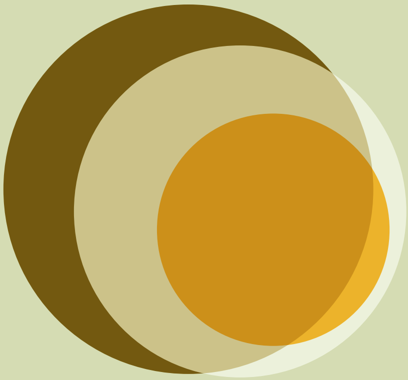


CAB CAKARAN CORPORATION BERHAD
(Company No. 583661 W)
(Incorporated in Malaysia)

# Annual Report 2013

# CONTENTS

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of the Company will be held at the Conference Room, Third Floor, CAB Cakaran Corporation Berhad, Plot 21 Lorong Jelawat 4, Seberang Jaya Industrial Park, 13700 Perai, Penang on Thursday, March 27, 2014 at 10.00 a.m.

**A G E N D A**

1. To receive the Audited Financial Statements of the Company for the financial year ended September 30, 2013 together with the Reports of the Directors and Auditors thereon. **Please refer to Note A**

**AS ORDINARY BUSINESS**

2. To re-elect the following Directors retiring under Article 97(1) of the Articles of Association of the Company, and who, being eligible, have offered themselves for re-election:-

    a) Madam Chan Kim Keow **Ordinary Resolution 1**

    b) Mr Loo Choo Gee **Ordinary Resolution 2**

    c) Mr Chew Chee Khong **Ordinary Resolution 3**

3. To re-appoint Messrs Deloitte as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 4**

**AS SPECIAL BUSINESS**

To consider and if thought fit, to pass with or without modifications the following resolutions:

4. **Continuing in office as an Independent Non-Executive Director**

    "THAT authority be and is hereby given to Tuan Haji Ahmad Fazil Bin Haji Hashim who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company." **Ordinary Resolution 5**

5. To approve the Directors' Fees of RM139,500 and the payment of such fees to the Directors of the Company for financial year ending September 30, 2014. **Ordinary Resolution 6**

6. **Authority to Issue Shares**

    "THAT pursuant to Section 132D of the Companies Act, 1965, the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be and is hereby authorised to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the issued and paid-up share capital (excluding treasury shares) of the Company for the time being, and that the Board of Directors be and is also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities." **Ordinary Resolution 7**

**AS SPECIAL BUSINESS (cont'd)**

7. **Proposed Renewal of Share Buy-Back Authority**

"THAT subject to the provisions under the Companies Act, 1965 ("the Act"), the Companies Regulations 1966, the Memorandum and Articles of Association of the Company, Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and the approvals of all relevant authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary shares of RM0.50 each in the Company ("CAB Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as at the point of purchase ("Proposed Renewal of Share Buy-Back Authority").

THAT the maximum amount of funds to be utilised for the purpose of the Proposed Renewal of Share Buy-Back Authority shall not exceed the Company's aggregate retained profits and/or share premium account.

THAT authority be and is hereby given to the Directors of the Company to decide at their discretion as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities for the time being in force to deal with any CAB Shares so purchased by the Company in the following manner:-

(i) the CAB Shares so purchased could be cancelled; or

(ii) the CAB Shares so purchased could be retained as treasury shares for distribution as share dividends to the shareholders of the Company and/or resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or

(iii) combination of (i) and (ii) above.

THAT the authority conferred by this resolution will be effective immediately from the passing of this ordinary resolution until:-

(i) the conclusion of the next annual general meeting of the Company following the general meeting at which such resolution was passed, at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or

(ii) the passing of the date on which the next annual general meeting of the Company is required by law to be held; or

(iii) the authority is revoked or varied by resolution passed by the shareholders of the Company in general meeting;

whichever occurs first.

And THAT the Directors of the Company be and are authorised to take such steps to give full effect to the Proposed Renewal of Share Buy-Back Authority with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and/or to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company." **Ordinary Resolution 8**

**AS SPECIAL BUSINESS (cont'd)**

8. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional Related Party Transactions of a Revenue or Trading Nature**

"THAT subject always to the provisions of the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company, Bursa Malaysia Securities Berhad Main Market Listing Requirements or other regulatory authorities, approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions with the corporations as set out in Sections 2.4.1 and 2.4.2 of the Circular to Shareholders dated March 4, 2014 ("the Circular"), which are necessary for the day to day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders as set out in the Circular ("Mandate").

THAT the Directors be empowered to do all such acts and things be considered necessary or expedient to give full effect to the Mandate with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments as may be imposed by the relevant authorities.

THAT such Mandate shall commence upon passing this ordinary resolution and to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse unless the authority is renewed by a resolution passed at the meeting;

(b) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by ordinary resolution of the shareholders of the Company at a general meeting;

whichever is earlier.

And THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution." **Ordinary Resolution 9**

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board

**CHEW SIEW CHENG** (MAICSA 7019191)
**GUNN CHIT GEOK** (MAICSA 0673097)
Company Secretaries

Penang

Date : March 4, 2014

**Note A**

This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence is not put forward for voting.

**Notes**

1. A Member of the Company entitled to attend and vote is entitled to appoint up to two (2) proxies to attend and vote in his place. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. If a Member appoints up to two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

2. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositors) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.

5. The instrument appointing a proxy must be deposited at the Registered Office at Suite 12-02, 12th Floor, Menara Zurich, 170, Jalan Argyll, 10050 Penang at least 48 hours before the time for holding the Meeting or any adjournments thereof.

6. Only members registered in the Record of Depositors as at March 20, 2014 shall be eligible to attend the meeting or appoint a proxy to attend and vote on his behalf.

**Explanatory Notes on Special Business**

**Continuing in office as Independent Non-Executive Director**

The Nomination Committee had assessed the independence of Tuan Haji Ahmad Fazil Bin Haji Hashim, who has served on the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and the Board has recommended that the approval of the shareholders be sought to re-appoint Tuan Haji Ahmad Fazil Bin Haji Hashim as an Independent Non-Executive Director as he possesses the following attitudes necessary in discharging his roles and functions as an Independent Non-Executive Director of the Company:-

(i) Has met the criteria under the definition of Independent Director pursuant to Paragraph 15.09 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements;

(ii) Has vast experience in the various industries the Group is involved in and as such could provide the Board with a diverse set of experience, expertise and independent judgement;

(iii) Consistently challenges management in an effective and constructive manner;

(iv) Has good and thorough understanding of the main drivers of the business in a detailed manner;

(v) Actively participates in Board deliberations and decision making in an objective manner; and

(vi) Exercises due care in all undertakings of the Group and carry out their fiduciary duties in the interest of the Company and minority shareholders.

**Directors' Fees**

The proposed Ordinary Resolution 6, if passed, will authorise the payment of Directors' fees for the financial year ending September 30, 2014 amounting to RM139,500.

**Authority to Issue Shares**

This general mandate for issue of shares ("the Mandate") was sought for in the preceding year and the Board did not carry out the Mandate since the Annual General Meeting ("AGM") of the Company until the latest practicable date before the printing of this Annual Report. This Mandate will expire on March 27, 2014. A renewal of this authority is being sought at the Twelfth AGM.

**Authority to Issue Shares (cont'd)**

The Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares, for the purpose of funding further investment project(s), working capital and/or acquisition.

This proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to issue and allot shares in the Company up to an amount not exceeding 10% of the total issued capital (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This Authority will, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company.

**Proposed Renewal of Share Buy-Back Authority**

This proposed Ordinary Resolution 8, if passed, will give the Directors of the Company the authority to purchase its own shares up to 10% of the issued and paid-up capital of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This Authority will, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company.

**Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature**

This proposed Ordinary Resolution 9, if passed, will authorise the Company and/or its subsdiaries to enter into recurrent related party transactions of a revenue or trading nature. This Authority will, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company. Please refer to the Circular to Shareholders dated March 4, 2014 for more information.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING PURSUANT TO PARAGRAPH 8.27(2) OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

Pursuant to Paragraph 8.27(2) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements:-

There are no individuals who are standing for election as Director (excluding Directors standing for re-election) at the forthcoming Twelfth Annual General Meeting.

**BOARD MEETINGS HELD DURING THE FINANCIAL YEAR ENDED SEPTEMBER 30, 2013 AND DETAILS OF DIRECTORS' ATTENDANCE**

Details of attendance of Directors at the Board Meetings held during the financial year ended September 30, 2013 are as follows:-

| Name | Meetings attended |
|---|---|
| Chuah Ah Bee | 4/5 |
| Chan Kim Keow | 4/5 |
| Loo Choo Gee | 5/5 |
| Chew Chee Khong | 5/5 |
| Chuah Hoon Phong | 5/5 |
| Ng Seng Bee | 5/5 |
| Haji Ahmad Fazil Bin Haji Hashim | 4/5 |
| Goh Choon Aik | 4/5 |

# CORPORATE INFORMATION

**BOARD OF DIRECTORS**

**Chuah Ah Bee**
*Executive Chairman*
**Chuah Hoon Phong**
*Group Managing Director*
**Chan Kim Keow**
*Executive Director*
**Loo Choo Gee**
*Executive Director*
**Chew Chee Khong**
*Executive Director*
**Ng Seng Bee**
*Independent Non-Executive Director*
**Haji Ahmad Fazil Bin Haji Hashim**
*Independent Non-Executive Director*
**Goh Choon Aik**
*Independent Non-Executive Director*

**AUDIT COMMITTEE**

**Ng Seng Bee**
*Chairman*
**Haji Ahmad Fazil Bin Haji Hashim**
*Member*
**Goh Choon Aik**
*Member*

**REMUNERATION COMMITTEE**

**Haji Ahmad Fazil Bin Haji Hashim**
*Chairman*
**Chuah Ah Bee**
*Member*
**Ng Seng Bee**
*Member*

**NOMINATION COMMITTEE**

**Haji Ahmad Fazil Bin Haji Hashim**
*Chairman*
**Ng Seng Bee**
*Member*
**Goh Choon Aik**
*Member*

**HALAL COMMITTEE**

**Associate Professor Datuk Dr. Mohd Fakhrudin Bin Abdul Mukti**
*Patron & Syariah Advisor*
**Haji Ahmad Fazil Bin Haji Hashim**
*Chairman*
**Dato' Raja Zulkepley Bin Dahalan**
*Deputy Chairman*
**Haji Abdul Malek Bin Haji Abdul Karim**
*Public Relation Advisor*
**Abdul Rahman Bin Din**
*Secretary*

**REGISTERED OFFICE**

Suite 12-02,12th Floor
Menara Zurich
170 Jalan Argyll, 10050 Penang
Telephone Number : 04-2296 318
Facsimile Number : 04-2282 118

**COMPANY SECRETARIES**

**Gunn Chit Geok**
(MAICSA 0673097)
**Chew Siew Cheng**
(MAICSA 7019191)

**SHARE REGISTRAR**

**Tricor Investor Services Sdn Bhd**
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone Number : 03-2264 3883
Facsimile Number : 03-2282 1886

**STOCK EXCHANGE LISTING**

Main Market of Bursa Malaysia Securities Berhad
Stock Code : 7174
Stock Name : CAB

**AUDITORS**

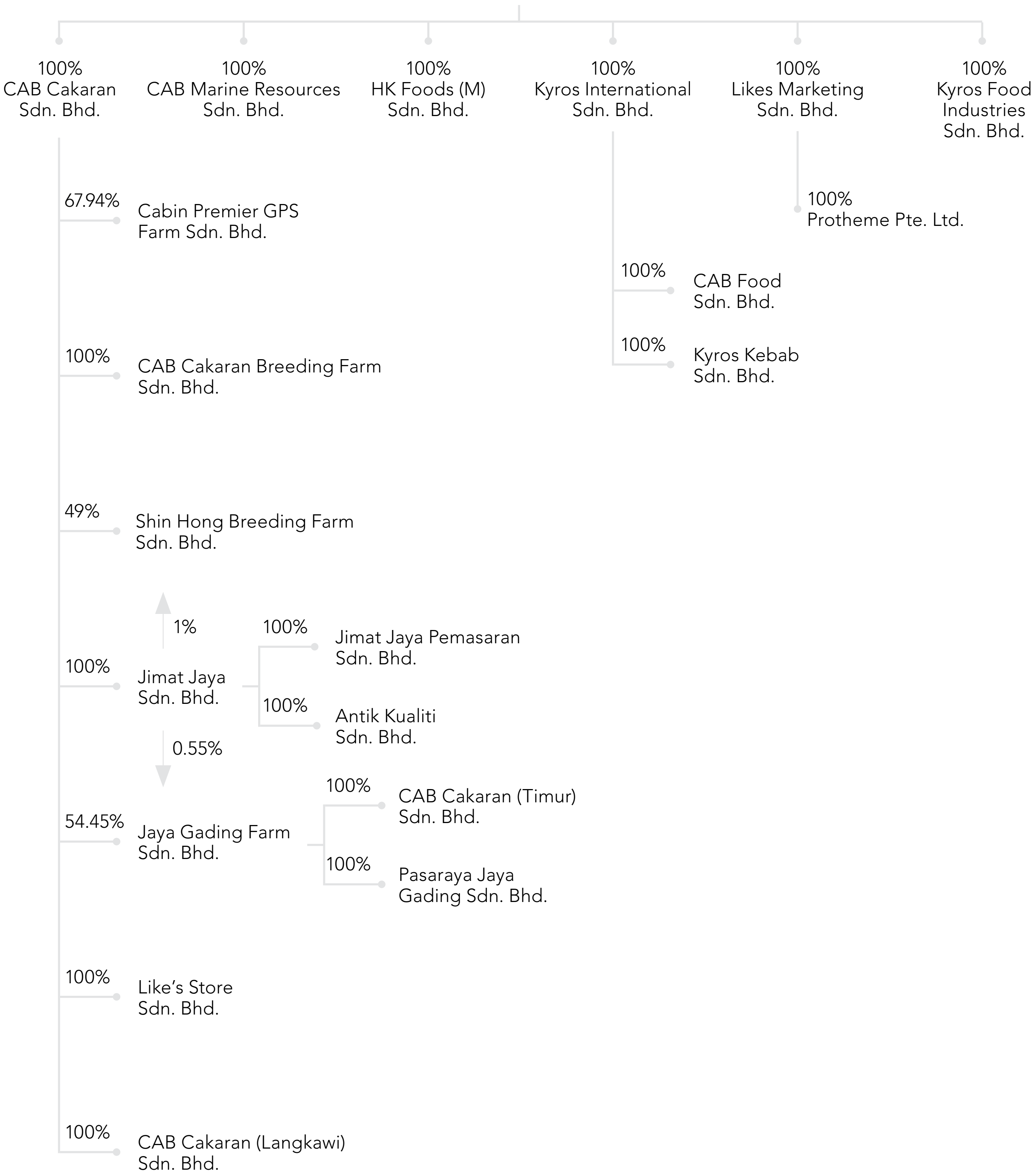
**Deloitte**
Chartered Accountants
4th Floor, Wisma Wang
251-A Jalan Burma
10350 Penang

**PRINCIPAL BANKERS**

Malayan Banking Berhad
Hong Leong Bank Berhad
United Overseas Bank (Malaysia) Berhad

# CORPORATE STRUCTURE AS AT FEBRUARY 5, 2014

**CAB CAKARAN CORPORATION BERHAD**
(Company No. 583661 W)
(Incorporated in Malaysia)



# SUMMARY OF PAST FIVE-YEARS GROUP FINANCIAL RESULTS

| Financial Years Ended September 30 | 2009 RM '000 | 2010 RM '000 | 2011 RM '000 | 2012 RM '000 | 2013 RM '000 |
|---|---|---|---|---|---|
| Revenue | 494,417 | 508,148 | 490,966 | 534,553 | **609,000** |
| Earnings Before Interest Depreciation & Taxation | 14,677 | 23,617 | 32,478 | 14,149 | **30,831** |
| Profit Before Taxation | 1,627 | 11,136 | 19,554 | 119 | **15,622** |
| Profit After Taxation | 23 | 7,695 | 14,559 | 1,401 | **13,532** |
| Net Profit / (Loss) Attributable To Equity Holders | 1,905 | 7,208 | 12,631 | (3,009) | **11,936** |
| Share Capital | 65,890 | 65,890 | 65,890 | 65,890 | **65,890** |
| Total Assets | 250,115 | 249,558 | 264,177 | 335,992 | **363,756** |
| Total Borrowings | 90,358 | 89,264 | 91,970 | 113,961 | **111,454** |
| Shareholders' Equity | 80,431 | 87,667 | 97,622 | 129,630 | **141,549** |
| Net Earnings / (Loss) Per Share (Sen) | 1.45 | 5.48 | 9.60 | (2.29) | **9.07** |
| Return On Equity (ROE) | 2.37% | 8.22% | 12.94% | (2.32%) | **8.43%** |
| Gross Dividend (%) | N/A | N/A | N/A | N/A | **N/A** |
| Share Price (RM) | 0.31 | 0.32 | 0.33 | 0.35 | **0.58** |

# BOARD OF DIRECTORS

# BOARD OF DIRECTORS' PROFILE

**Chuah Ah Bee**
*Executive Chairman*

Chuah Ah Bee, aged 63, a Malaysian, is the Executive Chairman of CAB Cakaran Corporation Berhad ("CAB") and was appointed to the Board on August 11, 2003. He was appointed as Executive Chairman on February 17, 2011. He is also a member of the Remuneration Committee. Mr Chuah is the founder of the Group and has more than 40 years of experience in the poultry industry. He is the Chairman of Persatuan Penjual-Penjual Ayam Itik Pulau Pinang since 2004 and had served as the Vice Chairman from 1995 to 2003. He is also a Committee Member of Penang & Province Wellesley Farmers Association since 2003.

**Chuah Hoon Phong**
*Group Managing Director*

Chuah Hoon Phong, aged 35, a Malaysian, is the Group Managing Director of CAB and was appointed to the Board on May 29, 2007. He was appointed as the Group Managing Director on February 17, 2011. He obtained his Advanced Diploma in Business Studies from International College, Penang in 2000. He joined the Group as a Marketing Manager in 2000 and was subsequently promoted as a Chief Operating Officer of the Group's food processing division in October 2002.

**Chan Kim Keow (Madam)**
*Executive Director*

Chan Kim Keow (Madam), aged 56, a Malaysian, is an Executive Director of CAB and was appointed to the Board on August 11, 2003. She is one of the founding members of the CAB Group and plays an active role in assisting her husband, Chuah Ah Bee in the day-to-day operations of the Group.

**Loo Choo Gee**
*Executive Director*

Loo Choo Gee, aged 50, a Malaysian, is an Executive Director of CAB and was appointed to the Board on August 11, 2003. He joined the Group as Branch Manager in 1996 and has more than 30 years of experience in the poultry industry. He was the Secretary of Persatuan Penternak dan Pengusaha Ayam, Kedah Darul Aman/Perlis Indera Kayangan from 2000 to 2008 and a member of the Committee of Unit Broiler of Federation of Livestock Farmers' Association of Malaysia, representing the Kedah Darul Aman/Perlis Indera Kayangan region from 2001 to 2007. He has been a committee member of Federation of Livestock Farmers' Association of Malaysia since 2004 and the Secretary of Penang & Province Wellesley Farmers' Association since 2007. He was elected as Chairman of Penang & Province Wellesley Farmers' Association for 2013/2014.

**Chew Chee Khong**
*Executive Director*

Chew Chee Khong, aged 57, a Malaysian, is an Executive Director of CAB and was appointed to the Board on February 1, 2007. He obtained his Bachelor Degree of Economics with Honours from the University of Malaya in 1980 and his Chartered Institute of Management Accountants ("CIMA") qualifications in 1983. He began his career in the banking industry and has held various positions in both commercial and merchant banks over a period of 15 years. Prior to joining Denko Industrial Corporation Berhad as the Group General Manager in 1994, he was a Senior Manager of Corporate Banking in Utama Merchant Bank Berhad. In 1996, he ventured into business and is one of the founding members of Kyros Kebab fast food chain.

**Ng Seng Bee**
*Independent Non-Executive Director*

Ng Seng Bee, aged 60, a Malaysian, is an Independent Non-Executive Director of CAB and was appointed to the Board on October 21, 2011. He is the Chairman of the Audit Committee, a member of the Nomination Committee and Remuneration Committee. He is a Chartered Accountant of the Malaysian Institute of Accountants and Fellow of the Association of Chartered Certified Accountants. He started his accountancy career in the United Kingdom and was trained with Deloitte Haskins & Sells. He subsequently assumed senior managerial position with other international accounting firms in Malaysia which were involved in the audit of financial institutions, multi-national companies, properties developers, etc.

Mr Ng is the former Director/ Head of Dealing of P M Securities Sdn. Bhd., a participating organization of Bursa Malaysia Securities Berhad and member of the MUI Group. He previously served as the Executive Director Operations of Sarawak Securities Sdn. Bhd. and sat on the board of several related companies engaged in the business of trading in options and futures, fund management and mezzanine financing.

