	91,803
<b>REPRESENTED BY:-</b>		
Short-term deposits with licensed banks	31,407	50,294
Cash and bank balances	64,497	51,762
Bank overdrafts classified as cash equivalents	(2,766)	(936)
	93,138	101,120
Less: Short-term deposits pledged as securities	(9,718)	(9,317)
	83,420	91,803

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 FOURTH QUARTER ENDED  
SEPTEMBER 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 September 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 September 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 year ended September 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))	27,616,457
Issued and paid up capital including treasury shares as at September 30, 2018	<u><u>645,426,679</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 September 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 September 30, 2018</b>							
Segment revenue							
External revenue	-	431,173	33,972	4	681	-	465,830
Inter-segment revenue	1,098	5,111	44	3	196	(6,452)	-
Total revenue	1,098	436,284	34,016	7	877	(6,452)	465,830
Segment results	828	6,133	(511)	(161)	(20)	(3,542)	2,727
<b>Twelve (12) Months ended September 30, 2018</b>							
Segment revenue							
External revenue	-	1,615,961	131,484	57	2,866	-	1,750,368
Inter-segment revenue	5,866	19,569	92	14	835	(26,376)	-
Total revenue	5,866	1,635,530	131,576	71	3,701	(26,376)	1,750,368
Segment results	3,484	72,016	(798)	(139)	88	(14,624)	60,027
<b>As at September 30, 2018</b>							
Segment assets	146,817	1,146,672	28,706	558	8,198	(115,556)	1,215,395
Interest revenue producing assets							31,407
Income tax assets							3,883
<b>Consolidated total assets</b>							<b>1,250,685</b>
Segment liabilities	158	221,903	15,887	137	200	(5)	238,280
Borrowings							407,382
Income tax liabilities							42,194
<b>Consolidated total liabilities</b>							<b>687,856</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 September 30, 2017</b>							
Segment revenue							
External revenue	-	377,094	33,492	33	585	-	411,204
Inter-segment revenue	8,199	5,262	3	9	207	(13,680)	-
Total revenue	8,199	382,356	33,495	42	792	(13,680)	411,204
Segment results	7,783	27,007	79	(99)	(151)	(8,405)	26,214
<b>Twelve (12) Months ended September 30, 2017</b>							
Segment revenue							
External revenue	-	1,363,769	125,436	117	2,769	-	1,492,091
Inter-segment revenue	9,472	19,360	10	21	824	(29,687)	-
Total revenue	9,472	1,383,129	125,446	138	3,593	(29,687)	1,492,091
Segment results	8,132	97,727	(381)	(371)	(457)	(12,071)	92,579
<b>As at September 30, 2017</b>							
Segment assets	96,357	917,916	28,380	4,174	8,245	(40,708)	1,014,364
Interest revenue producing assets							50,294
Income tax assets							857
<b>Consolidated total assets</b>							<b>1,065,515</b>
Segment liabilities	193	184,884	15,703	146	224	(5)	201,145
Borrowings							286,498
Income tax liabilities							47,177
<b>Consolidated total liabilities</b>							<b>534,820</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 September 30, 2018		Twelve (12) Months ended September 30, 2018	
	RM'000	%	RM'000	%
Revenue				
By Geographical Locations				
Malaysia	407,475	87.47	1,529,106	87.36
Singapore	55,529	11.92	211,399	12.08
Mynmar	981	0.21	1,922	0.11
Brunei	770	0.17	2,430	0.14
Bangladesh	704	0.15	4,101	0.23
Pakistan	203	0.04	708	0.04
Indonesia	168	0.04	432	0.02
Others	-	-	270	0.02
Consolidated	<u>465,830</u>	<u>100.00</u>	<u>1,750,368</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 September 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 and August 29, 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 RM130,000,000 by the issuance of 60,000,000 and 20,000,000 new ordinary shares respectively. The Company subscribed for the 40,800,000 ordinary shares and its 51% owned subsidiary, THPP, subscribed for the 3,200,000 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-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 and September 25, 2018, C&B increased its issued share capital from RM2 to RM800,000 by way of allotment and issuance of 399,998 and 400,000 new ordinary shares respectively for a total cash consideration of RM799,998 to the following allottees ("the Allotment"):-

Shareholders' name	No. of ordinary shares	
	Before subscribed of new shares	After subscribed of new shares
CABS	2	320,000
CAB Cakaran Sdn. Bhd. ("CABC"), a wholly-owned subsidiary of the Company	-	80,000
Alex Tan Kuan Hon	-	400,000
Total	2	800,000

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 Group 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	
	Upon Incorporation	After Increased of share capital
CABS	35	3,500,000
CABC	20	2,000,000
Sia Hui Chen	10	1,000,000
Total	65	6,500,000

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

Subsequently on September 21, 2018, AKFI increased its issued and fully paid up share capital from RM65 to RM6,500,000 by the issuance of 6,499,935 new ordinary shares. CABC and CABS has subscribed for the additional 1,999,980 and 3,499,965 ordinary shares respectively in AKFI by way of cash injection. Accordingly, the Group's interest in AKFI remains unchanged.