**Haji Ahmad Fazil Bin Haji Hashim**
*Independent Non-Executive Director*

Haji Ahmad Fazil Bin Haji Hashim, aged 58, a Malaysian, is an Independent Non-Executive Director of CAB and was appointed to the Board on September 1, 2004. He was re-designated as the Senior Independent Non-Executive Director on August 26, 2011. He serves as a member of the Audit Committee and was appointed as the Chairman of the Nomination Committee and Remuneration Committee of CAB on August 25, 2005. He is also the Chairman of the Halal Committee.

He holds a Diploma in Technical Teaching. He served in the Ministry of Education from 1978 to 1992. After a distinguished career in various positions in the Ministry of Education, he ventured to set up his own business. He served as the President of PERDASAMA (Association of Malay Entrepreneurs of Malaysia) Kedah Chapter, from 2000 to 2004. He diversified his business internationally to eventually having a strong presence in the Middle East (centred in Dubai) and ASEAN, especially in Indonesia (centred in Jakarta). Sales and marketing are his distinctive forte. He has an extensive network of contacts both locally and internationally and has interest in several core businesses operate under the aegis of IBF International Network Sdn. Bhd.

**Goh Choon Aik**
*Independent Non-Executive Director*

Goh Choon Aik, aged 40, a Malaysian, is an Independent Non-Executive Director of CAB and was appointed to the Board on March 29, 2011. He is a member of the Audit Committee and Nomination Committee of CAB. He obtained his Bachelor of Urban & Regional Planning from Universiti Teknologi Malaysia. He is a Registered Town Planner and a corporate member of the Malaysia Institute of Planners. He began his career with Penang Development Corporation as Town & Country Planning Officer in 1998, before joining GCA Planning Consultants & GCA Planning Sdn. Bhd in 2005, where he is currently the Principal. He also served as Municipal Councillor in Majlis Perbandaran Seberang Perai from 2008 to 2010. He has accumulated 16 years of experience in the town planning. He holds directorships in several private limited companies.

Notes:

**(i) Family Relationships and Major Shareholders**

| Directors | Relationship | Major Shareholder |
|---|---|---|
| Chuah Ah Bee | Husband of Chan Kim Keow and father of Chuah Hoon Phong | Yes |
| Chan Kim Keow | Wife of Chuah Ah Bee and mother of Chuah Hoon Phong | Yes |
| Chuah Hoon Phong | Son of Chuah Ah Bee and Chan Kim Keow | No |

Save as disclosed, none of the Directors has family relationship with any other Directors or Major Shareholders of the Company.

**(ii) Directors' Shareholdings**

Details of the Directors' shareholdings in the Company are provided in the Analysis of Shareholdings Section in this Annual Report.

**(iii) No Conflict of Interest**

All Directors of the Company do not have any conflict of interest with the Company.

**(iv) Non-Conviction of Offences**

All the Directors have not been convicted with any offences other than traffic offences in the past ten (10) years.

**(v) Attendance at Board Meetings**

Please refer to Statement Accompanying Notice of Annual General Meeting on page 7 of this Annual Report.

## KEY MANAGEMENT TEAM

**Koay Lay Ean**

*Head of Finance Division of the Group*

**Yap Kim Hwah**

*Head of Poultry (East Coast) and Supermarket Divisions*

**Leong Youk Leen**

*Head of Poultry Farming Division (Pahang)*

**Lim Chin Seng**

*Head of Poultry Farming Division (West Coast)*

**Vincent Leong Weng Fai**

*Head of Poultry Processing Division (West Coast)*

**Yap Kim Seng**

*Head of Supermarket Division*

**Khor Kiat Wah**

*Head of Marine Division*

**Yap Kim Soon**

*Head of Poultry Farming Division (Terengganu)*

Dear Shareholders,

**On behalf of the Board of Directors of CAB Cakaran Corporation Berhad (CAB), it is my privilege to present to you the Annual Report and Audited Financial Statements of CAB for the financial year ended September 30, 2013.**

## ECONOMIC REVIEW

The World Bank reported that the world economy in 2013 appeared to have finally turned the corner five years after the global financial crisis. Global economic growth in 2013 was estimated at 2.4% but is projected to hit 3.2% this year. The US economy, being the world largest economy, was projected to expand 2.8% in 2014 up from 1.8% in 2013. The 17-nation Eurozone economy is seen exiting two years of contraction with an expected growth rate of 1.1% in 2014.

Economic growth in developing countries in 2014 was expected to pick up pace supported by the more robust growth in advanced economies and China's continued strong expansion. China's growth rate in 2014 was projected at 7.7% as the government engineers a restructuring of the economy. Overall, the GDP growth in developing countries was projected to rise to 5.3% this year from 4.8% in 2013.

The Malaysian economy which grew by an estimated 4.8% in 2013 is expected to improve to 5.5% in 2014. The strong domestic demand, which was fuelled by the low interest environment and easy access to consumer credit, is expected to continue to be the main impetus to the country's growth. However improving external demand and a slightly better performance in private investment in recent months will provide additional strength to the country's growth. The continued implementation of the key projects under the Government initiated Economic Transformation Programme, especially in infrastructure development, will help to sustain domestic growth.

Despite the brighter projected economic outlook for 2014, the World Bank has cautioned that "growth prospects remain vulnerable to headwinds from rising global interest rates and potential volatility in capital flows, as the United States Federal Reserve Bank begins withdrawing its massive monetary stimulus."

## OVERVIEW ON GROUP FINANCIAL PERFORMANCE

During the financial year under review, the Group recorded a significant improvement in revenue to RM609.0 million, an increase of RM74.447 million compared with RM534.553 million in the previous year. The increase in revenue was attributed mainly to the contribution from the integrated poultry farming and processing division.

In tandem with the higher revenue and as a result of the better average selling price for poultry, the Group recorded a higher profit before tax of RM15.622 million as compared to RM0.119 million achieved in the previous year. Likewise, earnings per share increased from -2.29 sen to 9.07 sen.

Overall, most divisions of the Group recorded improvement in their performance which contributed to the Group achieving a higher profit after tax and non-controlling interest of RM11.936 million.

## CORPORATE DEVELOPMENT

During the current financial year under review, the Group undertook the following changes in its Group composition :-

1. On May 18, 2012, an application was submitted to the Companies Commission of Malaysia ("CCM") to strike off Ladang Ternakan Asun Sdn. Bhd. ("LTA") under Section 308 of the Companies Act, 1965. The striking off of LTA has no material impact on the financial statements of the Group upon completion of striking off. During the financial year, the CCM has, in its notice dated April 30, 2013, notified the Company that LTA's name has been struck off from CCM's Register and LTA is deemed dissolved in May 27, 2013.

2. On September 20, 2013, CAB Cakaran Sdn. Bhd. ("CABC") purchased 30,000 ordinary shares of RM1.00 each, representing 30% equity interest in CAB Cakaran (Langkawi) Sdn. Bhd. ("CABL") from a non-controlling interest for a total purchase consideration of RM1.00. Upon completion of the aforesaid purchase transaction, CABL becomes a wholly-owned subsidiary of the Group.

3. On September 30, 2013, CAB Cakaran Breeding Farm Sdn. Bhd. ("CABBF") increased its issued and paid-up share capital from 1,000,000 ordinary shares of RM1.00 each to 3,000,000 ordinary shares of RM1.00 each. The wholly-owned subsidiary of the Group, CAB Cakaran Sdn. Bhd. subscribed for the entire additional 2,000,000 ordinary shares of RM1.00 each in CABBF, by way of converting the amount owing by CABBF of RM2,000,000 into equity shares. Accordingly, the Group's equity interest in CABBF remain unchanged.

4. During the current financial year, Kyros International Sdn. Bhd. ("KISB") disposed of its entire equity interest of 922,500 ordinary shares of RM1.00 each, representing 70.96% equity interest in Kyros Kebab Overseas Ventures Sdn. Bhd. ("KKOV") to third party for a total sale consideration of RM1.00. Upon completion of the disposal on September 20, 2013, KKOV and its subsidiary, Shanghai Kyros Kebab Co. Ltd. ceased to be subsidiaries of the Group.


## DIVIDEND

The Board of Directors did not recommend any dividend for the financial year ended September 30, 2013.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Group takes cognizance of the importance of CSR which has become an integral part of its social objectives of doing good and giving back to the various communities from which CAB has thrived on. CSR initiatives and meaningful activities have been implemented in the Company's workplace, market place, community and environment. CAB recognizes its corporate citizenship and fulfills its responsibilities to its employees, customers, caring for society and greening the environment based on principles of business sustainability. The Group's CSR activities are set out in page 37 of this Annual Report.

## PROSPECTS

The Malaysian economy is expected to grow by more than 5% in 2014 due in large part to the strong domestic demand and also the better external demand resulting from the expected higher growth rate of the advanced economies. Private investment which showed a rising trend in the last quarter coupled with the implementation of various key projects under the Government initiated Economic Transformation Programme, will provide strong support for domestic growth.

Strong domestic demand is key to the CAB Group's growth as more than 98% of its revenue is derived from the domestic market. The Group had invested substantially and will continue to invest in our core business of integrated poultry farming and processing in order to create better efficiency and to strengthen our position in the market. With better economy of scale in our operation resulting from our past investments, we are confident that the CAB Group will be able to achieve growth in our revenue and profitability in the next financial year.

## ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express our appreciation to all our employees for their dedication and strong commitment towards the growth and continued success of the Group. My gratitude also goes to our valued customers, business associates, bankers, suppliers and regulatory bodies for their unwavering support and confidence in the Group.

Chuah Ah Bee
Executive Chairman
Date: February 2014

## On behalf of the management of the Group, I am pleased to report the performance of the Group for the financial year ended September 30, 2013.

### PERFORMANCE REVIEW BY BUSINESS SEGMENT

The Group recorded a revenue of RM609.0 million for the financial year ended September 30, 2013, representing a growth of 13.93% as compared to the prior's year revenue of RM534.553 million. The Group recorded a profit before tax of RM15.622 million after including the gain on fair value adjustment of investment properties amounting to RM7.108 million.

The integrated poultry farming and processing division was the major contributor to the overall improvement of the Group's revenue in the financial year under review. Revenue for the division was RM475.75 million with a segment profit of RM12.43 million as compared with RM410.26 million revenue and a segment loss of RM8.31 million in the prior year. The improvement in the performance of this division was due to both the increase in the production and the higher selling price of broilers which contributed positively to better product margin.

## PERFORMANCE REVIEW BY BUSINESS SEGMENT (cont'd)

The supermarket division recorded a higher revenue and segment result of RM104.99 million and RM2.06 million respectively. The improvement in revenue as well as its segmental result as compared to the prior year was mainly due to the better performance reported by all the five supermarket outlets.

The value-added food products manufacturing and trading division saw a slight improvement in its performance with revenue increasing by 4.2% to RM45.83 million and a segment profit of RM1.35 million.

The marine products division continues to suffer losses in its operation and recorded a segment loss of RM0.45 million. The division experienced shortages of raw materials locally and the resulting high prices made exporting uncompetitive.


## GOING FORWARD

The integrated poultry farming and processing division, which remains the major contributor to the Group's revenue and earnings, will see a major shift in its operation with the commencement of its fully automated slaughtering plant in Sungai Petani. Previously, the main slaughtering plant was located in Segambut, Kuala Lumpur. With the slaughtering plant in Sungai Petani, the Group will be able to save on transportation cost, as most of the farms are located in the northern region, as well as reducing the mortality rate of chicken during transportation. In addition, the bigger slaughtering capacity and better efficiency of the new plant will result in lower operation cost.

However, the local poultry industry will continue to face strong headwinds in the coming year with sharp rise in the cost of production as the main obstacle. The expected strengthening of the US Dollar, the higher inflation rate resulting from the reduction of subsidies, and the recent implementation of "The Animal Feed Act 2009" and "Animal Health and Welfare Act" will all contribute to higher production cost in the industry.

Given the relatively impressive performance of the supermarket division, the Group will continue to focus on expanding this division. One new outlet was opened in Kelantan in January 2014 and another outlet in Kedah is targeted for opening in March 2014. Overall, the Group plans to open a total of three (3) new outlets in the coming financial year. The expansion of this division will complement the Group's business expansion in chilled chicken and parts as well as processed food products as the Group's products are sold in all the supermarket outlets.

The value added food manufacturing and trading division will continue to upgrade its production capability to produce better value added products and to improve efficiency. In this regard, the Group will invest both in new equipment and to upgrade the existing plant and equipment. This division is expected to improve on its contribution to Group's profit in the coming financial year.

The performance of the marine division is contingent on the availability of shrimps locally and price competitiveness. The world-wide shortage of shrimps due to "early mortality syndrome" has pushed prices to record levels. The tight supply and high prices situation has started having a knock-down effect at the end of the supply chain. In view of this situation, the performance of the marine division is not expected to be positive.

Despite the challenging landscape confronting the local poultry industry, the management, given the Group's past investments in improving and expanding the various stages of the integrated poultry production process, is confident that the Group will be able to weather through the anticipated tough environment and continue to show profits in the coming financial year.

## APPRECIATION

On behalf of the management, I would like to thank all our customers, stakeholders, shareholders and business associates for their continued trust and confidence in us. I would also like to extend my appreciation to our employees for their unwavering dedication and commitment in delivering value and quality products and services to our customers.

Thank you.

**Chuah Hoon Phong**
Group Managing Director
Date: February 2014


CAB GROUP
GARING


Jaya Gading

# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors continues with its commitment to achieve and maintain the highest standards of corporate governance throughout the Group. The Board views corporate governance as synonymous with three key concepts, namely transparency, accountability and corporate performance.

The Board is entirely committed to the maintenance of high standards of corporate governance by supporting and implementing prescriptions of the principles and recommendations set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"). Though the Group is already in compliance with many aspects of MCCG 2012, the Board will continuously review the Group's corporate governance processes and will strive to make appropriate adjustments to reflect its position as a good corporate citizen. The key intention is to adopt the substance behind good corporate governance and not merely the form, with the aim of ensuring Board effectiveness in enhancing shareholders' value.

The Board is pleased to set out below how the Group has applied the principles and recommendations of MCCG 2012 and outlines the main corporate governance practices that were in place during the financial year under review.

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### 1.1 Clear functions of the Board and management

The Board is responsible for the overall corporate governance of the Group, including the strategic direction, risk management and sets out the corporate objectives of the Group for growth which include management development, succession planning and administrative policies to ensure all procedures within the Group are to be carried out in a systematic and orderly manner to ease the decision-making process. The Directors, with their different backgrounds and specialization, collectively bring with them many years of experience and expertise in areas such as financial, marketing and operations.

The Board has delegated to the Group Managing Director, the authority and responsibility for implementing of the Board policies, making operational decisions and monitoring the day-to-day running of the business, including defining of the limits of the management's responsibilities.

The presence of the Independent Directors fulfill a pivotal role of corporate accountability. They provide unbiased and independent views, advice and judgment to take account of the interest of the Group, shareholders, employees and any party with whom the Group conducts business.

### 1.2 Clear roles and responsibilities

The role and responsibilities of the Board is to oversee the business and affairs of the Company with responsibilities and duties stipulated in the Company's Articles of Association, the Companies Act, 1965, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and any applicable rules, laws and regulations.

To ensure the effective discharge of its function and responsibilities, the Board has delegated specific responsibilities to the following Committees :-

| | | | |
|---|---|---|---|
| (i) | Audit Committee | - | refer to pages 33 to 35 of this Annual Report |
| (ii) | Nomination Committee | - | refer to pages 24 to 25 of this Annual Report |
| (iii) | Remuneration Committee | - | refer to pages 25 to 26 of this Annual Report |
| (iv) | Halal Committee | - | refer to page 27 of this Annual Report |

All Committees have written terms of reference. These Committees are formed in order to enhance business and operational efficiency as well as efficacy. The Chairman of the respective Committees will report to the Board the outcome of the Committees meetings for the Board's considerations and approvals and extracts of such reports are incorporated in the minutes of the Board meetings. The Board retains full responsibility for the direction and control of the Company and the Group.

### 1.3 Formalized ethical standards through Code of Conduct

The Board shall observe and adhere to the Company's Code of Conduct for Directors which provides guidance regarding ethical and behavioral considerations or actions in discharging their duties and responsibilities.

### 1.4 Strategies promoting sustainability

The Board shall endeavour to implement sustainability strategies which yield environmental economic and social benefits. For further information, please refer to our Corporate Social Responsibility report on page 37 of this Annual Report.

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (cont'd)

### 1.5 Access to information and advice

The Board recognizes that the decision making process is highly contingent on the quality of information furnished. As such, all Directors have unrestricted access to any information pertaining to the Company and the Group.

The Chairman ensures that all Directors have full and timely access to information with Board papers distributed in advance of meetings. This ensures that all Directors have sufficient time to appreciate issues to be deliberated at the Board meetings and expedite the decision making process effectively.

Senior management team from different business units are also invited to participate at the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team. All proceedings at the Board meetings are minuted and signed by the Chairman of the meetings.

Every Director has also unhindered access to the advice and services of the Company Secretaries and independent professional as and when required.

### 1.6 Company Secretaries

The Board is supported by qualified and competent Company Secretaries who are responsible for ensuring that the Company's Memorandum and Articles of Association, procedures and applicable rules and regulations are complied with.

The Company Secretaries attend all Board and Audit Committee meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

### 1.7 Board Charter

The Board is guided by a Board Charter which sets out the principles governing the Board of Directors of the Company and adopts the principles of good governance and practice in accordance with applicable laws, rules and regulations in Malaysia. The Board will periodically review the Board Charter and make any changes whenever necessary.

## 2. STRENGTHEN COMPOSITION OF THE BOARD

### 2.1 Nomination Committee

The Nomination Committee currently comprises the following:-

| Name | Position |
|---|---|
| Haji Ahmad Fazil Bin Haji Hashim<br>(Independent Non-Executive Director) | Chairman |
| Ng Seng Bee<br>(Independent Non-Executive Director) | Member |
| Goh Choon Aik<br>(Independent Non-Executive Director) | Member |

The Nomination Committee held two (2) meetings during the financial year ended September 30, 2013.

The Nomination Committee is empowered by the Board and its terms of reference to bring to the Board recommendations as to the appointment of new Directors. The Nomination Committee reviews the required mix of skills, experience, diversity and other qualities of the Director, including core competencies. The Nomination Committee also makes assessment on the effectiveness of the Board and evaluation of the Board as a whole, individual Director and Board Committees.

## 2. STRENGTHEN COMPOSITION OF THE BOARD (cont'd)

### 2.1.1 Develop, maintain and review criteria for recruitment processes and annual assessment of Directors

**Appointment process**

The Board appoints its members through a formal and transparent selection process, which is consistent with the Articles of Association of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the Nomination Committee. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure all appointments are properly made and that legal and regulatory requirements are met.

**Re-election**

The Articles of Association provide that all Directors of the Company are subject to retirement. At least one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office at the Annual General Meeting, provided always that all Directors shall retire from office at least once in every three (3) years. A retiring Director shall be eligible for re-election. This provides an opportunity for shareholders to renew their mandates.

The election of each director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and their shareholdings in the Group of each Director standing for election are furnished in the Annual Report accompanying the Notice of Annual General Meeting.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

**Board evaluation**

The Board regularly evaluates its performance and the governance processes that support the Board's work with the aim of improving individual contributions, effectiveness of the Board and its committees and the Company's performance.

During the financial year under review, the Nomination Committee carried out the following activities :-

(i) reviewed and assessed the size, required mix of skills, experience, diversity and other qualities, including core competencies and effectiveness of the Board, as a whole, the Board Committees and the contribution of each individual Director;

(ii) reviewed and recommended to the Board the re-election of Directors who retired in accordance with the Articles of Association ;

(iii) reviewed and recommended to the Board for re-appointment of Director who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years and to seek shareholders' approval at the forthcoming AGM by giving strong justification on the re-appointment ;

(iv) assessed the independence of each of the existing Independent Directors with each director abstaining from deliberation on his own assessment ; and

(v) reviewed and assessed the character, experience, integrity and competency of the Head of Finance.

### 2.2 Remuneration Committee

The Remuneration Committee currently comprises the following:-

| Name | Position |
|---|---|
| Haji Ahmad Fazil Bin Haji Hashim<br>(Independent Non-Executive Director) | Chairman |
| Chuah Ah Bee<br>(Executive Chairman) | Member |
| Ng Seng Bee<br>(Independent Non-Executive Director) | Member |

The Remuneration Committee held one (1) meeting during the financial year to carry out its function as stated within the terms of reference.

## 2. STRENGTHEN COMPOSITION OF THE BOARD (cont'd)

### 2.2.1 Remuneration policies and procedures

The Committee is responsible for recommending the remuneration framework for Directors as well as the remuneration packages of Executive Directors to the Board. The Directors' fees for the Non-Executive Directors are recommended by the Board and to be approved by the shareholders at the Annual General Meeting. Individual Director is not allowed to participate in discussion of his own remuneration.

### 2.2.2 Details of the Directors' remuneration

Details of the nature and amount of each major element of the remuneration of the Directors of the Company for the financial year ended September 30, 2013 are as follows:-

| | Salaries & bonuses RM | Fees RM | Other emoluments RM | Benefits-in-kind RM |
|---|---|---|---|---|
| Executive Directors | | | | |
| - Company | – | – | – | – |
| - Subsidiaries | 1,889,320 | – | 179,899 | 64,267 |
| Subtotal | 1,889,320 | – | 179,899 | 64,267 |
| Non-Executive Directors | | | | |
| - Company | – | 114,000 | 9,251 | – |
| - Subsidiaries | – | – | – | – |
| **Total** | **1,889,320** | **114,000** | **189,150** | **64,267** |

The number of Directors whose remuneration falls into the following bands comprises:-

| Range of remuneration | Number of Directors | |
|---|---|---|
| RM | Executive | Non-Executive |
| 50,000 and below | – | 2 |
| 50,001 to 100,000 | – | 1 |
| 100,001 to 150,000 | – | – |
| 150,001 to 200,000 | – | – |
| 200,001 to 250,000 | – | – |
| 250,001 to 300,000 | 2 | – |
| 300,001 to 350,000 | – | – |
| 350,001 to 400,000 | 1 | – |
| 400,001 to 450,000 | – | – |
| 450,001 to 500,000 | 1 | – |
| 500,001 to 550,000 | – | – |
| 550,001 to 600,000 | – | – |
| 600,001 to 650,000 | – | – |
| 650,001 to 700,000 | 1 | – |

The Board is of the view that it is inappropriate to disclose the remuneration of individual Director so as to preserve a degree of privacy and confidentiality.

## 2. STRENGTHEN COMPOSITION OF THE BOARD (cont'd)

### 2.3 Halal Committee

The Halal Committee currently comprises the following:-

| Name | Position |
|---|---|
| Associate Professor Datuk Dr. Mohd Fakhrudin Bin Abdul Mukti | Patron & Syariah Advisor |
| Haji Ahmad Fazil Bin Haji Hashim (Independent Non-Executive Director) | Chairman |
| Dato' Raja Zulkepley Bin Dahalan | Deputy Chairman |
| Haji Abdul Malek Bin Haji Abdul Karim | Public Relation Advisor |
| Abdul Rahman Bin Din | Secretary |

The Halal Committee was formed on May 28, 2013. The objectives of the Halal Committee are to ensure that the relevant products produced by the Group comply with the requirements of the Malaysian Halal Standards in accordance with the Syariah Law in ensuring that products produced are halal, clean and safe for consumption.

## 3. REINFORCE OF INDEPENDENCE

### 3.1 Annual assessment of Independent Directors

The Board shall perform an annual assessment of the Independent Directors with the aim of strengthening the role of Independent Directors to facilitate independent and objective decision making in the Company, free from undue influence and bias.

The Independent Directors namely, Tuan Haji Ahmad Fazil Bin Haji Hashim, Mr Goh Choon Aik and Mr Ng Seng Bee fulfill the criteria of "Independence" as prescribed under the Listing Requirements. The Board composition complies with the Listing Requirements which requires that at least two (2) Directors or one third (1/3) of the Board, whichever is the higher, to be independent Directors.

### 3.2 Tenure of Independent Directors

MCCG 2012 recommends that the tenure of an Independent Director should not exceed a cumulative term of nine years. Upon completion of the nine years, an Independent Director may continue to serve on the Board subject to his re-designation as Non-Independent Director.

Tuan Haji Ahmad Fazil Bin Haji Hashim, an Independent Non-Executive Director has served on the Board for more than nine years. The Board believes that although Tuan Haji Ahmad Fazil Bin Haji Hashim has served more than nine (9) years on the Board, he has retained independence of character and judgment and has not formed association with management (or others) that might compromise his ability to exercise independent judgment or act in the best interests of the Group. The Board is confident that his length of service on the Board does not in any way interfere with his duties as an Independent Non-Executive Director of the Company. Accordingly, the Board is making a recommendation to shareholders for approval at the forthcoming Annual General Meeting of the Company that Tuan Haji Ahmad Fazil Bin Haji Hashim remains as an Independent Non-Executive Director.

### 3.3 Separation of positions of the Chairman and Group Managing Director

MCCG 2012 recommends that the Chairman of the Board to be a non-executive member of the Board and in the event, the Chairman is not an Independent Director, the Board must comprise a majority of Independent Directors.

Mr Chuah Ah Bee is currently the Executive Chairman of the Board and is not an Independent Director by virtue of his substantial interest in the Group. Given the scope and nature of business activities of the Group, the Board is of the view that with Mr Chuah Ah Bee's extensive knowledge, experience, entrepreneurial quality and his being actively involved in the business, it is more effective for him to continue to guide the Board on discussions on issues and challenges faced by the Group. The Board also believes that as the Executive Chairman has significant relevant interest in the Company, he is capable of acting on behalf of shareholders and stakeholders and in their best interests and hence the Board does not see the necessity of nominating an Independent Non-Executive Chairman at this juncture.

### 3. REINFORCE OF INDEPENDENCE (cont'd)

#### 3.4 Board composition and balance

As at the date of this statement, the Board consists of eight (8) members; comprising one (1) Executive Chairman, one (1) Group Managing Director, three (3) Independent Non-Executive Directors and three (3) Executive Directors. A brief profile of each Director is presented in the Profile of Directors section of this Annual Report.

The Non-Executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls. Together with the Executive Directors who have in-depth knowledge of the business, the Board constitutes of individuals who are committed to business coupled with integrity and professionalism in all its activities.

The Board is satisfied that the current Board composition fairly reflects the interests of minority shareholders in the Company.

Tuan Haji Ahmad Fazil Bin Haji Hashim is the Senior Independent Non-Executive Director to whom concerns pertaining to the Group may be conveyed by shareholders and the public.

### 4. FOSTER COMMITMENT

#### 4.1 Time commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. The Board meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year ended September 30, 2013, the Board held five (5) meetings and the details of each Director's attendance are set out on page 7 of this Annual Report.

#### 4.2 Directors' training

All Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. Directors are encouraged to attend various external professional programmes deemed necessary to ensure that they are kept abreast of various issues facing the changing business environment within which the Group operates. The Directors will continue to undergo other relevant training programmes to be determined by the Board from time to time to enhance their skills and knowledge.

## 4. FOSTER COMMITMENT (cont'd)

### 4.2 Directors' training (cont'd)

During the financial year, the Directors had participated in the following training programmes :-

| Name of Directors | Date | Programmes |
|---|---|---|
| Chuah Ah Bee | October 4, 2012 | Transactions by Directors and Practical Guide to Corporate Disclosure |
| | April 1, 2013 | Material Transactions with Unrelated Parties and Capital Maintenance |
| Chuah Hoon Phong | October 4, 2012 | Transactions by Directors and Practical Guide to Corporate Disclosure |
| | May 21, 2013 | Advocacy Sessions on Corporate Disclosure for Directors by Bursa Malaysia |
| Chan Kim Keow | October 4, 2012 | Transactions by Directors and Practical Guide to Corporate Disclosure |
| | September 9, 2013 | Guide to Takeovers, Shareholder's Rights & Responsibility in General Meetings |
| Loo Choo Gee | October 4, 2012 | Transactions by Directors and Practical Guide to Corporate Disclosure |
| | July 2, 2013 | Corporate Responsibility : Guidance to Disclosure and Reporting & SSM Corporate Responsibility Seminar Series 2013 "Towards Sustainable Future" |
| | July 4, 2013 | Seminar "Integriti Dan Pencegahan Rasuah Bersama Syarikat Berkaitan Kerajaan Negeri (GLC) Dan Agensi Swasta Negeri Kedah 2013" |
| Chew Chee Khong | October 9, 2012 | 8th Tricor Tax & Corporate Seminar |
| | June 20, 2013 | Advocacy Sessions on Corporate Disclosure for Directors by Bursa Malaysia |
| Ng Seng Bee | October 4, 2012 | Transactions by Directors and Practical Guide to Corporate Disclosure |
| | October 22, 2012 | Budget 2013 – Highlights on Tax Changes and Its Implications on Business |
| | June 20, 2013 | Advocacy Sessions on Corporate Disclosure for Directors by Bursa Malaysia |
| | June 29-30, 2013 | Penang Economic Conference by InvestPenang |
| Haji Ahmad Fazil Bin Haji Hashim | May 21, 2013 | Advocacy Sessions on Corporate Disclosure for Directors by Bursa Malaysia |
| | May 15, 2013 | Nominating Committee Program by Bursa Malaysia |
| Goh Choon Aik | July 2, 2013 | Corporate Responsibility : Guidance to Disclosure and Reporting & SSM Corporate Responsibility Seminar Series 2013 "Towards Sustainable Future" |

## 5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

### 5.1 Compliance with applicable financial reporting standards

**Financial reporting**

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcement of financial results as well as the Chairman and Group Managing Director's statements in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

**Directors' responsibility statement in respect of the preparation of the audited financial statements**

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cash flows for the financial year then ended. In preparing the financial statements, the Directors have ensured that Applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 and the Listing Requirements of the Bursa Securities have been applied.

In preparing the financial statements, the Directors have selected and applied consistently appropriate accounting policies and made reasonable and prudent judgments and estimates where applicable.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Company's position and prospects in the Directors' Report and the Financial Statements of this Annual Report.

**Related party transactions and conflict of interest situations**

An internal compliance framework exists to ensure that the Group meets its obligations relating to related party transactions under the Listing Requirements. The Board through its Audit Committee, reviews and reports to the Board any related party transactions (including recurrent related party transactions) and conflict of interest situations that may arise within the Company or Group. A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolution in respect of such transaction at the Board and any general meeting convened to consider such matters.

Further details of these transactions are set out in the Recurrent Related Party Transactions Circular to Shareholders dated March 4, 2014.

### 5.2 Assessment of suitability and independence of external auditors

The Audit Committee assesses the suitability and independence of the external auditors on an annual basis.

The external auditors of the Company fulfill an essential role on behalf of the Company's shareholders in giving an assurance to the shareholders on the reliability of the financial statements of the Company and the Group.

The external auditors have an obligation to bring to the attention of the Board of Directors, the Audit Committee and Company management any significant defects in the Group's systems of reporting, internal control and compliance with Applicable Approved Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The external auditors of the Company are invited to attend at least two (2) meetings with the Audit Committee a year.

The Audit Committee is satisfied with the performance, competence and independence of the external auditors and had recommended their re-appointment to the Board for shareholders' approval at the forthcoming annual general meeting.

The key features underlying the relationship of the Audit Committee with external auditors are included in the Audit Committee's terms of reference as detailed in Audit Committee section of this Annual Report.

## 6. RECOGNIZE AND MANAGE RISKS

### 6.1 Sound framework to manage risks

The Board has ultimate responsibility for reviewing the Company's risks, approving the risk management framework and policy and overseeing the Company's strategic risk management and internal control framework.

The key features of the Risk Management Framework are set out in the Statement on Risk Management and Internal Control of the Company as set out on page 32 of this Annual Report.

### 6.2 Internal audit function

The Board has established an internal control audit function within the Company which is led by the Head of Internal Audit who reports directly to the Audit Committee. The Statement on Risk Management and Internal Control furnished on page 32 of the Annual Report provides an overview on the state of internal controls within the Group, in an effort to manage risk.

## 7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Company is committed to a policy to provide a detailed and complete disclosure of corporate information and in this respect the Company follows the disclosure guidelines and regulations of Bursa Malaysia Securities Berhad. The release of material information will be made publicly via Bursa Malaysia Securities Berhad. Members of the public can also obtain the full financial results and the Company's announcements from Bursa Malaysia Securities Berhad's website.

The Company's website is regularly updated and provides relevant information on the Company which is accessible to the public to make informed investment decision.

## 8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

### 8.1 Encourage shareholders participation at general meetings

The policy of the Company is to maintain an active dialogue with its shareholders with the intention of giving its shareholders as clear and complete information of the Company's financial performance and position as possible.

The key element of the Company's dialogue with its shareholders is the opportunity to gather views of, and answer questions from, both the individual and institutional investors on all aspects relevant to the Company at the Annual General Meeting. It is also a requirement for the Company to send the Notice of the Annual General Meeting and related circular to its shareholders at least twenty one (21) days before the meeting. At the Annual General Meeting, shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general to seek more information. Where it is not possible to provide immediate answers, the Chairman will undertake to furnish the shareholders with a written answer after the Annual General Meeting.

### 8.2 Effective communication and proactive engagement

In accordance with the Listing Requirements, the Board must conduct poll voting for resolutions relating to related party transactions. The Board is encouraged to put substantive resolution to vote by way of poll at the general meetings.

The Chairman will inform the shareholders of their rights to demand a poll for any resolutions in accordance with the Company's Articles of Association before the commencement of any general meetings.

## COMPLIANCE STATEMENT

Saved as disclosed above, the Board considers that the Company has complied throughout the financial year ended September 30, 2013 with all the principles and recommendations of the corporate governance set out in MCCG 2012.

This Statement is made at the Board of Directors' Meeting held on January 23, 2014.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**Board Responsibility**

The Board is primarily responsible for the Group's risk management and internal control system as well as reviewing its adequacy, effectiveness and integrity. In view of the inherent limitations in any system of internal control, the system is designed to manage rather than to eliminate the risk of failure to achieve corporate objectives. Accordingly it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter-alia, financial, budgetary, risk management, organizational, operational and compliance matters.

**Risk Management and Internal Control Framework**

The Board and the management of the Group continue to strengthen the Group's control environment and processes by taking into consideration the key risks in their review of strategic and business plans of the Group. The Management of the Group is responsible for the identification and evaluation of significant risks applicable to their respective areas of business together with the design and implementation of suitable internal controls. These risks may be associated with a variety of internal or external factors including control breakdowns, disease outbreaks, disruption in information systems, competition, natural catastrophe and regulatory requirements.

The principal responsibility of the internal audit department is to conduct periodic audits on internal control matters to ensure their compliance with systems and standard operating procedures within each of the Group's operations. The main objective of these audits is to provide reasonable assurance that these operations operated satisfactorily and effectively. Investigations are also made at the request of the Audit Committee and senior management on specific areas of concern. These investigations provide additional assurance and comfort on the integrity and robustness of the internal control systems.

Currently, the Company has engaged the services of KPMG for Enterprise Risk Management update and internal audit, until financial year ending September 30, 2015. The in-house Internal Audit Department works closely with KPMG for coordinating auditing activities as well as following up on corrective actions recommended.

**Key Processes of the Risk Management and Internal Control System**

The key processes that have been established to ensure the adequacy and effectiveness of the risk management and internal control system include the following:

(i) A formal organizational structure is in place to define the function, reporting line and responsibility of the Management staff;

(ii) Annual budget is prepared to determine allocation of resources and set performance benchmark at projected revenue level;

(iii) Standard operating procedure manuals lay down explicitly the process controls and practices;

(iv) Regular supervisory checks are performed to ensure strict adherence to operations, administration and accounting procedures;

(v) Corporate office exerts close governance on purchasing and accounting activities via centralized procurement and accounting functions; and

(vi) All business units strive to observe and comply with health, safety, environmental and quality standards set forth by the Group as well as the regulatory bodies.

**Conclusion**

The Board has received assurance from the Group Managing Director and the Head of Finance that the Group's risk management and internal control system is operating adequately and effectively in all material aspects based on the existing risk management and internal control system of the Group.

Pursuant to paragraph 15.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this statement for inclusion in the Annual Report for the financial year ended September 30, 2013 and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process, adequacy and integrity of the risk management and internal control system.

This Statement was approved by the Board on January 23, 2014.

# AUDIT COMMITTEE REPORT

## COMPOSITION

The Audit Committee currently comprises the following:-

| Name | Position |
|---|---|
| Ng Seng Bee<br>(Independent Non-Executive Director) | Chairman |
| Haji Ahmad Fazil Bin Haji Hashim<br>(Independent Non-Executive Director) | Member |
| Goh Choon Aik<br>(Independent Non-Executive Director) | Member |

## TERMS OF REFERENCE

The Committee is governed by the following terms of reference:-

### Membership

The Committee shall be appointed by the Board from among its members and shall consist of not less than three (3) members of whom all must be Non-Executive Directors with a majority of them being Independent Directors. An Independent Director shall be the one who fulfills the requirements as provided in the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

All Committee members shall be financially literate and at least one (1) member of the Committee must be a member of the Malaysian Institute of Accountants, or if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years working experience and either have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967, or be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967 or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The members of the Committee shall elect a Chairman from among their number who is an Independent Non-Executive Director. All members of the Committee, including the Chairman, will hold office until otherwise determined by the Board. No alternate director shall be appointed as a member of the Committee.

If the number of members is reduced to below three, due to whatsoever reasons, the Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

### Authority

The Committee is authorized by the Board to investigate any activity within its terms of reference and shall have the resources required to perform its duties. The Committee has full and unrestricted access to all information and documents relevant to its activities as well as to the internal and external auditors and employees of the Group.

The Committee is authorized by the Board to obtain independent professional or other advice and be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

### Duties and Responsibilities

The duties and responsibilities of the Audit Committee are:-

- to review with the external auditors the audit plan, evaluation of the system of internal controls and their audit report;
- to discuss with the external auditors before the audit commences, the nature and scope of the audit;
- to review the extent of cooperation and assistance given by the employees to the external auditors;
- to review the external auditors' management letter and management's response;
- to consider the appointment of external auditors, the audit fee and any question of resignation and dismissal;
- to review the internal audit programs and results of the internal audit process and where necessary to ensure that appropriate action is taken on the recommendations of the internal audit function;
- to review the adequacy of the scope, functions, competency and resources of the internal audit function;

**Duties and Responsibilities (cont'd)**

- to review any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- to review all areas of significant business and financial risk and that the said risks be contained at an acceptable level;
- to review the quarterly and year-end financial statements of the Company and the Group prior to presentation to the Board for approval, focusing particularly on the changes in and implementation of major accounting policies and compliance with accounting standards and other legal requirements; and
- to perform such other duties as may be agreed to by the Committee and the Board.

**Attendance, Quorum and Frequency of Meetings**

The Head of Finance, the Internal Audit Manager and representatives of the external auditors shall normally be invited to attend meetings. Other Board members and employees may also be invited to attend any of its meetings to assist in resolving and clarifying matters raised. However, the Committee shall meet with the external auditors without executive Board members present at least twice a year.

The Company Secretary shall be the secretary of the Committee.

A quorum shall consist of a majority of independent Directors.

The Committee shall meet not less than four (4) times a year. The external auditors may request for a meeting if they consider it necessary.

**Reporting Procedures**

The Committee is authorized to formulate its own procedures and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such minutes.

The Minutes of the meetings shall be circulated by the Secretary to the Committee members and all the other Board members.

**MEETINGS**

The Committee met seven (7) times during the financial year ended September 30, 2013.

Details of attendance of each member at the Committee meetings are as follows:-

| | No. of Meetings Attended |
|---|---|
| Ng Seng Bee | 7/7 |
| Haji Ahmad Fazil Bin Haji Hashim | 6/7 |
| Goh Choon Aik | 5/7 |

## ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended September 30, 2013, the Audit Committee carried out the following activities in the discharge of its functions and duties:-

(i) Reviewed the internal audit plan and scope of work;

(ii) Reviewed with internal auditors (both in-house and outsourced professional firm KPMG) on their audit findings, recommendations and management's response;

(iii) Reviewed the audit plan, nature and scope of audit for the Group with the external auditors;

(iv) Reviewed the quarterly unaudited interim financial results announcements before recommending them for Board's approval;

(v) Reviewed the year-end financial statements of the Group and management letters of the external auditors;

(vi) Reviewed with the external auditors on the financial reporting requirements of the Group so as to comply with Approved Accounting Standards, Companies Act, 1965 in Malaysia and Listing Requirements of Bursa Malaysia Securities Berhad;

(vii) Met with the External Auditors twice without the presence of management;

(viii) Recommended to the Board on the re-appointment of external auditors for the ensuing year;

(ix) Reviewed any related party transaction and conflict of interest situation that arose within the Company or the Group, including any transaction, procedure or course of conduct that raised questions of management integrity; and

(x) Reviewed the Statement of Internal Control and Audit Committee Report in respect of the financial year ended September 30, 2012 and presented to the Board for approval.

## ACTIVITIES OF THE INTERNAL AUDIT DEPARTMENT

The primary role of the internal audit function is to undertake regular review of the system of internal controls, procedures and operations so as to provide reasonable assurance that the overall internal control system is sound, adequate and satisfactory. The Internal Audit Department reports directly to the Audit Committee.

The activities carried out by the internal auditors during the financial year ended September 30, 2013 were as follows:-

- Conducted internal audit reviews according to the approved internal audit plan and presented the reports to the Audit Committee at the quarterly meetings;

- Followed up on the implementation of audit recommendations and management action plans and reported to the Audit Committee on the status of their implementation at the quarterly meeting of the Audit Committee.

The total cost incurred for the internal audit function for the financial year under review was RM155,962.