## 13. Changes in contingent liabilities and assets

As at September 30, 2018, the Company had issued corporate guarantees of RM694.41 million (September 30, 2017: RM493.72 million) as security to financial institutions and suppliers for banking facilities and/or credit terms respectively, granted to its subsidiary companies.

## 14. Capital commitments

The capital commitments of the Group as at September 30, 2018 are as follows:-

	RM'000
Property, plant and equipment:	
Approved and contracted for	37,726
Authorised but not contracted for	39,325
	<u>77,051</u>



**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED SEPTEMBER 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 fourth quarter ended September 30, 2018, the Group recorded a revenue of RM465.83 million, representing an increase of about 13.29% over the prior year corresponding quarter's revenue of RM411.20 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 for the quarter under review was mainly due to the increased in term loan interest charges relating to 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 to RM2.73 million as compared from RM26.21 million achieved 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 volume of feeds. In spite of the higher revenue of the division, it recorded a lower profit from operation of RM6.13 million as compared to RM27.01 million in prior year corresponding quarter. This was due to the increase in feed cost and distribution cost as well as a lower average selling price of RM4.52 per kg for broilers as compared to RM4.99 in the prior year corresponding quarter.

The supermarket division recorded an increase in revenue to RM34.02 million but suffered a small loss from operation in the current quarter under review as compared to a profit from operation in prior year corresponding quarter. This was mainly due to the lower margin achieved by certain outlets as a result of promotional activities undertake to increase sales during the quarter under review.

For the current quarter under review, the marine products division continues to record low sales revenue. This division recorded a higher loss from operations of RM0.16 million during the quarter under review mainly due to increase in other operating expenses.

In tandem with the higher revenue of RM0.88 million, the fast food division recorded a lower loss from operation of RM0.02 million during the quarter under review as a result of better margin achieved.

**16. Comment on material change in (loss)/ profit before taxation**

The comparison of the Group's revenue and (loss)/ 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 4</b>	<b>Quarter 3</b>	<b>RM'000</b>	<b>%</b>
	<b>RM'000</b>	<b>RM'000</b>		
	(Unaudited)	(Unaudited)		
Revenue	465,830	430,677	35,153	8.16
(Loss)/profit before taxation	(2,081)	5,503	(7,584)	(137.82)

For the current quarter ended September 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 volume of feeds as compared to the preceding quarter.

In spite of the higher revenue, the Group's profit before taxation decreased from RM5.50 million to a loss before taxation of RM1.97 million mainly as a result of the lower average selling price of broilers as compared with the previous quarter.

## 17. Commentary on prospects

The management expects the economic scenario for the coming year to be uncertain and challenging especially given the escalating trade war between the USA and China. This unprecedented trade war has created instability in the world economic system which has witnessed the fall in the value of currencies of the emerging economies.

The fluctuation in the Ringgit has resulted in cost uncertainty for the poultry industry as the majority of raw materials used in the production of feed is imported. However, the positive sign is that the worldwide supply situation for these raw materials remain stable.

The main factors determining the profitability of the Group are the average selling price of broiler and the efficiency in the cost of production. Our Group has grown rapidly over the past few years via organic growth and acquisitions. In addition, we have strengthened the value chain by investing in the various sections of our integrated poultry line which resulted in making us as one of the more cost efficient poultry producer. Despite the challenging landscape, the management is confident that with our market presence and economic of scale in production, the integrated poultry division will continue to be the main contributor to the Group's profit.

The supermarket division is expected to face intense competition and will most likely continue to undertake promotional activities to maintain market share. These activities will have a negative impact on margins and management will put more emphasis on cost saving measures in order to return to the black. This division is not expected to show much improvement in its performance in the near future.

## 18. Variance of actual profit from profit forecast

Not applicable as no profit forecast was published.