# OTHER INFORMATION REQUIRED

By Bursa Malaysia Securities Berhad Main Market Listing Requirements

## MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests either still subsisting as at the end of the financial year or entered into since the end of the previous financial year.

## NON-AUDIT FEES

The total non-audit fees paid to a company affiliated to the external auditors by the Group for the financial year ended September 30, 2013 amounted to RM89,900.

## SHARE BUY-BACK

The Company did not purchase any of its own shares during the financial year ended September 30, 2013.

The total number of shares bought back and held as treasury shares as at September 30, 2013 was 218,200.

The Company has not resold or cancelled its treasury shares during the financial year ended September 30, 2013.

## VARIATIONS IN RESULTS

The Company did not issue or announce any profit estimate, forecast or projection to the public for the financial year ended September 30, 2013 which differed by 10% or more from the audited results.

## PROFIT GUARANTEE

There was no profit guarantee given by the Company for the financial year ended September 30, 2013.

## IMPOSITION OF SANCTIONS/PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year ended September 30, 2013, which have material impact on the operations or financial position of the Group.

## OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities exercised during the financial year ended September 30, 2013.

## DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any Depository Receipt Programme during the financial year ended September 30, 2013.

## RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Shareholders' Mandate for the Group to enter into recurrent related party transactions of a revenue or trading nature was obtained at the Annual General Meeting held on March 28, 2013. Details of such transactions during the financial year are disclosed in Note 33 to the financial statements.

The said Mandate is subject to renewal at the forthcoming Annual General Meeting. Details of the Shareholders' Mandate to be sought will be furnished in the Circular to Shareholders' dated March 4, 2014.

# STATEMENT ON CORPORATE SOCIAL RESPONSIBILITIES (CSR)

CSR is an integral part of any modern organisation's way of succeeding in business by contributing to the welfare of its employees in particular and society at large and also to all communities in the environment it operates. This approach to business – balancing economic, social and environmental interests is commonly referred to as Corporate Social Responsibility or Sustainability. In this context, the Board of Directors of CAB Cakaran Corporation Berhad regards the need for CSR as an integral part of its business operations and practices.

CSR initiatives undertaken by the Group are summarised below:-

1. Regularly provides food such as chicken meat to orphanages in Petaling Jaya and contributions to numerous causes, schools, associations in Mainland Penang.

2. Continue to improve its waste disposal and environmental treatment facilities at its chicken processing and other manufacturing plants to avoid contamination from its production effluents. Waste from the Group's poultry rearing activities are also recycled into organic fertilizers for use in palm oil estates or other agricultural industry as an alternative source for chemical fertilizers, thus creating better and less contaminated environment. The management also encourages the staff to participate in recycling activities. Old newspapers, magazines and used writing papers are periodically sent to nearby recycling centres.

3. Compliance with all relevant laws and regulations governing food safety and quality, including Skim Akreditasi Ladang Ternakan (SALT) certification for its breeder and grand parent stock farms, Veterinary Health Mark (VHM) certification for chilled/frozen chicken, frankfurters and nuggets. Additionally, the Group also obtained HALAL and Hazard Analysis and Critical Control Point (HACCP) certification for its processing and manufacturing facilities.

4. The Group recognizes and accepts its responsibilities for providing and maintaining a safe and healthy workplace for all its employees, contractors and visitors.

5. Regular staff development program to equip employees with the necessary skill sets to perform their tasks better.

Information on safety matters is communicated through various Health and Safety Committees, Safety Representatives, Notice Boards and regular management briefings.

CAB CAKARAN CORPORATION BERHAD
(Company No. 583661 W)
(Incorporated in Malaysia)

# FINANCIAL STATEMENTS

2013

# CONTENTS

# DIRECTORS' REPORT

The directors of **CAB CAKARAN CORPORATION BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended September 30, 2013.

**PRINCIPAL ACTIVITIES**

The Company is principally involved in investment holding and provision of management services. The principal activities of the subsidiaries are as stated in Note 16 to the financial statements. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

**RESULTS OF OPERATIONS**

The results of operations of the Group and of the Company for the financial year are as follows:

| | The Group RM | The Company RM |
|---|---|---|
| **Net profit/ (loss) after tax for the year** | 13,532,336 | (740,093) |
| **Profit/ (loss) attributable to:** | | |
| Owners of the Company | 11,936,011 | (740,093) |
| Non-controlling interests | 1,596,325 | – |
| | 13,532,336 | (740,093) |

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

**DIVIDENDS**

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

**RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

**ISSUE OF SHARES AND DEBENTURES**

The Company has not issued any new shares or debentures during the financial year.

**SHARE OPTIONS**

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

**OTHER STATUTORY INFORMATION**

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

## OTHER STATUTORY INFORMATION (cont'd)

At the date of this report, the directors are not aware of any circumstances: (cont'd)

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company in which this report is made other than those disclosed in Note 35 to the financial statements.

## DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Chuah Ah Bee
Chan Kim Keow
Tuan Haji Ahmad Fazil Bin Haji Hashim
Loo Choo Gee
Chew Chee Khong
Chuah Hoon Phong
Goh Choon Aik
Ng Seng Bee

## DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

| | No. of ordinary shares of RM0.50 each | | | |
|---|---|---|---|---|
| **Shares in the Company** | **Balance as of 1.10.2012** | **Bought** | **Sold** | **Balance as of 30.9.2013** |
| **Direct interest:** | | | | |
| Chuah Ah Bee | 45,625,994 | – | – | **45,625,994** |
| Chan Kim Keow | 18,716,000 | – | – | **18,716,000** |
| Tuan Haji Ahmad Fazil Bin Haji Hashim | 5,000 | – | – | **5,000** |
| Loo Choo Gee | 7,712,425 | – | (2,388,700) | **5,323,725** |
| Chuah Hoon Phong | 2,428,750 | 568,650 | – | **2,997,400** |
| Goh Choon Aik | 550 | – | – | **550** |
| **Indirect interest:** | | | | |
| Chuah Ah Bee | 24,744,750 | 568,650 | – | **25,313,400** |
| Chan Kim Keow | 51,654,744 | 568,650 | – | **52,223,394** |
| Chuah Hoon Phong | 667,650 | – | (568,650) | **99,000** |

### DIRECTORS' INTERESTS (cont'd)

By virtue of their interests in the shares of the Company, Mr. Chuah Ah Bee and Madam Chan Kim Keow are also deemed to have beneficial interests in the shares of all the subsidiaries of the Company to the extent that the Company has an interest.

Other than the above, none of other directors in office at the end of the financial year had any interest in the shares of the Company and its subsidiaries during the financial year.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration and directors' benefits-in-kind in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of the transactions mentioned in Note 33 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### AUDITORS

The auditors, Messrs. Deloitte (formerly known as Deloitte KassimChan), have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

**CHUAH AH BEE**

**CHUAH HOON PHONG**

Penang,

January 23, 2014

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAB CAKARAN CORPORATION BERHAD
# (Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of CAB Cakaran Corporation Berhad, which comprise the statements of financial position of the Group and of the Company as of September 30, 2013 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 45 to 112.

*Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of September 30, 2013 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that:

(a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act;

(b) we have considered the accounts and auditors' report of the subsidiary, of which we have not acted as auditors, which are indicated in Note 16 to the financial statements;

(c) we are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and

(d) the auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAB CAKARAN CORPORATION BERHAD (cont'd)
# (Incorporated in Malaysia)

**Other Reporting Responsibilities**

The supplementary information set out in Note 38 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

**DELOITTE**
**AF 0080**
**Chartered Accountants**

**LIM KENG PEO**
**Partner - 2939/01/16 (J)**
**Chartered Accountant**

January 23, 2014

Penang

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | Note | The Group 2013 RM | The Group 2012 RM | The Company 2013 RM | The Company 2012 RM |
|---|---|---|---|---|---|
| Revenue | 5 | **609,000,324** | 534,552,808 | **120,000** | 120,000 |
| Cost of sales | | **(565,196,031)** | (512,089,434) | **–** | – |
| Gross profit | | **43,804,293** | 22,463,374 | **120,000** | 120,000 |
| Investment revenue | 6 | **395,646** | 494,279 | **–** | – |
| Other income | | **4,879,720** | 3,309,128 | **–** | – |
| Other gains and losses | 7 | **5,493,890** | 11,625,083 | **(583,274)** | (77,130) |
| Distribution costs | | **(15,270,842)** | (14,920,851) | **–** | – |
| Administrative expenses | | **(16,481,018)** | (16,722,439) | **(276,819)** | (262,566) |
| Finance costs | 8 | **(5,879,834)** | (5,447,927) | **–** | – |
| Other expenses | | **(1,319,786)** | (681,335) | **–** | – |
| Profit/ (loss) before tax | | **15,622,069** | 119,312 | **(740,093)** | (219,696) |
| Tax (expense)/ income | 9 | **(2,089,733)** | 1,281,443 | **–** | – |
| **Profit/ (loss) for the year** | 10 | **13,532,336** | 1,400,755 | **(740,093)** | (219,696) |
| **Other comprehensive income** | | | | | |
| Items that will not be reclassified to profit or loss: | | | | | |
| Gain on revaluation of properties | | **–** | 38,737,203 | **–** | – |
| Income tax relating to components of other comprehensive income | | **–** | (1,707,306) | **–** | – |
| | | **–** | 37,029,897 | **–** | – |
| Items that will be reclassified subsequently to profit or loss: | | | | | |
| Exchange differences on translating foreign operations | | **(51,481)** | 6,011 | **–** | – |
| Other comprehensive (loss)/ income for the year, net of tax | | **(51,481)** | 37,035,908 | **–** | – |
| **Total comprehensive income/ (loss) for the year** | | **13,480,855** | 38,436,663 | **(740,093)** | (219,696) |
| **Profit/ (loss) attributable to:** | | | | | |
| Owners of the Company | | **11,936,011** | (3,009,072) | **(740,093)** | (219,696) |
| Non-controlling interests | | **1,596,325** | 4,409,827 | **–** | – |
| | | **13,532,336** | 1,400,755 | **(740,093)** | (219,696) |
| **Total comprehensive income/ (loss) attributable to:** | | | | | |
| Owners of the Company | | **11,918,303** | 32,008,699 | **(740,093)** | (219,696) |
| Non-controlling interests | | **1,562,552** | 6,427,964 | **–** | – |
| | | **13,480,855** | 38,436,663 | **(740,093)** | (219,696) |
| **Earnings/ (loss) per share:** | | | | | |
| Basic (sen per share) | 11 | **9.07** | (2.29) | | |
| Diluted (sen per share) | 11 | **9.07** | (2.29) | | |

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2013

| | Note | The Group | | The Company | |
|---|---|---|---|---|---|
| | | 2013 | 2012 | 2013 | 2012 |
| | | RM | RM | RM | RM |
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 12 | **177,348,702** | 175,221,565 | **–** | – |
| Investment properties | 13 | **54,827,000** | 46,819,000 | **–** | – |
| Prepaid lease payments on leasehold land | 14 | **8,241,564** | 8,455,270 | **–** | – |
| Goodwill | 15 | **1,670,128** | 1,670,128 | **–** | – |
| Investments in subsidiaries | 16 | **–** | – | **42,144,276** | 42,458,430 |
| Other financial assets | 17 | **260,000** | 260,000 | **–** | – |
| Agricultural development expenditures | 18 | **279,960** | 285,350 | **–** | – |
| Deferred tax assets | 19 | **175,000** | 269,000 | **–** | – |
| **Total non-current assets** | | **242,802,354** | 232,980,313 | **42,144,276** | 42,458,430 |
| **Current assets** | | | | | |
| Inventories | 20 | **29,028,555** | 26,126,058 | **–** | – |
| Trade and other receivables | 21 | **67,791,790** | 57,390,073 | **9,698,325** | 10,093,058 |
| Current tax assets | 9 | **2,952,673** | 1,733,891 | **5,644** | 6,040 |
| Other financial asset | 17 | **–** | 1,977 | **–** | – |
| Other assets | 22 | **5,630,992** | 3,789,228 | **1,000** | 1,000 |
| Short-term deposits with licensed banks | 23 | **5,683,227** | 5,417,736 | **–** | – |
| Cash and bank balances | 24 | **9,741,649** | 8,427,543 | **5,038** | 4,341 |
| | | **120,828,886** | 102,886,506 | **9,710,007** | 10,104,439 |
| Non-current assets classified as held for sale | 25 | **125,000** | 125,000 | **–** | – |
| **Total current assets** | | **120,953,886** | 103,011,506 | **9,710,007** | 10,104,439 |
| **Total assets** | | **363,756,240** | 335,991,819 | **51,854,283** | 52,562,869 |

# STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2013 (cont'd)

| | Note | The Group 2013 RM | The Group 2012 RM | The Company 2013 RM | The Company 2012 RM |
|---|---|---|---|---|---|
| **Equity and liabilities** | | | | | |
| **Capital and reserves** | | | | | |
| Share capital | 26 | **65,889,550** | 65,889,550 | **65,889,550** | 65,889,550 |
| Treasury shares | 26 | **(69,304)** | (69,304) | **(69,304)** | (69,304) |
| Reserves | 27 | **38,602,371** | 39,949,466 | **71,379** | 71,379 |
| Retained earnings/ (Accumulated losses) | | **37,125,963** | 23,860,565 | **(14,109,365)** | (13,369,272) |
| Equity attributable to owners of the Company | | **141,548,580** | 129,630,277 | **51,782,260** | 52,522,353 |
| Non-controlling interests | | **22,308,260** | 20,290,255 | **–** | – |
| **Total equity** | | **163,856,840** | 149,920,532 | **51,782,260** | 52,522,353 |
| **Non-current liabilities** | | | | | |
| Borrowings | 28 | **26,489,419** | 32,068,267 | **–** | – |
| Deferred tax liabilities | 19 | **7,944,830** | 7,015,502 | **–** | – |
| **Total non-current liabilities** | | **34,434,249** | 39,083,769 | **–** | – |
| **Current liabilities** | | | | | |
| Trade and other payables | 29 | **80,067,507** | 64,920,875 | **72,023** | 40,516 |
| Borrowings | 28 | **84,964,424** | 81,892,647 | **–** | – |
| Other financial liability | 17 | **15,071** | – | **–** | – |
| Current tax liabilities | 9 | **418,149** | 173,996 | **–** | – |
| **Total current liabilities** | | **165,465,151** | 146,987,518 | **72,023** | 40,516 |
| **Total liabilities** | | **199,899,400** | 186,071,287 | **72,023** | 40,516 |
| **Total equity and liabilities** | | **363,756,240** | 335,991,819 | **51,854,283** | 52,562,869 |

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED SEPTEMBER 30, 2013

**The Group**

| | Share capital RM | Treasury shares RM | Share premium RM | Properties revaluation reserve RM | Translation reserve RM | Retained earnings RM | Attributable to owners of the Company RM | Non-controlling interests RM | Total RM |
|---|---|---|---|---|---|---|---|---|---|
| Balance as of October 1, 2011 | 65,889,550 | (69,304) | 71,379 | 5,114,791 | (20,610) | 26,635,772 | 97,621,578 | 14,147,291 | 111,768,869 |
| (Loss)/ profit for the year | – | – | – | – | – | (3,009,072) | (3,009,072) | 4,409,827 | 1,400,755 |
| Other comprehensive income/ (loss) | – | – | – | 35,020,483 | (2,712) | – | 35,017,771 | 2,018,137 | 37,035,908 |
| Total comprehensive income/ (loss) for the year | – | – | – | 35,020,483 | (2,712) | (3,009,072) | 32,008,699 | 6,427,964 | 38,436,663 |
| Realisation of properties revaluation reserve upon disposal of revalued properties | – | – | – | (103,406) | – | 103,406 | – | – | – |
| Transfer to retained earnings | – | – | – | (130,459) | – | 130,459 | – | – | – |
| Dividend paid to non-controlling interests of subsidiaries | – | – | – | – | – | – | – | (285,000) | (285,000) |
| **Balance as of September 30, 2012** | 65,889,550 | (69,304) | 71,379 | 39,901,409 | (23,322) | 23,860,565 | 129,630,277 | 20,290,255 | 149,920,532 |

# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED SEPTEMBER 30, 2013 (cont'd)

**The Group**

| | Share capital RM | Treasury shares RM | Share premium RM | Properties revaluation reserve RM | Translation reserve RM | Retained earnings RM | Attributable to owners of the Company RM | Non-controlling interests RM | Total RM |
|---|---|---|---|---|---|---|---|---|---|
| Balance as of October 1, 2012 | 65,889,550 | (69,304) | 71,379 | 39,901,409 | (23,322) | 23,860,565 | 129,630,277 | 20,290,255 | 149,920,532 |
| Profit for the year | – | – | – | – | – | 11,936,011 | 11,936,011 | 1,596,325 | 13,532,336 |
| Other comprehensive loss | – | – | – | – | (17,708) | – | (17,708) | (33,773) | (51,481) |
| Total comprehensive income/ (loss) for the year | – | – | – | – | (17,708) | 11,936,011 | 11,918,303 | 1,562,552 | 13,480,855 |
| Increase in non-controlling interest arising from purchase of shares from non-controlling interest in a subsidiary | – | – | – | – | – | – | – | 563,194 | 563,194 |
| Accretion of non-controlling interest in subsidiaries | – | – | – | – | – | – | – | 27,259 | 27,259 |
| Transfer to retained earnings | – | – | – | (1,329,387) | – | 1,329,387 | – | – | – |
| Dividend paid to non-controlling interests of subsidiaries | – | – | – | – | – | – | – | (135,000) | (135,000) |
| **Balance as of September 30, 2013** | **65,889,550** | **(69,304)** | **71,379** | **38,572,022** | **(41,030)** | **37,125,963** | **141,548,580** | **22,308,260** | **163,856,840** |

# STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2013 (cont'd)

**The Company**

| | Share capital RM | Treasury shares RM | Share premium RM | Accumulated losses RM | Total RM |
|---|---|---|---|---|---|
| Balance as of October 1, 2011 | 65,889,550 | (69,304) | 71,379 | (13,149,576) | 52,742,049 |
| Loss for the year | – | – | – | (219,696) | (219,696) |
| Other comprehensive income for the year | – | – | – | – | – |
| Total comprehensive loss for the year | – | – | – | (219,696) | (219,696) |
| **Balance as of September 30, 2012** | 65,889,550 | (69,304) | 71,379 | (13,369,272) | 52,522,353 |
| Balance as of October 1, 2012 | 65,889,550 | (69,304) | 71,379 | (13,369,272) | 52,522,353 |
| Loss for the year | – | – | – | (740,093) | (740,093) |
| Other comprehensive income for the year | – | – | – | – | – |
| Total comprehensive loss for the year | – | – | – | (740,093) | (740,093) |
| **Balance as of September 30, 2013** | **65,889,550** | **(69,304)** | **71,379** | **(14,109,365)** | **51,782,260** |

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | RM | RM | RM | RM |
| **Cash flows from operating activities** | | | | |
| Profit/ (loss) for the year | **13,532,336** | 1,400,755 | **(740,093)** | (219,696) |
| Depreciation and amortisation of non-current assets | **10,136,221** | 9,299,489 | **–** | – |
| Interest expense | **5,291,945** | 4,939,101 | **–** | – |
| Tax expense/ (income) recognised in profit or loss | **2,089,733** | (1,281,443) | **–** | – |
| Goodwill arising from purchase of shares from a non-controlling interest in a subsidiary written off | **563,195** | – | **–** | – |
| Impairment loss recognised on receivables | **557,494** | 1,360,336 | **269,120** | 77,130 |
| Inventories written off/ down | **81,342** | 1,592,851 | **–** | – |
| Property, plant and equipment written off | **74,254** | 498,073 | **–** | – |
| Loss/ (gain) on disposal of property, plant and equipment | **49,772** | (70,502) | **–** | – |
| Loss on disposal of investment in subsidiaries | **43,982** | – | **–** | – |
| Net fair value loss/ (gain) on other financial asset/ liability | **17,048** | (31,838) | **–** | – |
| Deposits written off | **1,750** | – | **–** | – |
| Gain on fair value adjustment of investment properties | **(7,108,000)** | (13,737,407) | **–** | – |
| Reversal of inventories written down | **(1,592,851)** | – | **–** | – |
| Interest revenue recognised in profit or loss | **(184,256)** | (187,636) | **–** | – |
| Reversal of impairment loss recognised on receivables | **(128,136)** | (239,440) | **–** | – |
| Unrealised gain on foreign exchange | **(98,350)** | (7,381) | **–** | – |
| Gross dividend income from available-for-sale investment | **(10,000)** | (10,000) | **–** | – |
| Gain arising from striking-off of investment in a subsidiary | **(9,284)** | – | **–** | – |
| Loss on revaluation of properties | **–** | 392,215 | **–** | – |
| Bad debts written off | **–** | 227,078 | **–** | – |
| Reversal of loss arising on revaluation of properties | **–** | (320,647) | **–** | – |
| Impairment loss on investments in subsidiaries | **–** | – | **776,200** | – |
| Reversal of impairment loss on investments in a subsidiary | **–** | – | **(462,046)** | – |
| | **23,308,195** | 3,823,604 | **(156,819)** | (142,566) |

| | Note | The Group | | The Company | |
|---|---|---|---|---|---|
| | | 2013 | 2012 | 2013 | 2012 |
| | | RM | RM | RM | RM |
| Movements in working capital: | | | | | |
| (Increase)/ decrease in inventories | | **(1,390,988)** | 2,604,938 | **–** | – |
| Increase in trade and other receivables | | **(10,869,773)** | (8,426,764) | **–** | – |
| Increase in other assets | | **(1,853,146)** | (72,714) | **–** | – |
| Increase in trade and other payables | | **15,792,921** | 14,163,873 | **1,645** | 2,500 |
| Cash generated from/ (used in) operations | | **24,987,209** | 12,092,937 | **(155,174)** | (140,066) |
| Taxes refunded | | **185,334** | 96,926 | **2,890** | – |
| Interest received | | **12,434** | 39,555 | **–** | – |
| Taxes paid | | **(2,223,868)** | (5,043,320) | **(2,494)** | (2,927) |
| Net cash generated by/ (used in) operating activities | | **22,961,109** | 7,186,098 | **(154,778)** | (142,993) |
| **Cash flows from investing activities** | | | | | |
| Proceeds from disposal of property, plant and equipment | | **290,800** | 1,393,323 | **–** | – |
| Interest received | | **171,714** | 142,874 | **–** | – |
| Dividend received | | **7,500** | 7,500 | **–** | – |
| Payments for property, plant and equipment | 30 | **(10,935,805)** | (14,238,611) | **–** | – |
| Net cash outflow on disposal of subsidiary | 16 | **(176)** | – | **–** | – |
| Payment for purchase of shares from non-controlling interest in a subsidiary | | **(1)** | – | **–** | – |
| Prepaid lease payments for leasehold land | | **–** | (1,614,503) | **–** | – |
| Payments for investment properties | | **–** | (372,593) | **–** | – |
| Repayments from subsidiaries | | **–** | – | **125,613** | 3,667,797 |
| Payment for purchase of additional shares in a subsidiary | | **–** | – | **–** | (3,500,000) |
| Net cash (used in)/ generated by investing activities | | **(10,465,968)** | (14,682,010) | **125,613** | 167,797 |

# STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2013 (cont'd)

| | Note | The Group 2013 RM | The Group 2012 RM | The Company 2013 RM | The Company 2012 RM |
|---|---|---|---|---|---|
| **Cash flows from financing activities** | | | | | |
| Increase in short-term borrowings | | **5,197,634** | 7,802,160 | **–** | – |
| Proceeds from long-term loans | | **1,020,000** | 17,596,228 | **–** | – |
| Proceeds from hire-purchase | | **750,000** | – | **–** | – |
| Repayment of long-term loans | | **(5,707,674)** | (5,314,536) | **–** | – |
| Interest paid | | **(5,621,718)** | (5,305,855) | **–** | – |
| Repayment of hire-purchase payables | | **(5,092,253)** | (4,612,643) | **–** | – |
| (Repayments to)/ advance from directors - net | | **(574,404)** | 508,000 | **29,862** | (24,417) |
| Short-term deposits pledged as security | | **(265,491)** | (1,137,397) | **–** | – |
| Dividend paid to non-controlling interests of subsidiaries | | **(135,000)** | (285,000) | **–** | – |
| Net cash (used in)/ generated by financing activities | | **(10,428,906)** | 9,250,957 | **29,862** | (24,417) |
| **Net increase in cash and cash equivalents** | | **2,066,235** | 1,755,045 | **697** | 387 |
| **Cash and cash equivalents at the beginning of the year** | | **7,027,353** | 5,271,659 | **4,341** | 3,954 |
| Effects of exchange rates changes on the balances of cash held in foreign currencies | | **6,949** | 649 | **–** | – |
| **Cash and cash equivalents at the end of the year** | 30 | **9,100,537** | 7,027,353 | **5,038** | 4,341 |

The accompanying notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is principally involved in investment holding and provision of management services. The principal activities of the subsidiaries are as stated in Note 16. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

The registered office of the Company is located at Suite 12-02, 12th Floor, Menara Zurich, 170, Jalan Argyll, 10050 Penang, Malaysia.

The principal place of business of the Company is located at Plot 21, Lorong Jelawat 4, Seberang Jaya Industrial Park, Seberang Jaya, 13700 Perai, Malaysia.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on January 23, 2014.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the provisions of the Companies Act, 1965 in Malaysia.

**Adoption of new and revised Financial Reporting Standards**

In the current financial year, the Group and the Company have adopted all the new and revised Standard and Issues Committee ("IC") Interpretation ("IC Int.") issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for the Group's and Company's financial period beginning on October 1, 2012 as follows:

| | |
|---|---|
| FRS 1 | First-time Adoption of Financial Reporting Standards (Amendments relating to Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters) |
| FRS 7 | Financial Instruments: Disclosures (Amendments relating to Disclosures: Transfers of Financial Assets) |
| FRS 101 | Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income) |
| FRS 112 | Income Taxes (Amendments relating to Deferred Tax – Recovery of Underlying Assets) |
| FRS 124 | Related Party Disclosures (revised) |

The adoption of these new and revised Standards and IC Interpretations have not affected the amounts reported on the financial statements of the Group and of the Company.

**Standards and IC Interpretations in issue but not yet effective**

At the date of authorisation for issue of these financial statements, the new and revised Standards and IC Int. which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below.

| | |
|---|---|
| FRS 1 | First-time Adoption of Financial Reporting Standards (Amendments relating to Government Loans) [a] |
| FRS 7 | Financial Instruments: Disclosures (Amendments relating to Disclosures – Offsetting Financial Assets and Financial Liabilities) [a] |
| FRS 9 | Financial Instruments (IFRS 9 issued by IASB in November 2009) [b] |
| FRS 9 | Financial Instruments (IFRS 9 issued by IASB in October 2010) [b] |
| FRS 10 | Consolidated Financial Statements [a] |
| FRS 10 | Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to FRS 10, FRS 11 and FRS 12) [a] |
| FRS 10 | Investment Entities (Amendments to FRS 10, FRS 12 and FRS 127) [c] |
| FRS 11 | Joint Arrangements [a] |
| FRS 11 | Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to FRS 10, FRS 11 and FRS 12) [a] |
| FRS 12 | Disclosure of Interests in Other Entities [a] |
| FRS 12 | Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to FRS 10, FRS 11 and FRS 12) [a] |
| FRS 12 | Investment Entities (Amendments to FRS 10, FRS 12 and FRS 127) [c] |
| FRS 13 | Fair Value Measurement [a] |
| FRS 119 | Employee Benefits (IAS 19 as amended by IASB in June 2011) [a] |
| FRS 127 | Separate Financial Statements (IAS 27 as amended by IASB in May 2011) [a] |
| FRS 127 | Investment Entities (Amendments to FRS 10, FRS 12 and FRS 127) [c] |
| FRS 128 | Investment in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011) [a] |
| FRS 132 | Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities) [c] |

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

### Standards and IC Interpretations in issue but not yet effective (cont'd)

| | |
|---|---|
| FRS 136 | Impairment of Assets (Amendments relating to Recoverable Amount Disclosures for Non-Financial Assets) [c] |
| FRS 139 | Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting) [c] |
| IC Int. 20 | Stripping Costs in the Production Phase of a Surface Mine [a] |
| IC Int. 21 | Levies [c] |

Amendments to FRSs contained in the document entitled Annual Improvements 2009-2011 cycle [a]

[a] Effective for annual periods beginning on or after January 1, 2013
[b] Effective for annual periods beginning on or after January 1, 2015 instead of January 1, 2013 immediately upon the issuance of Amendments to FRS 9 (IFRS 9 issued by IASB on November 2009 and October 2010 respectively) and FRS 7 relating to "Mandatory Effective Date of FRS 9 and Transition Disclosures" on March 1, 2012
[c] Effective for annual periods beginning on or after January 1, 2014

The directors anticipate that abovementioned Standards and IC Int. 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 Int. will have no material impact on the financial statements of the Group and of the Company in the period of initial application except as discussed below:

**Amendments to FRS 7 and FRS 132: Offsetting Financial Assets and Financial Liabilities and the related disclosures**

The amendments to FRS 132 clarify existing application issues relating to the offset of the financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to FRS 7 introduce new disclosure requirements relating to rights of offset and related arrangements for financial instruments under an enforceable master netting agreements or similar arrangements. Both FRS 132 and FRS 7 require retrospective application upon adoption.

To date, the Group and the Company has not entered into any such agreements or similar arrangements. However, the directors anticipate that the application of these amendments to FRS 132 and FRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

**FRS 9 and Amendments relating to Mandatory Effective Date of FRS 9 and Transition Disclosures**

FRS 9 (IFRS 9 issued by IASB in November 2009) introduces new requirements for the classification and measurement of financial assets. FRS 9 (IFRS 9 issued by IASB in October 2010) includes the requirements for the classification and measurement of financial liabilities and for derecognition.

The amendments to FRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) ("FRS 9") relating to "Mandatory Effective Date of FRS 9 and Transition Disclosures" which became immediately effective on the issuance date of March 1, 2012 amended the mandatory effective date of FRS 9 to annual periods beginning on or after January 1, 2015 instead of on or after January 1, 2013, with earlier application still permitted as well as modified the relief from restating prior periods. FRS 7 which was also amended in tandem with the issuance of the aforementioned amendments introduce new disclosure requirements that are either permitted or required on the basis of the entity's date of adoption and whether the entity chooses to restate prior periods.

Key requirements of FRS 9 are described as follows:

(a) All recognised financial assets that are within the scope of FRS 139 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. In addition, under FRS 9, entities may make an irrecoverable election to present subsequent changes in the fair value of equity instrument (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

(b) With regard to the measurement of financial liabilities designated as at fair value through profit or loss, FRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under FRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

**FRS 9 and Amendments relating to Mandatory Effective Date of FRS 9 and Transition Disclosures (cont'd)**

The directors do not anticipate that the application of FRS 9 will have a significant impact on amounts reported in respect of the Group's and the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of FRS 9 until a detailed review has been completed.

**FRS 13 Fair Value Measurement**

FRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of FRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in FRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under FRS 7 Financial Instruments: Disclosures will be extended by FRS 13 to cover all assets and liabilities within its scope.

The directors anticipate that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

**FRS 10, FRS 11, FRS 12, FRS 127 and FRS 128**

In November 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including FRS 10, FRS 11, FRS 12, FRS 127 (as revised in 2011) and FRS 128 (as revised in 2011).

Key requirements of these five Standards are described below:

FRS 10 Consolidated Financial Statements replaces the parts of FRS 127 Consolidated and Separate Financial Statements (revised in 2010) that deal with consolidated financial statements. IC Int.112 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of FRS 10. Under FRS 10, there is only one basis for consolidation, that is control. In addition, FRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in FRS 10 to deal with complex scenarios.

FRS 11 Joint Arrangements replaces FRS 131 Interests in Joint Ventures. FRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. IC Int. 113 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of FRS 11. Under FRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under FRS 131, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under FRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under FRS 131 can be accounted for using the equity method of accounting or proportionate accounting.

FRS 12 Disclosure of Interest in Other Entities is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in FRS 12 are more extensive than those in the current standards.

In July 2012, amendments were made to FRS 10, FRS 11 and FRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance.

The amendment clarifies that the "date of initial application" in FRS 10 means "the beginning of the annual reporting period in which FRS 10 is applied for the first time". Consequently, an entity is not required to adjust its previous accounting if (a) the consolidation conclusion reached upon the application of FRS 10 is the same as previous accounting; or (b) the entity had disposed of its interests in investees during a comparative period.

If an entity has to consolidate an investee that was not previously consolidated when applying FRS 10 or concludes that it will no longer consolidate an investee that was previously consolidated, the amendments limit the requirement to present adjusted comparative information to the period immediately preceding the date of initial application. However, the entity is not prohibited from presenting adjusted comparative information for earlier periods.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

### FRS 10, FRS 11, FRS 12, FRS 127 and FRS 128 (cont'd)

A similar relief is also provided in FRS 11 and FRS 12. Additionally, entities would no longer be required to provide disclosures for unconsolidated structured entities in periods prior to the first annual period that FRS 12 is applied.

If, upon applying FRS 10, an entity concludes that it shall consolidate an investee that was not previously consolidated and that control was obtained before the effective date of FRS 3 Business Combinations and FRS 127 Consolidated and Separate Financial Statements issued by the MASB in January 2010, the amendments provide the choice to Transitioning Entities to apply either the earlier (i.e. as issued in February 2006) or the revised versions of FRS 3 and FRS 127 (as issued in January 2010).

The directors do not anticipate the application of these five standards to have significant impact on amounts reported in the financial statements of the Group and of the Company. However, the application may result in more extensive disclosure in the financial statements.

### Amendments to FRSs: Annual Improvements 2009 – 2011 Cycle

The Annual Improvements 2009 – 2011 Cycle include a number of amendments to various FRSs. The amendments to FRSs include, among others:

- Amendments to FRS 101 Presentation of Financial Statements;
- Amendments to FRS 116 Property, Plant and equipment; and

### Amendments to FRS 101

FRS 101 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to FRS 101 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position. Hence, the adoption of the amendments when it becomes effective will affect the presentation of the third statement of financial position and related notes in the future periods.

### Amendments to FRS 116

The amendments to FRS 116 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in FRS 116 and as inventory otherwise. The directors do not anticipate that the amendments of FRS 116 will have a significant impact on the Group's and the Company's financial statements. However, a detailed review is required to ensure appropriate treatment on all its spare parts, stand-by equipment and servicing equipment.

In addition, on November 19, 2011, the MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully International Financial Reporting Standards ("IFRS") - compliance framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities ("TEs").

TEs, being entities within the scope of MFRS 141 Agriculture and/or IC Interpretation 15: Agreements for the Construction of Real Estate, including its parents, significant investors and venturers were given a transitional period of two years, which allow these entities an option to continue with the FRS Framework. Following the announcement by the MASB on 7 August 2013, the transitional period for TEs has been extended for an additional year.

The Group and the Company being TEs have availed themselves of this transitional arrangements and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group and the Company will be required to prepare its first set of MFRS financial statements when the MFRS Framework is mandated by MASB.

## 3. SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting**

The financial statements of the Group and of the Company have been prepared on the historical cost basis, unless otherwise indicated in the accounting policies stated below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

**Subsidiaries and basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable standard. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

**Subsidiaries**

Investments in subsidiaries which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

**Business combinations**

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**Business combinations (cont'd)**

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with FRS 137 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3 (revised) are recognised at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with FRS 112 Income Taxes and FRS 119 Employee Benefits respectively;

(b) liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 2 Share-based Payment; and

(c) assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

The policy described above is applied to all business combinations that take place on or after January 1, 2011.

**Goodwill**

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is recognised directly in profit or loss and is not reversed in a subsequent period.

On disposal of the relevant cash-generating units, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Revenue recognition (cont'd)**

**(a) Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

(i) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
(ii) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(iii) the amount of revenue can be measured reliably;
(iv) it is probable that the economic benefits associated with the transaction will flow to the Group; and
(v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**(b) Rendering of services**

Revenue from repackaging services represents gross invoiced value of services rendered and is recognised upon rendering of services.

**(c) Rental revenue**

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

**(d) Franchise Income**

Franchise income is recognised on an accrual basis (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably). Franchise fees are recognised on a straight-line basis over the period of the relevant agreement.

**(e) Dividend and interest revenue**

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established (provided that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**(f) Other income**

Management fee and other income are recognised on an accrual basis.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**(a) Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd))

### Taxation (cont'd)

#### (b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

#### (c) Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the current or deferred tax is also recognised in other comprehensive income or directly in equity respectively.

### Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### (a) The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### (b) The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to archive a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Leasing (cont'd)**

**(b) The Group as lessee (cont'd)**

Leasehold land that normally has an indefinite economic life and where the title is not expected to pass to the lessee by the end of the lease term is treated as operating lease. Payments made on entering into or acquiring leasehold land are accounted as prepaid lease payments on leasehold land and amortised over the remaining lease term.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**Foreign currencies**

The individual financial statements of each group entity are presented in Ringgit Malaysia, the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is the functional currency of the Company, and also the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded in Ringgit Malaysia at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated into Ringgit Malaysia at the exchange rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the year in which they arise except for exchange differences arising on the retranslation on non-monetary items carried at fair in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated in RM using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**Short-term employee benefits**

Wages, salaries, paid annual leave, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

**Retirement benefit costs**

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. The Group and the Company have no further payment obligations once these contributions have been paid.

**Property, plant and equipment**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statements of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued properties is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land and construction-in-progress are not depreciated.

All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

| | |
|---|---|
| Buildings | 1.8% - 20% |
| Plant, machinery and equipment | 2% - 20% |
| Electrical installation | 10% |
| Office equipment | 10% - 55% |
| Furniture, fixtures and fittings | 10% - 15% |
| Motor vehicles | 10% - 20% |
| Renovation | 2% - 15% |
| Pasaraya equipment | 10% & 33% |
| Warehouse | 10% |

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Investment properties

Investment properties are properties held to earn rentals and/ or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

### Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets, except for investment properties, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### Agricultural development expenditures

Agricultural development expenditure represents pre-cropping costs incurred on land preparation, construction of drains, roads and irrigation, fertilisation, plant and planting, labour and any general overheads directly attributable to the development of the oil palm.

New planting expenditure on oil palm incurred to the point of harvesting is capitalised at cost as agricultural development expenditure. Expenditure on new planting and replanting and upkeep of immature areas until the planted areas attain maturity is amortised at 5% per annum.

### Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials consists of the original purchase price and, where applicable, includes an appropriate portion of fixed and variable overhead expenses that have been incurred in bringing the inventories to their present location and condition. Cost is determined based on first-in, first-out method.

Cost of parent stocks, grand parent stocks, broiler chicken and pullet consists of the original purchase price of birds plus growing costs which include cost of feeds and consumables, direct labour and a proportion of farm overheads. Cost is determined based on specific identification method.

Cost of eggs consists of cost of parent stocks, direct labour and a proportion of overheads absorbed based on hatching period of the eggs. Cost is determined based on weighted average method.

Cost of finished goods consists of cost of livestocks/ raw materials, direct labour and a proportion of production overheads. Cost is determined based on first-in, first-out method.

Goods-in-transit is stated at cost.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

**Provisions**

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

**Financial instruments**

Financial instruments are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**(a) Financial assets**

Financial assets of the Group and of the Company are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held to maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

**(i) Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

**(ii) Financial assets at fair value through profit or loss**

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

i) it has been acquired principally for the purpose of selling it in the near term; or
ii) on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
iii) it is a derivative that is not designated and effective as a hedging instrument.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Financial instruments (cont'd)

#### (a) Financial assets (cont'd)

##### (ii) Financial assets at fair value through profit or loss (cont'd)

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
ii) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
iii) it forms part of a contract containing one or more embedded derivatives, and FRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

##### (iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. All available-for-sale assets are measured at fair value at the end of the reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

##### (iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

##### (v) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**Financial instruments (cont'd)**

**(a) Financial assets (cont'd)**

**(v) Impairment of financial assets (cont'd)**

For all other financial assets, objective evidence of impairment could include:

i) significant financial difficulty of the issuer or counterparty; or
ii) default or delinquency in interest or principal payments; or
iii) it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
iv) the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit periods, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

**(vi) Derecognition of financial assets**

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group and the Company recognise their retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**Financial instruments (cont'd)**

### (b) Financial liabilities and equity instruments issued by the Group and the Company

#### (i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definition of a financial liability and equity instrument.

#### (ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

#### (iii) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or 'other financial liabilities'.

#### (iv) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

i) it has been acquired principally for the purpose of repurchasing it in the near term; or
ii) on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
ii) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
iii) it forms part of a contract containing one or more embedded derivatives, and FRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in Note 31.

#### (v) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

#### (vi) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Financial instruments (cont'd)

#### (c) Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk using foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

### Treasury shares

Where the Company reacquires its own equity share capital, the consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in statement of comprehensive income on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

### Cash and cash equivalents

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents comprise cash and bank balances, demand deposits which are not pledged, certain bank overdrafts which form an integral part of the Group's cash management and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### (a) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

#### (b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### (i) Impairment of property, plant and equipment

The Group assesses whether there are any indicators of impairment for its property, plant and equipment at each reporting date.

If there are indicators of impairment in property, plant and equipment, the Group carries out the impairment test based on a variety of estimation including the value in use of the cash-generating units to which the property, plant and equipment are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

### (b) Key sources of estimation uncertainty (cont'd)

#### (i) Impairment of property, plant and equipment (cont'd)

During the current financial year, the Group assessed and determined that there was no indicator of impairment for its property, plant and equipment with carrying amount of RM177,348,702 (2012: RM175,221,565) as of September 30,2013.

#### (ii) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, an impairment loss may arise.

The carrying amount of goodwill at the end of the reporting period was RM1,670,128 (2012: RM1,670,128).