## 19. Tax expenses

	3 months ended		12 months ended	
	30.09.18 RM'000	30.09.17 RM'000	30.09.18 RM'000	30.09.17 RM'000
Current taxation				
- Current	1,011	4,615	12,523	18,680
- Prior year	6	(5)	(1,489)	30
	1,017	4,610	11,034	18,710
Deferred taxation	(563)	1,504	(822)	2,682
	457	6,114	10,212	21,392

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 September 30, 2018 a total of 74,230,542 warrants as below have been converted into shares.

Date of allotment	No. of Warrants exercised	Proced (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	
In third quarter financial year ended 2018	16,788,057	2,853,970	
13/07/2018	300,000	51,000	17/07/2018
19/07/2018	190,000	32,300	23/07/2018
25/07/2018	69,000	11,730	27/07/2018
31/07/2018	20,000	3,400	03/08/2018
03/08/2018	39,900	6,783	08/08/2018
13/08/2018	590,000	100,300	15/08/2018
23/08/2018	81,400	13,838	24/08/2018
29/08/2018	100,200	17,034	03/09/2018
06/09/2018	196,300	33,371	12/09/2018
12/09/2018	223,200	37,944	14/09/2018
27/09/2018	153,400	26,078	02/10/2018
	<u>74,230,542</u>	<u>27,578,043</u>	

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

As at September 30, 2018, the number of outstanding unexercised warrants is 47,681,639.

### b) Corporate proposals not completed

There were no corporate proposals announced but not completed in the current quarter ended September 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.

(FORWARD)

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

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

- 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.
- iv) On September 20, 2018, Ayam Kempas Food Industries Sdn. Bhd. ("AKFI"), a 58.23%-owned sub-subsidiary company of CAB, entered into three (3) Sale and Purchase Agreements and two (2) Supplemental Agreements in relation to the acquisitions of (i) a single storey detached chicken slaughtering factory together with all the plant and machinery situated in that factory, (ii) an agricultural land together with fowl houses and motor vehicles and (iii) a three stories terrace shophouse for a total purchase consideration of RM28.86 million.

## 21. Group borrowings and debt securities

The Group's total bank borrowings as at September 30, 2018 are as follows:-

	As at September 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	83,984	70,169	154,153	75,238	60,406	135,644
Term loans	25,184	-	25,184	13,790	-	13,790
Hire purchase payables	9,657	-	9,657	8,832	-	8,832
Bank overdrafts	1,171	1,595	2,766	936	-	936
Sub-total	119,996	71,764	191,760	98,796	60,406	159,202
<b>Long-term borrowings:</b>						
Term loans	202,521	-	202,521	115,545	-	115,545
Hire purchase payables	13,101	-	13,101	11,751	-	11,751
Sub-total	215,622	-	215,622	127,296	-	127,296
<b>Total borrowings</b>	<b>335,618</b>	<b>71,764</b>	<b>407,382</b>	<b>226,092</b>	<b>60,406</b>	<b>286,498</b>

The Group's total borrowings increased to RM407.38 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.

(FORWARD)

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

The foreign currency exposure profile of borrowings is as follow:

		As at September 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		114,388	RM	98,531
Unsecured	RM		71,764	RM	60,406
Secured	USD	1,081	4,473	USD	-
Secured	SGD	375	1,135	SGD	85
			<u>191,760</u>		<u>159,202</u>
<b>Long Term Borrowing</b>					
Secured	RM		161,977	RM	126,989
Secured	USD	9,389	38,854	USD	-
Secured	SGD	4,883	14,791	SGD	99
			<u>215,622</u>		<u>127,296</u>
<b>Total Borrowing</b>					
Secured	RM		276,365	RM	225,520
Unsecured	RM		71,764	RM	60,406
Secured	USD	10,470	43,327	USD	-
Secured	SGD	5,258	15,926	SGD	184
			<u>407,382</u>		<u>286,498</u>

## 22. Derivative financial instruments

The derivative financial asset as at September 30, 2018 are carried at fair value through profit or loss as follows:

Financial instruments	Contracted Amount RM'000	Net Fair Value Gain/(Loss) RM'000
Forward Foreign Exchange Contracts:		
Sales Contracts - Less than 1 year	170	(9)
Cross Currency Interest Rate Swap Contracts:		
Purchase Contracts - More than 1 year	43,327	2,044

During the year, 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, for the quarter ended September 30, 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 September 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		12 Months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net profit attributable to shareholders (RM'000)	508	27,177	29,385	58,183
Weighted average number of shares				
a) Basic				
Weighted average number of ordinary shares in issue ('000)	643,913	610,694	631,618	575,141
b) Diluted				
Weighted average number of ordinary shares in issue ('000)	643,913	610,694	631,618	575,141
Adjustment for assumed exercised of Warrant ('000)	39,254	67,365	49,788	88,684
Adjusted weighted average number of ordinary shares ('000)	683,167	678,059	681,406	663,825
Basic earnings per ordinary share (sen)	0.08	4.45	4.65	10.12
Diluted earnings per ordinary share (sen)	0.07	4.01	4.31	8.76

## 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 September 30, 2018 RM'000 (Unaudited)	As At September 30, 2017 RM'000 (Audited)
Total retained earnings		
Realised	170,575	133,461
Unrealised	71,386	67,518
	241,961	200,979
Less: Consolidation adjustments	(63,541)	(51,853)
Total retained earnings as per statement of financial position	178,420	149,126

## 27. (Loss)/ profit for the period/year

(Loss)/ profit for the period/year has been arrived at:

	3 months ended		12 months ended	
	September 30, 2018 RM'000	September 30, 2017 RM'000	September 30, 2018 RM'000	September 30, 2017 RM'000
<b>After charging/(crediting):-</b>				
Depreciation and amortization of non-current assets	12,280	8,159	40,141	30,809
Interest expenses	4,877	3,311	16,590	13,646
Impairment loss recognized on property, plant and equipment	1,998	-	1,998	-
Net unrealized loss/(gain) on foreign exchange	919	95	2,559	(113)
Impairment loss recognized on receivables	393	959	393	959
Inventories written off	235	-	325	-
Bad debts written off	189	9	513	213
Property, plant and equipment written off	111	539	433	581
Loss/(gain) on disposal of property, plant and equipment	41	34	(32)	45
Inventories written down	27	-	27	-
Share of loss in a joint venture	11	185	46	185
Gain on fair value adjustment of investment properties	(2,668)	(9,192)	(2,668)	(9,192)
Net fair value (gain)/ loss on derivative financial asset/ (liability)	(1,329)	13	(2,041)	(2)
Reversal of impairment loss recognized on receivable	(343)	(1)	(343)	(2)
Interest revenue recognized in profit or loss	(297)	(342)	(1,325)	(1,520)
Amortization of deferred revenue	(11)	(13)	(44)	(51)
Deficit on revaluation of properties	-	1,270	-	1,270
Allowance for inventories obsolescence	-	56	-	56
Reversal of loss on revaluation of properties recognized in prior year	-	(454)	-	(454)
Reversal of inventories written down	-	(3)	-	(3)
Gain from bargain purchase	-	(2)	-	(21)
Goodwill written off	-	-	80	-
Deposit written off	-	-	-	66

## 28. Trade Receivables

	As At September 30, 2018 RM'000 (Unaudited)	As at September 30, 2017 RM'000 (Audited)
Trade receivables:		
Third parties	198,962	191,625
Related parties	3,865	3,533
Less: Allowance for impairment losses	(11,376)	(21,811)
Trade receivable, net	191,451	173,347
Other receivables:		
Third parties	20,515	7,572
Related parties	53	27
Less: Allowance for impairment losses	(2)	(62)
Other receivable, net	20,566	7,537
Total trade and other receivables	212,017	180,884

(FORWARD)

## 28. Trade Receivables (Cont'd)

Amounts owing by related parties are as follows:

	<b>As At September 30, 2018 RM'000 (Unaudited)</b>	<b>As at September 30, 2017 RM'000 (Audited)</b>
Included in trade receivables:		
YWT Contract Farming	3,341	3,412
Wei Heng Maju Farm Sdn. Bhd.	356	39
Jaya Gading Marketing	72	64
Toh York Mue	40	-
Hoang Dung Pte. Ltd.	30	-
Chuah Ah Chui	22	18
Maju Jaya Farm	4	-
	<u>3,865</u>	<u>3,533</u>
Included in other receivables:		
Unisetali Sdn. Bhd.	34	26
Singapore Poultry Hub Pte. Ltd.	19	-
DES Food Manufacturing Pte. Ltd.	-	1
	<u>53</u>	<u>27</u>

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 September 30, 2018 RM'000 (Unaudited)</b>	<b>As at September 30, 2017 RM'000 (Audited)</b>
Number of days past due:		
1 - 30 days	46,540	37,224
31 - 60 days	28,274	15,341
61 - 90 days	8,984	5,136
Over 90 days	10,087	8,677
Total	<u>93,885</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 November 29, 2018.