#### (iii) Impairment of investments in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the value in use of the cash-generating units. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of investments in subsidiaries as of September 30, 2013 was RM42,144,276 (2012: RM42,458,430) after impairment losses recognised of RM20,755,865 (2012: RM20,441,711).

#### (iv) Impairment of receivables

The carrying amount of trade and other receivables of the Group and of the Company as of September 30, 2013 were RM67,791,790 and RM9,698,325 (2012: RM57,390,073 and RM10,093,058) respectively.

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, an allowance is established and the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. Where the expectation is different from the original estimate, such difference will impact the carrying values of the receivables in the period in which such estimate has been changed.

## 5. REVENUE

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2013** | **2012** | **2013** | **2012** |
| | **RM** | **RM** | **RM** | **RM** |
| Sale of goods | **607,805,131** | 534,396,808 | **–** | – |
| Rendering of service | **989,193** | – | **–** | – |
| Rental of poultry farm | **156,000** | 156,000 | **–** | – |
| Franchise fee income | **50,000** | – | **–** | – |
| Management fee | **–** | – | **120,000** | 120,000 |
| | **609,000,324** | 534,552,808 | **120,000** | 120,000 |

## 6. INVESTMENT REVENUE

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| Rental revenue from: | | |
| Premises | **149,450** | 160,480 |
| Vegetable farm | **68,906** | 23,600 |
| Pasaraya store | **–** | 155,799 |
| Interest revenue on: | | |
| Short-term deposits | **142,196** | 144,400 |
| Bank balances | **25,094** | – |
| Gross dividend income from available-for-sale investment | **10,000** | 10,000 |
| | **395,646** | 494,279 |

The following is an analysis of investment revenue earned by category of assets:

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| Rental revenue on: | | |
| Investment properties | **218,356** | 184,080 |
| Other non-financial assets | **–** | 155,799 |
| Interest revenue for financial assets not designated as at fair value through profit or loss: | | |
| Loan and receivables (including cash and bank balances) | **167,290** | 144,400 |
| Gross dividend income from available-for-sale investment | **10,000** | 10,000 |
| | **395,646** | 494,279 |

## 7. OTHER GAINS AND LOSSES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | RM | RM | RM | RM |
| Gain on fair value adjustment of investment properties (Note 13) | **7,108,000** | 13,737,407 | **–** | – |
| Gain on contract farming | **508,045** | 210,177 | **–** | – |
| Reversal of impairment loss recognised on receivables | **128,136** | 239,440 | **–** | – |
| Unrealised gain on foreign exchange | **98,350** | 7,381 | **–** | – |
| Realised gain/ (loss) on foreign exchange | **25,279** | (49,024) | **–** | – |
| Gain arising from striking -off of investment in a subsidiary | **9,284** | – | **–** | – |
| Performance incentives | **(1,039,999)** | (455,631) | **–** | – |
| Goodwill arising from purchase of shares from a non-controlling interest in a subsidiary written off | **(563,195)** | – | **–** | – |
| Impairment loss recognised on receivables | **(557,494)** | (1,360,336) | **(269,120)** | (77,130) |
| Property, plant and equipment written off | **(74,254)** | (498,073) | **–** | – |
| (Loss)/ gain on disposal of property, plant and equipment | **(49,772)** | 70,502 | **–** | – |
| Loss on disposal of investment in subsidiaries (Note 16) | **(43,982)** | – | **–** | – |
| Inventories written off | **(35,710)** | – | **–** | – |

## 7. OTHER GAINS AND LOSSES (cont'd)

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | RM | RM | RM | RM |
| Net fair value (loss)/ gain on other financial asset/ liability | **(17,048)** | 31,838 | **–** | – |
| Deposit written off | **(1,750)** | – | **–** | – |
| Reversal of loss arising on revaluation of properties | **–** | 320,647 | **–** | – |
| Loss on revaluation of properties | **–** | (392,215) | **–** | – |
| Bad debts written off | **–** | (227,078) | **–** | – |
| Money loss on burglary | **–** | (26,162) | **–** | – |
| Reversal of impairment loss on investment in a subsidiary | **–** | – | **462,046** | – |
| Impairment loss on investment in subsidiaries | **–** | – | **(776,200)** | – |
| Sundry gain | **–** | 16,210 | **–** | – |
| | **5,493,890** | 11,625,083 | **(583,274)** | (77,130) |

## 8. FINANCE COSTS

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| Interest expense for financial liabilities not classified as fair value through profit or loss: | | |
| Short-term borrowings | **3,041,711** | 2,833,954 |
| Long-term loans | **1,881,920** | 1,619,481 |
| Hire-purchase | **366,456** | 485,498 |
| Others | **1,858** | 168 |
| Bank commission | **529,653** | 467,119 |
| Bank charges | **58,236** | 41,707 |
| | **5,879,834** | 5,447,927 |

## 9. TAX EXPENSE/ (INCOME)

**Income tax recognised in profit or loss**

Tax expense/ (income) comprises:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2013** | **2012** | **2013** | **2012** |
| | **RM** | **RM** | **RM** | **RM** |
| Current year: | | | | |
| Current tax expense: | | | | |
| Malaysian | **1,411,139** | 990,141 | **–** | – |
| Deferred tax (income)/ expense: | | | | |
| Relating to the origination and reversal of temporary differences: | | | | |
| Crystallisation of deferred tax liabilities on properties revaluation surplus | **(377,672)** | (156,903) | **–** | – |
| Other temporary differences | **1,786,000** | (1,516,000) | **–** | – |
| Reversal upon disposal of revalued properties | **–** | (86,247) | **–** | – |
| Currency translation difference | **–** | 3,825 | **–** | – |
| | **2,819,467** | (765,184) | **–** | – |
| Adjustments recognised in the current year in relation to prior years: | | | | |
| Current tax: | | | | |
| Malaysian | **(344,734)** | 29,741 | **–** | – |
| Deferred tax | **(385,000)** | (546,000) | **–** | – |
| Total tax expense/ (income) | **2,089,733** | (1,281,443) | **–** | – |

The estimated amounts of tax benefits arising from previously unused tax losses, unused reinvestment allowances and unused tax capital allowance that are used to reduce current tax expense of the Group are as follows:

| | The Group | |
|---|---|---|
| | **2013** | **2012** |
| | **RM** | **RM** |
| Unused tax losses | **256,000** | 205,000 |
| Unused reinvestment allowances | **182,000** | 202,000 |
| Unused tax capital allowances | **129,000** | 18,000 |

## 9. TAX EXPENSE/ (INCOME) (cont'd)

### Income tax recognised in profit or loss (cont'd)

The total tax expense/ (income) for the year can be reconciled to the accounting profit/ (loss) as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 RM | 2012 RM | 2013 RM | 2012 RM |
| Profit/ (loss) before tax | **15,622,069** | 119,312 | **(740,093)** | (219,696) |
| Tax expense calculated using the Malaysian income tax rate of 25% (2012: 25%) | **3,906,000** | 30,000 | **(185,000)** | (55,000) |
| Effect of expenses that are not deductible in determining taxable profit | **509,467** | 2,599,816 | **301,000** | 55,000 |
| Effect of revenue that is not taxable | **(1,705,000)** | (4,175,000) | **(116,000)** | – |
| Utilisation of reinvestment allowances | **(182,000)** | (202,000) | **–** | – |
| Effect of different tax rate of a subsidiary operating in other jurisdiction | **1,000** | 14,000 | **–** | – |
| Net deferred tax income not recognised | **470,000** | 1,099,000 | **–** | – |
| Recognition of deferred tax asset not recognised previously | **–** | (119,000) | **–** | – |
| Effect of previously unrecognised and unused tax losses and tax offsets now recognised as deferred tax assets: | | | | |
| Unused tax capital allowances and unused tax losses | **(172,000)** | (18,000) | **–** | – |
| Other temporary differences | **(8,000)** | 6,000 | **–** | – |
| | **2,819,467** | (765,184) | **–** | – |
| Adjustments recognised in the current year in relation to prior years | **(729,734)** | (516,259) | **–** | – |
| Tax expense/ (income) recognised in profit or loss | **2,089,733** | (1,281,443) | **–** | – |

### Income tax recognised in other comprehensive income

| | The Group | |
|---|---|---|
| | 2013 RM | 2012 RM |
| **Deferred tax** | | |
| Properties revaluation | **–** | 1,707,306 |

The Group is operating in the jurisdictions of Malaysia, Republic of Singapore and People's Republic of China. The applicable domestic statutory income tax rates are 25% (2012: 25%) for Malaysia, 17% (2012: 17%) for Republic of Singapore and Nil (2012: 33%) for People's Republic of China. The applicable tax rate of 25% (2012: 25%) used in the above numerical reconciliation of tax of the Group and of the Company is determined based on the statutory income tax rate prevailing for the Company.

The Budget 2014 announced on October 25, 2013 reduces the corporate income tax rate from 25% to 24% with effect from year of assessment 2016. The real property gains tax ("RPGT") is also revised to 30% for disposal within the first three years, 20% within the fourth year, 15% within the fifth year and 5% from sixth year onwards, on gains from the disposal of real property effective January 1, 2014. Following these, the applicable tax rates to be used for the measurement of any applicable deferred tax will be the respective expected rates.

### Current tax assets and (liabilities)

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 RM | 2012 RM | 2013 RM | 2012 RM |
| **Current tax asset** | | | | |
| Tax refund receivables | **2,952,673** | 1,733,891 | **5,644** | 6,040 |
| **Current tax liabilities** | | | | |
| Income tax payables | **(418,149)** | (173,996) | **–** | – |

## 9. TAX EXPENSE/ (INCOME) (cont'd)

**Current tax assets and (liabilities) (cont'd)**

As of September 30, 2013, the approximate amounts of unused tax losses, unused tax capital allowances, unused reinvestment allowances and unused allowance for increased export of the Group, which are available for set off against future taxable income are as follows:

| | The Group | |
|---|---|---|
| | **2013 RM** | **2012 RM** |
| Unused tax losses | **20,202,000** | 22,940,000 |
| Unused tax capital allowances | **16,538,000** | 15,471,000 |
| Unused reinvestment allowances | **2,588,000** | 3,266,000 |
| Unused allowance for increased export | **1,155,000** | 1,155,000 |

Out of the total unused tax losses of the Group of approximately RM20,202,000 (2012: RM22,940,000), a total amount of Nil (2012: RM3,000) is available for set off against future taxable income of a subsidiary of not exceeding five years as follows:

| | The Group | |
|---|---|---|
| | **2013 RM** | **2012 RM** |
| **Expiring on September 30, 2013** | **–** | 3,000 |

## 10. PROFIT/ (LOSS) FOR THE YEAR

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2013 RM** | **2012 RM** | **2013 RM** | **2012 RM** |
| **After charging:** | | | | |
| Depreciation of property, plant and equipment (Note 12) | **9,917,125** | 9,090,892 | **–** | – |
| Rental of: | | | | |
| Premises | **2,156,477** | 2,137,400 | **–** | – |
| Land and poultry farm | **1,593,617** | 1,106,974 | **–** | – |
| Cold room | **350,474** | 612,018 | **–** | – |
| Machinery and equipment | **24,682** | 37,768 | **–** | – |
| Motor vehicles | **17,050** | 12,827 | **–** | – |
| Parking lot | **15,600** | 15,600 | **–** | – |
| Directors' remuneration: | | | | |
| Directors of the Company: | | | | |
| Fee | **114,000** | 110,000 | **114,000** | 110,000 |
| Contribution to employees provident funds | **175,455** | 185,961 | **751** | 1,057 |
| Other emoluments | **1,903,015** | 1,872,784 | **8,500** | 12,500 |
| Directors of subsidiaries: | | | | |
| Contribution to employees provident fund | **113,404** | 91,726 | **–** | – |
| Other emoluments | **1,163,386** | 1,022,194 | **–** | – |
| Pre-operating expenses: | | | | |
| Employee benefits expense: | | | | |
| Contribution to employees provident fund | **78,071** | 23,462 | **–** | – |
| Rental of hostel | **6,600** | 3,000 | **–** | – |

## 10. PROFIT/ (LOSS) FOR THE YEAR (cont'd)

Profit/ (loss) for the year has been arrived at: (cont'd)

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 RM | 2012 RM | 2013 RM | 2012 RM |
| **After charging: (cont'd)** | | | | |
| Pre-operating expenses: | | | | |
| Employee benefits expense: | | | | |
| Other employee benefits expense | **680,369** | 210,683 | **–** | – |
| Rental of premises | **56,000** | – | **–** | – |
| Others | **492,203** | 268,698 | **–** | – |
| Audit fee: | | | | |
| Current year | **222,679** | 222,825 | **27,000** | 25,500 |
| Underprovision in prior years | **–** | 1,000 | **–** | 1,000 |
| Amortisation of prepaid lease payments on leasehold land (Note 14) | **213,706** | 203,333 | **–** | – |
| Inventories written off | **45,632** | – | **–** | – |
| Amortisation of agricultural development expenditure (Note 18) | **5,390** | 5,264 | **–** | – |
| Inventories written down | **–** | 1,592,851 | **–** | – |
| **And crediting:** | | | | |
| Rental revenue on: | | | | |
| Land and poultry farm | **2,313,563** | 2,151,233 | **–** | – |
| Premises | **312,718** | 158,948 | **–** | – |
| Cold room | **190,797** | 69,223 | **–** | – |
| Pasaraya store | **153,605** | 155,799 | **–** | – |
| Motor vehicles | **6,000** | 4,500 | **–** | – |
| Reversal of inventories written down | **1,592,851** | – | **–** | – |
| Interest revenue on: | | | **–** | |
| Short-term deposits | **3,403** | 144,684 | **–** | – |
| Bank balances | **2,635** | – | **–** | – |
| Amount owing by a related party | **100** | – | **–** | – |
| Others | **10,828** | 42,952 | **–** | – |

Employee benefits expense recognised as an expense during the financial year is as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 RM | 2012 RM | 2013 RM | 2012 RM |
| Contribution to employees provident fund | **2,207,760** | 2,057,278 | **751** | 1,057 |
| Other employee benefits expense | **29,958,094** | 27,132,134 | **122,500** | 128,550 |
| | **32,165,854** | 29,189,412 | **123,251** | 129,607 |

Employee benefits expense of the Group and of the Company include directors' remuneration, salaries, bonuses, contribution to employees provident fund and all other employee related expenses.

## 10. PROFIT/ (LOSS) FOR THE YEAR (cont'd)

Details of remuneration of executive directors, who are also the only key management personnel of the Group and of the Company, are as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | RM | RM | RM | RM |
| **Directors of the Company:** | | | | |
| Contribution to employees provident fund | **174,704** | 184,875 | **–** | – |
| Other emoluments | **1,894,515** | 1,860,284 | **–** | – |
| **Directors of subsidiaries:** | | | | |
| Contribution to employees provident fund | **113,404** | 91,726 | **–** | – |
| Other emoluments | **1,163,386** | 1,022,194 | **–** | – |
| | **3,346,009** | 3,159,079 | **–** | – |

## 11. EARNINGS/ (LOSS) PER SHARE

**Basic and diluted earnings/(loss) per share**

The net profit/ (loss) and weighted average number of ordinary shares used in the calculation of basic earnings/ (loss) per share are as follows:

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| Net profit/ (loss) for the year attributable to owners of the Company (RM) | **11,936,011** | (3,009,072) |
| Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share | **131,560,900** | 131,560,900 |
| Basic and diluted earnings/ (loss) per share (sen) | **9.07** | (2.29) |

## 12. PROPERTY, PLANT AND EQUIPMENT

**The Group**

| Cost unless stated otherwise | Beginning of year RM | Additions RM | Disposals/ write-off RM | Transfers RM | Currency translation differences RM | End of year RM |
|---|---|---|---|---|---|---|
| **2013**: | | | | | | |
| Freehold land | | | | | | |
| - at 2012 valuation | 13,920,000 | – | – | (8,000,000) | – | **5,920,000** |
| Freehold land and buildings | | | | | | |
| - at cost | – | 910,114 | – | 15,881,226 | – | **16,791,340** |
| - at 2012 valuation | 68,288,000 | – | – | 9,940,000 | – | **78,228,000** |
| Buildings | | | | | | |
| - at cost | – | 94,600 | – | 50,884 | – | **145,484** |
| - at 2012 valuation | 24,433,000 | – | – | (2,840,000) | – | **21,593,000** |
| Plant, machinery and equipment | 47,052,912 | 1,957,493 | (616,219) | 22,471,075 | – | **70,865,261** |
| Electrical installation | 865,015 | 47,059 | (3,014) | 440,131 | – | **1,349,191** |
| Office equipment | 2,475,024 | 75,896 | (77,475) | 525,790 | 661 | **2,999,896** |
| Furniture, fixtures and fittings | 1,831,458 | 33,585 | (35,525) | 364,853 | – | **2,194,371** |
| Motor vehicles | 12,803,147 | 1,100,609 | (456,949) | 684,640 | – | **14,131,447** |
| Renovation | 1,941,392 | 19,096 | (39,573) | 43,000 | – | **1,963,915** |

## 12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

**The Group (cont'd)**

| Cost unless stated otherwise | Beginning of year RM | Additions RM | Disposals/ write-off RM | Transfers RM | Currency translation differences RM | End of year RM |
|---|---|---|---|---|---|---|
| **2013**: | | | | | | |
| Pasaraya equipment | 3,552,785 | 55,140 | (9,980) | – | – | **3,597,945** |
| Warehouse | 64,839 | – | – | – | – | **64,839** |
| Construction-in-progress | 37,811,282 | 9,056,212 | – | (40,461,599) | – | **6,405,895** |
| | 215,038,854 | 13,349,804 | (1,238,735) | (900,000) | 661 | **226,250,584** |

| Cost unless stated otherwise | Beginning of year RM | Additions RM | Disposals/ write-off RM | Transfers RM | Revaluations RM | Currency translation differences RM | End of year RM |
|---|---|---|---|---|---|---|---|
| **2012:** | | | | | | | |
| Freehold land | | | | | | | |
| - at 2007 valuation | 14,390,000 | – | – | – | (14,390,000) | – | – |
| - at 2012 valuation | – | – | – | – | 13,920,000 | – | 13,920,000 |
| Freehold land and buildings | | | | | | | |
| - at cost | 1,432,410 | 736,966 | (156,033) | 134,500 | (2,147,843) | – | – |
| - at 2007 valuation | 21,714,000 | – | – | – | (21,714,000) | – | – |
| - at 2012 valuation | – | – | – | – | 68,288,000 | – | 68,288,000 |
| Buildings | | | | | | | |
| - at cost | 11,669,948 | 1,362,782 | (16,447) | 2,423,555 | (15,439,838) | – | – |
| - at 2007 valuation | 26,717,560 | – | (164,000) | – | (26,553,560) | – | – |
| - at 2012 valuation | – | – | – | – | 24,433,000 | – | 24,433,000 |
| Plant, machinery and equipment | 46,224,424 | 1,982,516 | (1,536,869) | 382,740 | – | 101 | 47,052,912 |
| Electrical installation | 880,485 | 11,530 | – | – | (27,000) | – | 865,015 |
| Office equipment | 2,438,240 | 58,087 | (30,951) | 9,270 | – | 378 | 2,475,024 |
| Furniture, fixtures and fittings | 1,740,724 | 41,568 | (28,476) | 77,642 | – | – | 1,831,458 |
| Motor vehicles | 12,203,268 | 1,041,436 | (441,557) | – | – | – | 12,803,147 |
| Renovation | 3,062,980 | 84,793 | (94,011) | – | (1,112,370) | – | 1,941,392 |
| Pasaraya equipment | 2,681,452 | 335,667 | (7,830) | 543,496 | – | – | 3,552,785 |
| Warehouse | 64,839 | – | – | – | – | – | 64,839 |
| Construction-in-progress | 26,211,268 | 15,172,046 | (829) | (3,571,203) | – | – | 37,811,282 |
| | 171,431,598 | 20,827,391 | (2,477,003) | – | 25,256,389 | 479 | 215,038,854 |

## 12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

**The Group**

| Accumulated Depreciation | Beginning of year RM | Charge for the year RM | Disposals/ write-off RM | Currency translation differences RM | End of year RM |
|---|---|---|---|---|---|
| **2013:** | | | | | |
| Freehold land | | | | | |
| - at 2012 valuation | – | – | – | – | **–** |
| Freehold land and buildings | | | | | |
| - at cost | – | 143,651 | – | – | **143,651** |
| - at 2012 valuation | – | 2,392,394 | (9,284) | – | **2,383,110** |
| Buildings | | | | | |
| - at cost | – | 4,753 | – | – | **4,753** |
| - at 2012 valuation | – | 991,800 | – | – | **991,800** |
| Plant, machinery and equipment | 26,623,382 | 4,179,034 | (433,110) | – | **30,369,306** |
| Electrical installation | 397,435 | 85,895 | (2,742) | – | **480,588** |
| Office equipment | 2,057,132 | 203,385 | (69,963) | 661 | **2,191,215** |
| Furniture, fixtures and fittings | 1,281,814 | 109,670 | (30,354) | – | **1,361,130** |
| Motor vehicles | 7,566,966 | 1,222,899 | (246,277) | – | **8,543,588** |
| Renovation | 748,188 | 188,505 | (34,713) | – | **901,980** |
| Pasaraya equipment | 1,014,829 | 388,654 | (6,750) | – | **1,396,733** |
| Warehouse | 19,574 | 6,485 | – | – | **26,059** |
| Construction-in-progress | – | – | – | – | **–** |
| | 39,709,320 | 9,917,125 | (833,193) | 661 | **48,793,913** |

| Accumulated depreciation | Beginning of year RM | Charge for the year RM | Disposals/ write-off RM | Revaluations RM | Currency translation differences RM | End of year RM |
|---|---|---|---|---|---|---|
| **2012:** | | | | | | |
| Freehold land | | | | | | |
| - at 2007 valuation | – | – | – | – | – | – |
| - at 2012 valuation | – | – | – | – | – | – |
| Freehold land and buildings | | | | | | |
| - at cost | 103,048 | 157,997 | (15,682) | (245,363) | – | – |
| - at 2007 valuation | 4,365,693 | 807,784 | (75,276) | (5,098,201) | – | – |
| Buildings | | | | | | |
| - at cost | 1,004,741 | 686,108 | (16,447) | (1,674,402) | – | – |
| - at 2007 valuation | 4,530,336 | 1,142,356 | (100,792) | (5,571,900) | – | – |
| Plant, machinery and equipment | 23,798,237 | 4,058,790 | (1,233,690) | – | 45 | 26,623,382 |
| Electrical installation | 327,531 | 84,529 | – | (14,625) | – | 397,435 |
| Office equipment | 1,858,789 | 218,448 | (20,473) | – | 368 | 2,057,132 |
| Furniture, fixtures and fittings | 1,192,285 | 112,099 | (22,570) | – | – | 1,281,814 |
| Motor vehicles | 6,732,785 | 1,148,230 | (314,049) | – | – | 7,566,966 |
| Renovation | 1,270,698 | 288,640 | (6,395) | (804,755) | – | 748,188 |
| Pasaraya equipment | 636,054 | 379,428 | (653) | – | – | 1,014,829 |
| Warehouse | 13,091 | 6,483 | – | – | – | 19,574 |
| Construction-in-progress | – | – | – | – | – | – |
| | 45,833,288 | 9,090,892 | (1,806,027) | (13,409,246) | 413 | 39,709,320 |

## 12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

**The Group**

| Accumulated impairment losses | Beginning of year RM | Charge for the year RM | Disposal/ write-off RM | End of year RM |
|---|---|---|---|---|
| **2013:** | | | | |
| Plant, machinery and equipment | 89,715 | – | – | **89,715** |
| Office equipment | 14,296 | – | – | **14,296** |
| Furniture, fixtures and fittings | 3,958 | – | – | **3,958** |
| | 107,969 | – | – | **107,969** |
| **2012:** | | | | |
| Plant, machinery and equipment | 98,782 | – | (9,067) | 89,715 |
| Office equipment | 14,296 | – | – | 14,296 |
| Furniture, fixtures and fittings | 3,958 | – | – | 3,958 |
| | 117,036 | – | (9,067) | 107,969 |

| | The Group 2013 RM | The Group 2012 RM |
|---|---|---|
| **Net book value:** | | |
| Freehold land | | |
| - at 2012 valuation | **5,920,000** | 13,920,000 |
| Freehold land and buildings | | |
| - at cost | **16,647,689** | – |
| - at 2012 valuation | **75,844,890** | 68,288,000 |
| Buildings | | |
| - at cost | **140,731** | – |
| - at 2012 valuation | **20,601,200** | 24,433,000 |
| Plant, machinery and equipment | **40,406,240** | 20,339,815 |
| Electrical installation | **868,603** | 467,580 |
| Office equipment | **794,385** | 403,596 |
| Furniture, fixtures and fittings | **829,283** | 545,686 |
| Motor vehicles | **5,587,859** | 5,236,181 |
| Renovation | **1,061,935** | 1,193,204 |
| Pasaraya equipment | **2,201,212** | 2,537,956 |
| Warehouse | **38,780** | 45,265 |
| Construction-in-progress | **6,405,895** | 37,811,282 |
| | **177,348,702** | 175,221,565 |

The land and buildings of the Group were revalued by the directors on September 30, 2012, based on valuations carried out by independent firms of professional valuer. The valuations were based on market value using comparison method of valuation, comparison and cost replacement methods of valuation, depreciated replacement cost approach of valuation, market value for the existing use using cost method, depreciated cost method of valuation, and/ or market evidence of transaction prices for similar properties.

## 12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Had these assets been carried at historical cost, the carrying amounts of the revalued properties of the Group would have been as follows:

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| **Cost:** | | |
| Freehold land | **282,132** | 982,132 |
| Freehold land and buildings | **41,336,443** | 37,640,530 |
| Buildings | **26,432,006** | 29,636,027 |
| | **68,050,581** | 68,258,689 |
| **Accumulated depreciation:** | | |
| Freehold land | **–** | – |
| Freehold land and buildings | **(13,675,893)** | (11,728,963) |
| Buildings | **(6,203,251)** | (6,302,117) |
| | **(19,879,144)** | (18,031,080) |
| **Carrying amount** | **48,171,437** | 50,227,609 |

As of September 30, 2013, certain property, plant and equipment of the Group with a total carrying value of RM84,165,053 (2012: RM80,028,821) are charged to local banks as securities for credit facilities granted to the Group as mentioned in Note 28.

As of September 30, 2013, the net carrying amounts of property, plant and equipment of the Group acquired under hire-purchase arrangements of which instalments are still outstanding are as follows:

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| Plant, machinery and equipment | **15,053,712** | 4,256,046 |
| Motor vehicles | **2,739,040** | 2,440,516 |
| Pasaraya equipment | **703,319** | 1,352,500 |
| Construction-in-progress | **–** | 14,059,645 |
| Furniture, fixtures and fittings | **–** | 87,030 |
| | **18,496,071** | 22,195,737 |

As of September 30, 2013, a motor vehicle of the Group with a carrying value of RM4,242 (2012: RM21,212) is registered in the name of a related party. As of September 30, 2013, a motor vehicle of the Group with a carrying value of Nil (2012: RM195) is registered in the name of a director who holds it in trust for a subsidiary.

## 13. INVESTMENT PROPERTIES

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| **At fair value:** | | |
| At beginning of year | **46,819,000** | 32,709,000 |
| Additions during the year | **–** | 372,593 |
| Transfer from property, plant and equipment | **900,000** | – |
| Gain on fair value adjustment (Note 7) | **7,108,000** | 13,737,407 |
| At end of year | **54,827,000** | 46,819,000 |

## 13. INVESTMENT PROPERTIES (cont'd)

The investment properties as of September 30, 2013 are as follows:

| | The Group | |
|---|---|---|
| | **2013** | **2012** |
| | **RM** | **RM** |
| Freehold land | **35,346,000** | 29,416,000 |
| Freehold land and buildings | **18,391,000** | 16,383,000 |
| Long leasehold land and buildings | **875,000** | 815,000 |
| Short leasehold land | **215,000** | 205,000 |
| | **54,827,000** | 46,819,000 |
| Leased out under operating lease | **31,681,000** | 24,915,000 |
| Vacant | **23,146,000** | 21,904,000 |
| | **54,827,000** | 46,819,000 |

The fair values of certain buildings included under investment properties of the Group as of September 30, 2013 with a total carrying value of RM240,000 (2012: RM325,000) are determined by the directors by reference to market evidence of transaction prices for similar properties.

The fair values of other investment properties of the Group as of September 30, 2013 have been arrived at on the basis of valuations carried out by an independent firm of professional valuer. The valuations were arrived at by reference to market evidence of transaction prices for similar properties.

The rental income earned by the Group from the renting of its investment properties during the financial year is RM374,356 (2012: RM340,080). Direct operating expenses incurred by the Group on the investment properties during the financial year are as follows:

| | The Group | |
|---|---|---|
| | **2013** | **2012** |
| | **RM** | **RM** |
| Leased out under operating lease | **7,924** | 328,127 |
| Vacant | **7,954** | 16,455 |
| | **15,878** | 344,582 |

As of September 30, 2013, the unexpired lease periods of the leasehold land of the Group which are included under investment properties are 33, 86 and 880 years.

As of September 30, 2013, certain investment properties of the Group with a total carrying value of RM30,335,000 (2012: RM26,164,000) are charged to local banks as securities for credit facilities granted to the Group as mentioned in Note 28.

As of September 30, 2012, certain freehold land of the Group which were included under investment properties with a total carrying value of RM3,450,000 were in the process of being transferred to the name of a subsidiary. The process was completed during the current financial year.

## 14. PREPAID LEASE PAYMENTS ON LEASEHOLD LAND

| | The Group 2013 RM | The Group 2012 RM |
|---|---|---|
| At beginning of year | **8,455,270** | 7,044,100 |
| Additions during the year | **–** | 1,614,503 |
| Amortisation during the year (Note 10) | **(213,706)** | (203,333) |
| At end of year | **8,241,564** | 8,455,270 |

The prepaid lease payments on leasehold land as of September 30, 2013 are as follows:

| | The Group 2013 RM | The Group 2012 RM |
|---|---|---|
| Long leasehold land | **3,648,345** | 3,730,373 |
| Short leasehold land | **4,593,219** | 4,724,897 |
| | **8,241,564** | 8,455,270 |

As of September 30, 2013, the unexpired lease periods of the leasehold land of the Group which are included under prepaid lease payments on leasehold land are 4, 37, 38, 41, 53 and 54 years.

As of September 30, 2013, certain leasehold land of the Group with a total carrying value of RM5,508,082 (2012: RM5,636,750) are charged to local banks as securities for credit facilities granted to the Group as mentioned in Note 28.

## 15. GOODWILL

| | The Group 2013 RM | The Group 2012 RM |
|---|---|---|
| At beginning of year | **1,670,128** | 1,670,128 |
| Impairment loss recognised during the year | **–** | – |
| At end of year | **1,670,128** | 1,670,128 |

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit that is expected to benefit from that business combination. Before recognition of any impairment losses, the carrying amount of goodwill had been allocated to the following business segments as independent cash-generating units:

| | The Group 2013 RM | The Group 2012 RM |
|---|---|---|
| Agricultural/ poultry farming/ food processing | **1,670,128** | 1,670,128 |

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the cash-generating unit is determined based on the value in use. The value in use calculations are based on the discounted net cash projections based on financial budgets approved by management covering a period of 3 years with an estimated growth rate of 7% (2012: 5%) and a discount rate of 8% (2012: 7%), reflecting the effective interest rate on borrowings.

Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

## 16. INVESTMENTS IN SUBSIDIARIES

| | The Company 2013 RM | 2012 RM |
|---|---|---|
| Unquoted shares, at cost | **62,900,141** | 62,900,141 |
| Less: Impairment losses | **(20,755,865)** | (20,441,711) |
| | **42,144,276** | 42,458,430 |

The subsidiaries are as follows:

| Direct subsidiaries | Country of incorporation | Effective percentage of ownership 2013 | 2012 | Principal activities |
|---|---|---|---|---|
| CAB Cakaran Sdn. Bhd. | Malaysia | **100%** | 100% | Breeding of broiler chicken and trading of broiler chicken, poultry feeds and other farm consumables |
| CAB Marine Resources Sdn. Bhd. | Malaysia | **100%** | 100% | Processing of fresh and frozen fishes, prawns and other marine products and distribution of marine products in the international and domestic market |
| HK Foods (M) Sdn. Bhd. | Malaysia | **100%** | 100% | Processing, exporting, wholesaling and distributing of frozen marine and value added products |
| Kyros Food Industries Sdn. Bhd. | Malaysia | **100%** | 100% | Processing of meat products and trading |
| Kyros International Sdn. Bhd. | Malaysia | **100%** | 100% | Investment holding and fast food franchising business |
| Likes Marketing Sdn. Bhd. | Malaysia | **100%** | 100% | Distributing and marketing of food products |
| **Indirect subsidiaries** | | | | |
| Antik Kualiti Sdn. Bhd. | Malaysia | **100%** | 100% | Cultivation of timber crops and processing and trading of chicken |
| CAB Cakaran Breeding Farm Sdn. Bhd. | Malaysia | **100%** | 100% | Breeding of parent stocks to produce broiler eggs |
| CAB Cakaran (Langkawi) Sdn. Bhd. | Malaysia | **100%** | 70% | Processing and marketing of chicken and frozen foods |
| CAB Cakaran (Timur) Sdn. Bhd. | Malaysia | **55%** | 55% | Trading of poultry and other related products with poultry contract farmers |
| CAB Food Sdn. Bhd. | Malaysia | **100%** | 100% | Providing repacking service and distribution of food products |
| Cabin Premier GPS Farm Sdn. Bhd. | Malaysia | **67.94%** | 67.94% | Breeding of grand parent stocks to produce breeder eggs |
| Jaya Gading Farm Sdn. Bhd. | Malaysia | **55%** | 55% | Poultry farming, trading in poultry, other related business and cultivation of oil palms |
| Jimat Jaya Pemasaran Sdn. Bhd. | Malaysia | **100%** | 100% | Processing and marketing of chicken |
| Jimat Jaya Sdn. Bhd. | Malaysia | **100%** | 100% | Processing and marketing of chicken |
| Kyros Kebab Overseas Ventures Sdn. Bhd. | Malaysia | – | 70.96% | Investment holding |
| Kyros Kebab Sdn. Bhd. | Malaysia | **100%** | 100% | Fast food restaurants operator |
| Ladang Ternakan Asun Sdn. Bhd. | Malaysia | – | 100% | Inactive, struck-off from Companies Commission of Malaysia's Register on May 27, 2013 |
| Like's Store Sdn. Bhd. | Malaysia | **100%** | 100% | Processing and wholesaling of chicken products and frozen foods |
| Pasaraya Jaya Gading Sdn. Bhd. | Malaysia | **55%** | 55% | Trading of supermarket products |

## 16. INVESTMENTS IN SUBSIDIARIES (cont'd)

The subsidiaries are as follows: (cont'd)

| Indirect subsidiaries | Country of incorporation | Effective percentage of ownership | | Principal activities |
|---|---|---|---|---|
| | | 2013 | 2012 | |
| Protheme Pte. Ltd.* | Republic of Singapore | **100%** | 100% | Wholesaling and retailing of confectionery and bakery products |
| Shanghai Kyros Kebab Co., Ltd.** | People's Republic of China | **–** | 36.6% | Master franchisee and restaurant operator, however, inactive since December 2006 |
| Shin Hong Breeding Farm Sdn. Bhd. | Malaysia | **50%** | 50% | Renting of property, plant and equipment to generate rental income |

* The financial statements of this subsidiary were audited by auditors other than the auditors of the Company.

** This is an indirect subsidiary held through Kyros Kebab Overseas Ventures Sdn. Bhd.. The financial statements of this subsidiary were audited by the auditors of the Company for the purpose of consolidation with the financial statements of the Company.

The Group considers Shin Hong Breeding Farm Sdn. Bhd. as a subsidiary as the Group has power to exercise control through a casting vote given to the managing director of the Company who is a Chairman of the Board of Directors of this subsidiary.

On May 18, 2012, an application was submitted to the Companies Commission of Malaysia to strike off Ladang Ternakan Asun Sdn. Bhd. under Section 308 of the Companies Act, 1965. The striking off of Ladang Ternakan Asun Sdn. Bhd. has no material impact on the financial statements of the Group upon completion of striking off. During the financial year, the Companies Commission of Malaysia has, in its notice dated April 30, 2013, notified the Company that Ladang Ternakan Asun Sdn. Bhd.'s name was struck off from its Register on May 27, 2013.

On September 20, 2013, CAB Cakaran Sdn. Bhd., purchased 30,000 ordinary shares of RM1 each, representing 30% equity interest in CAB Cakaran (Langkawi) Sdn. Bhd. from a non-controlling interest for a total purchase consideration of RM1. Upon completion of the aforesaid purchase transaction, CAB Cakaran (Langkawi) Sdn. Bhd. became a wholly-owned subsidiary of the Group.

On September 30, 2013, CAB Cakaran Breeding Farm Sdn. Bhd. increased its issued and paid-up share capital from 1,000,000 ordinary shares of RM1 each to 3,000,000 ordinary shares of RM1 each. The wholly-owned subsidiary, CAB Cakaran Sdn. Bhd. subscribed for the entire additional 2,000,000 ordinary shares of RM1 each in CAB Cakaran Breeding Farm Sdn. Bhd., by way of converting the amount owing by CAB Cakaran Breeding Farm Sdn. Bhd. of RM2,000,000 into equity shares. Accordingly, the Group's equity interest in CAB Cakaran Breeding Farm Sdn. Bhd. remain unchanged.

During the current financial year, Kyros International Sdn. Bhd. disposed off its entire equity interest of 922,500 ordinary shares of RM1 each, representing 70.96% equity interest in Kyros Kebab Overseas Ventures Sdn. Bhd. to third party for a total sale consideration of RM1. Upon completion of the disposal on September 20, 2013, Kyros Kebab Overseas Ventures Sdn. Bhd. and its subsidiary, Shanghai Kyros Kebab Co. Ltd. ceased to be subsidiaries of the Group.

## 16. INVESTMENTS IN SUBSIDIARIES (cont'd)

The effect of disposal of Kyros Kebab Overseas Ventures Sdn. Bhd. on the financial position of the Group as of year end is as follows:

| | The Group 2013 RM |
|---|---|
| Net assets as of date of disposal: | |
| Cash and bank balances | **193** |
| Amount owing to a director | **(8,623)** |
| Non-controlling interest | **27,260** |
| Net assets disposed | **18,830** |
| Share of post acquisition translation reserve realised upon disposal | **25,153** |
| Loss on disposal to the Group (Note 7) | **(43,982)** |
| Disposal proceeds | **1** |
| Cash and cash equivalents of subsidiary company disposed | **(193)** |
| Effect on exchange rate changes on the balance of cash held in foreign currency | **16** |
| Net cash outflow to the Group | **(176)** |

## 17. OTHER FINANCIAL ASSETS/ (LIABILITY)

| | The Group | |
|---|---|---|
| | 2013 RM | 2012 RM |
| **Available-for-sale financial asset:** | | |
| Unquoted shares, at cost | **260,000** | 260,000 |
| **Financial (liability)/ asset carried at fair value through profit or loss:** | | |
| Derivative financial instrument: | | |
| Foreign currency forward contracts | **(15,071)** | 1,977 |

The Group uses foreign currency forward contracts to manage some of the transaction exposures. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward foreign exchange contracts are used to mitigate the Group's exposure to foreign exchange risks. Forward foreign exchange contracts are measured using quoted forward exchange rates and yield curves derived from swap points matching maturities of the contracts. These contracts are maturing within October 2013 to February 2014.

## 18. AGRICULTURAL DEVELOPMENT EXPENDITURES

| | The Group | |
|---|---|---|
| | 2013 RM | 2012 RM |
| At beginning of year | **285,350** | 290,614 |
| Amortisation during the year (Note 10) | **(5,390)** | (5,264) |
| At end of year | **279,960** | 285,350 |

## 19. DEFERRED TAX ASSETS/ (LIABILITIES)

**The Group**

| | Opening balance RM | Recognised in profit or loss RM | Recognised in other comprehensive income RM | Closing balance RM |
|---|---|---|---|---|
| **2013:** | | | | |
| **Deferred tax assets** | | | | |
| Unused tax losses | **2,488,500** | **(536,000)** | **–** | **1,952,500** |
| Receivables | **1,062,000** | **146,000** | **–** | **1,208,000** |
| Unused tax capital allowance | **825,000** | **1,892,250** | **–** | **2,717,250** |
| Payables | **21,000** | **(18,000)** | **–** | **3,000** |
| Property, plant and equipment | **–** | **250** | **–** | **250** |
| Others | **535,000** | **(293,000)** | **–** | **242,000** |
| | **4,931,500** | **1,191,500** | **–** | **6,123,000** |
| **Deferred tax liabilities** | | | | |
| Property, plant and equipment | **(8,344,500)** | **(2,572,000)** | **–** | **(10,916,500)** |
| Gain on revaluation of properties | **(3,331,502)** | **377,672** | **–** | **(2,953,830)** |
| Payables | **–** | **(17,000)** | **–** | **(17,000)** |
| Others | **(2,000)** | **(3,500)** | **–** | **(5,500)** |
| | **(11,678,002)** | **(2,214,828)** | **–** | **(13,892,830)** |
| Net | **(6,746,502)** | **(1,023,328)** | **–** | **(7,769,830)** |

| | Opening balance RM | Recognised in profit or loss RM | Recognised in other comprehensive income RM | Closing balance RM |
|---|---|---|---|---|
| **2012:** | | | | |
| **Deferred tax assets** | | | | |
| Unused tax losses | 894,000 | 1,594,500 | – | 2,488,500 |
| Receivables | 581,000 | 481,000 | – | 1,062,000 |
| Unused tax capital allowance | 467,000 | 358,000 | – | 825,000 |
| Others | 109,000 | 426,000 | – | 535,000 |
| Payables | 11,000 | 10,000 | – | 21,000 |
| | 2,062,000 | 2,869,500 | – | 4,931,500 |
| **Deferred tax liabilities** | | | | |
| Property, plant and equipment | (7,510,000) | (834,500) | – | (8,344,500) |
| Gain on revaluation of properties | (1,867,346) | 243,150 | (1,707,306) | (3,331,502) |
| Others | (29,000) | 27,000 | – | (2,000) |
| | (9,406,346) | (564,350) | (1,707,306) | (11,678,002) |
| Net | (7,344,346) | 2,305,150 | (1,707,306) | (6,746,502) |

## 19. DEFERRED TAX ASSETS/ (LIABILITIES) (cont'd)

Deferred tax balances are presented in the statement of financial position after appropriate offsetting as follows:

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| Deferred tax assets | **175,000** | 269,000 |
| Deferred tax liabilities | **(7,944,830)** | (7,015,502) |
| | **(7,769,830)** | (6,746,502) |

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to deferred tax assets are generally recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of September 30, 2013, deferred tax assets have not been recognised in respect of the following gross amounts of temporary differences:

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| Unused tax losses | **12,414,530** | 13,059,357 |
| Unused tax capital allowances | **5,794,864** | 12,766,382 |
| Temporary differences arising from: | | |
| Receivables | **1,775,000** | 1,608,000 |
| Property, plant and equipment | **76,000** | (5,586,000) |
| Payables | **–** | 81,000 |
| Others | **5,000** | 20,000 |
| Allowance for increased export | **1,155,000** | 1,155,000 |
| | **21,220,394** | 23,103,739 |

## 20. INVENTORIES

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| **Raw materials:** | | |
| Meats and dressings | **2,362,327** | 2,473,666 |
| Feeds and consumables | **2,036,643** | 1,923,086 |
| Medicine and chemicals | **668,430** | 710,476 |
| Unprocessed marine products | **386,614** | 292,993 |
| Packing materials | **285,104** | 343,829 |
| Others | **4,818** | 5,478 |
| | **5,743,936** | 5,749,528 |
| **Work-in-progress:** | | |
| Parent stocks | **7,520,603** | 4,987,771 |
| Eggs | **3,441,550** | 1,346,592 |
| Grand parent stocks | **1,235,336** | 1,364,822 |
| Broiler chicken | **428,375** | 854,208 |
| Pullet | **–** | 311,052 |
| | **12,625,864** | 8,864,445 |

## 20. INVENTORIES (cont'd)

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| **Finished goods:** | | |
| Supermarket products | **7,580,842** | 8,096,714 |
| Processed chicken | **2,144,966** | 2,933,136 |
| Processed marine products | **429,424** | 245,261 |
| Trading products | **364,540** | 36,458 |
| Frozen food | **290** | 108,215 |
| Others | **145** | 30,301 |
| | **10,520,207** | 11,450,085 |
| Goods-in-transit | **138,548** | 62,000 |
| | **29,028,555** | 26,126,058 |

## 21. TRADE AND OTHER RECEIVABLES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | RM | RM | RM | RM |
| Trade receivables | **75,764,665** | 65,942,230 | **–** | – |
| Less: Allowance for impairment losses | **(8,949,502)** | (9,097,606) | **–** | – |
| | **66,815,163** | 56,844,624 | **–** | – |
| Amount owing by subsidiaries | **–** | – | **11,495,382** | 11,620,995 |
| Less: Allowance for impairment losses | **–** | – | **(1,797,057)** | (1,527,937) |
| | **–** | – | **9,698,325** | 10,093,058 |
| Other receivables | **979,291** | 545,449 | **–** | – |
| Less: Allowance for impairment losses | **(2,664)** | – | **–** | – |
| | **976,627** | 545,449 | **–** | – |
| | **67,791,790** | 57,390,073 | **9,698,325** | 10,093,058 |

## 21. TRADE AND OTHER RECEIVABLES (cont'd)

The foreign currency exposure profile of trade receivables is as follows:

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| Ringgit Malaysia | **74,667,546** | 62,078,214 |
| United States Dollar | **1,089,172** | 3,850,406 |
| Singapore Dollar | **7,947** | 13,610 |
| | **75,764,665** | 65,942,230 |

Included in trade receivables of the Group are amounts owing by related parties as follows:

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| YWT Contract Farming [a] | **1,921,746** | 1,815,020 |
| Chyuan Heng Farming [a] | **1,103,832** | 344,801 |
| Maju Jaya Farm [b] | **101,321** | 532,697 |
| Jaya Gading Marketing [c] | **54,553** | 49,964 |
| Chuah Ah Bee Sdn. Bhd. [d] | **7,751** | 7,773 |
| Chuah Ah Chui [e] | **4,187** | 20,426 |
| Unisetali Sdn. Bhd. [f] | **402** | – |

(a) Entities which are owned by a son of a director of a subsidiary.
(b) An entity which is owned by a son-in-law of a director of a subsidiary.
(c) An entity in which a director of this entity and who have an interest is the brother-in-law of a director of a subsidiary.
(d) A company in which certain directors of the Company are also directors and have interests.
(e) Brother of a director of the Company.
(f) A company in which a director of a subsidiary is also a director and has interest.

The average credit periods granted to trade receivables of the Group range from 7 to 120 days (2012: 7 to 120 days). No interest is charged on trade receivables outstanding balance. Allowance for doubtful debts are recognised against trade receivables on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Ageing of past due but not impaired trade receivables:

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| **Number of days past due:** | | |
| 1 - 30 days | **10,793,116** | 9,135,223 |
| 31 - 60 days | **4,216,361** | 2,705,605 |
| 61 - 90 days | **1,081,032** | 771,666 |
| Over 90 days | **1,581,336** | 1,623,668 |
| Total | **17,671,845** | 14,236,162 |

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

## 21. TRADE AND OTHER RECEIVABLES (cont'd)

Movement in the allowance for impairment loss on trade receivables is as follows:

| | The Group | |
|---|---|---|
| | 2013 RM | 2012 RM |
| Balance at beginning of the year | **9,097,606** | 8,376,330 |
| Impairment loss recognised during the year | **554,830** | 1,360,383 |
| Impairment loss reversed during the year | **(128,136)** | (112,926) |
| Amount written off during the year as uncollectible | **(574,911)** | (409,630) |
| Amount recovered during the year | **–** | (116,598) |
| Currency translation difference | **113** | 47 |
| Balance at end of the year | **8,949,502** | 9,097,606 |

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

The allowance for impairment loss on trade receivables are made for individually impaired receivables, relating to entities that are in significant financial difficulties and have defaulted on payments. The Group does not hold any collateral over these balances.

Ageing of impaired trade receivables:

| | The Group | |
|---|---|---|
| | 2013 RM | 2012 RM |
| **Number of days past due:** | | |
| 91 - 365 days | **72,619** | - |
| 1 - 2 years | **1,090,637** | 2,506,674 |
| 2 - 3 years | **2,164,351** | 1,401,723 |
| 3 - 4 years | **1,479,260** | 1,577,960 |
| 4 - 5 years | **12,625** | - |
| More than 5 years | **6,770,483** | 6,488,419 |
| Total | **11,589,975** | 11,974,776 |

The amount owing by subsidiaries are as follows:

| | The Company | |
|---|---|---|
| | 2013 RM | 2012 RM |
| CAB Cakaran Sdn. Bhd. | **5,525,382** | 4,232,275 |
| CAB Marine Resources Sdn. Bhd. | **4,010,000** | 4,211,989 |
| Kyros Food Industries Sdn. Bhd. | **1,900,000** | 3,116,731 |
| Kyros International Sdn. Bhd. | **60,000** | 60,000 |
| | **11,495,382** | 11,620,995 |

The amount owing by subsidiaries, all denominated in Ringgit Malaysia, arose mainly from unsecured advances which are interest free and repayable on demand.

## 21. TRADE AND OTHER RECEIVABLES (cont'd)

Movement in the allowance for impairment loss on amount owing by subsidiaries is as follows:

| | The Company | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| Balance at beginning of the year | **1,527,937** | 1,450,807 |
| Impairment loss recognised during the year | **269,120** | 77,130 |
| Balance at end of the year | **1,797,057** | 1,527,937 |

The Company does not hold any collateral over the above balances.

The foreign currency exposure profile of other receivables is as follows:

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| Ringgit Malaysia | **979,291** | 542,947 |
| Singapore Dollar | **–** | 2,502 |
| | **979,291** | 545,449 |

Other receivables of the Group comprise mainly amounts receivable from outlet management, display income receivable, and payment of expenses made on behalf by the Group which are repayable on demand.

Movement in the allowance for impairment loss on other receivables is as follows:

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| Balance at beginning of the year | **–** | 9,963 |
| Impairment loss recognised during the year | **2,664** | – |
| Impairment loss reversed during the year | **–** | (9,963) |
| Balance at end of the year | **2,664** | – |

The allowance for impairment loss on other receivables are made for individually impaired receivables, relating to entities that are in significant financial difficulties and have defaulted on payments. The Group does not hold any collateral over these balances.

## 22. OTHER ASSETS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | RM | RM | RM | RM |
| Prepayments | **3,809,139** | 1,197,368 | **–** | – |
| Deposits | **1,821,853** | 2,591,860 | **1,000** | 1,000 |
| | **5,630,992** | 3,789,228 | **1,000** | 1,000 |

## 23. SHORT-TERM DEPOSITS WITH LICENSED BANKS

As of September 30, 2013, the short-term deposits with licensed banks of the Group carry interests at rates ranging from 2.9% to 3.2% (2012: 2.9% to 3.2%) per annum and are maturing within October 2013 to September 2014.

As of September 30, 2013, the short-term deposits with licensed banks of the Group with a total carrying value of RM5,683,227 (2012: RM5,417,736) are pledged to the banks as securities for credit facilities granted to the Group as mentioned in Note 28.

## 24. CASH AND BANK BALANCES

The foreign currency exposure profile of cash and bank balances is as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | RM | RM | RM | RM |
| Ringgit Malaysia | **9,638,265** | 8,417,476 | **5,038** | 4,341 |
| United States Dollar | **103,384** | 7,418 | **–** | – |
| Singapore Dollar | **–** | 2,472 | **–** | – |
| Renminbi | **–** | 177 | **–** | – |
| | **9,741,649** | 8,427,543 | **5,038** | 4,341 |

## 25. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| Carrying amount at end of year: | | |
| Freehold land and buildings | **125,000** | 125,000 |

During the financial year ended September 30, 2012, Kyros Food Industries Sdn. Bhd. acquired a freehold land and building from a debtor of Kyros International Sdn. Bhd. by way of a debt settlement arrangement for a purchase consideration of RM125,000. Kyros Food Industries Sdn. Bhd. entered into a sale and purchase agreement with an external party to dispose of the freehold land and buildings for a sale consideration of RM125,000. The disposal transaction has not been completed as of September 30, 2013.

## 26. SHARE CAPITAL

| | The Company | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| **Authorised:** | | |
| 200,000,000 ordinary shares of RM0.50 each | **100,000,000** | 100,000,000 |
| **Issued and fully paid:** | | |
| 131,779,100 ordinary shares of RM0.50 each | **65,889,550** | 65,889,550 |

As of September 30, 2013, out of the total number of 131,779,100 (2012: 131,779,100) of ordinary shares of RM0.50 each issued and paid-up, 218,200 (2012: 218,200) are held as treasury shares. Hence, the number of outstanding ordinary shares of RM0.50 each in issue and fully paid is 131,560,900 (2012: 131,560,900).

## 27. RESERVES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | RM | RM | RM | RM |
| **Non-distributable:** | | | | |
| Properties revaluation reserve | **38,572,022** | 39,901,409 | **–** | – |
| Share premium | **71,379** | 71,379 | **71,379** | 71,379 |
| Translation reserve | **(41,030)** | (23,322) | **–** | – |
| | **38,602,371** | 39,949,466 | **71,379** | 71,379 |

The movement in properties revaluation reserve is as follows:

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| Balance at beginning of year | **39,901,409** | 5,114,791 |
| Increase arising on revaluation of properties | **–** | 36,446,185 |
| Deferred tax arising on revaluation | **–** | (1,425,702) |
| Realisation of revaluation reserve upon disposal of revalued properties | **–** | (103,406) |
| Transferred to retained earnings | **(1,329,387)** | (130,459) |
| Balance at end of year | **38,572,022** | 39,901,409 |

The properties revaluation reserve arises on the revaluation of land and buildings. When revalued land and buildings are sold, the portion of the properties revaluation reserve that relates to that asset is effectively realised and is transferred directly to retained earnings.

Share premium of the Group and of the Company arose from allotment of ordinary shares at premium, net of share issue expenses and bonus issue.

The movement in foreign currency translation reserve is as follows:

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| Balance at beginning of year | **(23,322)** | (20,610) |
| Loss on translation reserve reclassified to profit or loss on disposal of foreign operations | **25,153** | – |
| Exchange differences arising on translating the net assets of foreign operations | **(42,861)** | (2,712) |
| Balance at end of year | **(41,030)** | (23,322) |

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (Ringgit Malaysia) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

## 28. BORROWINGS

| | The Group | |
|---|---|---|
| | **2013** | **2012** |
| | **RM** | **RM** |
| **Secured:** | | |
| Bankers' acceptances | **43,506,000** | 39,850,000 |
| Long-term loans | **24,565,289** | 29,007,576 |
| Hire-purchase payables | **10,168,950** | 12,425,263 |
| Bank overdrafts | **3,854,997** | 4,692,763 |
| Foreign currency trade loan | **237,472** | 68,943 |
| **Unsecured:** | | |
| Bankers' acceptances | **27,897,000** | 26,191,011 |
| Bank overdrafts | **929,346** | 1,185,182 |
| Long-term loans | **294,789** | 540,176 |
| | **111,453,843** | 113,960,914 |
| Less: current portion | **(84,964,424)** | (81,892,647) |
| Non-current portion | **26,489,419** | 32,068,267 |

The foreign currency exposure profile of borrowings is as follows:

| | The Group | |
|---|---|---|
| | **2013** | **2012** |
| | **RM** | **RM** |
| Ringgit Malaysia | **111,216,371** | 113,891,971 |
| United States Dollar | **237,472** | 68,943 |
| | **111,453,843** | 113,960,914 |

The long-term loans are as follows:

| | The Group | |
|---|---|---|
| | **2013** | **2012** |
| | **RM** | **RM** |
| Amount outstanding | **24,860,078** | 29,547,752 |
| Less: current portion | **(4,280,000)** | (5,054,223) |
| Non-current portion | **20,580,078** | 24,493,529 |

The non-current portion of long-term loans is repayable as follows:

| | The Group | |
|---|---|---|
| | **2013** | **2012** |
| | **RM** | **RM** |
| Later than one year and not later than two years | **3,729,432** | 4,631,966 |
| Later than two years and not later than five years | **9,088,272** | 10,839,617 |
| Later than five years | **7,762,374** | 9,021,946 |
| | **20,580,078** | 24,493,529 |

## 28. BORROWINGS (cont'd)

The hire-purchase payables are as follows:

| | The Group 2013 RM | The Group 2012 RM |
|---|---|---|
| Total outstanding | **11,079,546** | 13,689,319 |
| Less: Interest-in-suspense outstanding | **(910,596)** | (1,264,056) |
| Principal outstanding | **10,168,950** | 12,425,263 |
| Less: Current portion | **(4,259,609)** | (4,850,525) |
| Non-current portion | **5,909,341** | 7,574,738 |

The non-current portion of hire-purchase payables is repayable as follows:

| | The Group 2013 RM | The Group 2012 RM |
|---|---|---|
| Later than one year and not later than two years | **2,680,377** | 3,607,422 |
| Later than two years and not later than five years | **3,228,964** | 3,967,316 |
| | **5,909,341** | 7,574,738 |

The bankers' acceptances of the Group bear interests at rates ranging from 0.75% to 1.5% (2012: 0.75% to 1.75%) per annum above the lending banks' cost of funds. The long-term loans of the Group bear interests at rates ranging from 2.2% (2012: 2.1%) per annum below the lending banks' base lending rates to 1.75% (2012: 1.75%) per annum above the lending banks' base lending rates and a fixed rate of 5% (2012: 5%) per annum. The bank overdrafts of the Group bear interests at rates ranging from 0.5% to 2% (2012: 0% to 1.75%) per annum above the lending banks' base lending rates. The foreign currency trade loan bears interest at a rate of 1.5% (2012: 1.5%) above the Singapore Interbank Offered Rate.

The effective interest rates per annum as of September 30, 2013 are as follows:

| | The Group 2013 % | The Group 2012 % |
|---|---|---|
| Bankers' acceptances | **3.21 – 5.85** | 3.14 – 5.45 |
| Long-term loans | **4.40 – 8.35** | 4.5 – 8.35 |
| Hire-purchase payables | **2.45 – 7.64** | 4.15 – 8.45 |
| Bank overdrafts | **7.10 – 8.60** | 6.6 – 8.35 |
| Foreign currency trade loan | **1.68** | 1.94 |

The bankers' acceptances of the Group as of September 30, 2013 are repayable within October 2013 to January 2014. The terms for hire-purchase of the Group range from two to seven years. The foreign currency trade loan as of September 30, 2013 is repayable in October 2013.

The secured short-term borrowings together with the secured long-term loans of the Group are secured, either singly or collectively as follows:

a. legal charges over certain landed properties of the Group as disclosed in Notes 12, 13 and 14;
b. pledge of short-term deposits of the Group as disclosed in Note 23;
c. specific debentures on certain equipment of the Group;
d. negative pledges over certain assets of the Group;
e guarantees by Syarikat Jaminan Pembiayaan Perniagaan Berhad;
f. joint guarantees by certain directors of the Group for RM12,520,000 (2012: RM12,800,000);
g. a joint guarantee by certain directors and certain former directors of the Group for RM17,268,000 (2012: RM13,968,000); and
h. corporate guarantees by the Company for RM108,862,000 (2012: RM109,642,000).

### 28. BORROWINGS (cont'd)

The Group's hire-purchase payables are secured by the financial institutions' charge over the assets under hire-purchase. Certain of the Group's hire-purchase payables are guaranteed by directors and former directors of the Group for RM849,000 (2012: RM769,000), and the Company for RM18,762,987 (2012: RM19,239,414).

The unsecured short-term borrowings together with the unsecured long-term loans of the Group are covered by:

a. negative pledge over certain assets of the Group;
b. corporate guarantees by the Company for RM27,200,000 (2012: RM35,200,000); and
c. a joint guarantee by certain directors and certain former directors of the Group for RM1,170,000 (2012: RM1,170,000).

### 29. TRADE AND OTHER PAYABLES

The foreign currency exposure profile of trade and other payables is as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2013 RM** | **2012 RM** | **2013 RM** | **2012 RM** |
| **Trade payables:** | | | | |
| Ringgit Malaysia | **67,804,298** | 50,957,617 | **–** | – |
| United States Dollar | **228,809** | 3,452,134 | **–** | – |
| Singapore Dollar | **–** | 263 | **–** | – |
| | **68,033,107** | 54,410,014 | **–** | – |
| **Amount owing to directors:** | | | | |
| Ringgit Malaysia | **29,862** | 605,000 | **29,862** | – |
| Renminbi | **–** | 7,889 | **–** | – |
| | **29,862** | 612,889 | **29,862** | – |
| **Other payables:** | | | | |
| Ringgit Malaysia | **7,150,616** | 5,577,132 | **–** | – |
| United States Dollar | **139,868** | 50,370 | **–** | – |
| | **7,290,484** | 5,627,502 | **–** | – |
| **Accrued expenses:** | | | | |
| Ringgit Malaysia | **4,700,899** | 4,241,479 | **42,161** | 40,516 |
| Singapore Dollar | **6,477** | 22,313 | **–** | – |
| United States Dollar | **6,678** | 6,678 | **–** | – |
| | **4,714,054** | 4,270,470 | **42,161** | 40,516 |
| | **80,067,507** | 64,920,875 | **72,023** | 40,516 |

Trade payables of the Group comprise amounts outstanding for trade purchases. The credit periods granted to the Group for trade purchases range from 7 to 90 days (2012: 7 to 90 days). Certain of the Group's trade payables are guaranteed by the Company for RM14,700,000 (2012: RM14,700,000). No interest is charged on trade payables outstanding balance. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

## 29. TRADE AND OTHER PAYABLES (cont'd)

Included in trade payables of the Group are amounts owing to related parties as follows:

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| Chyuan Heng Farming [a] | **449,756** | 52,759 |
| Unisetali Sdn. Bhd. [b] | **105,547** | – |
| YWT Contract Farming [a] | **92,184** | 312,963 |
| Maju Jaya Farm [c] | **22,732** | – |

[a] Entities which are owned by a son of a director of a subsidiary.
[b] A company in which a director of a subsidiary, is also a director and has interest.
[c] An entity which is owned by son-in-law of a director of a subsidiary.

The amount owing to directors are as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | RM | RM | RM | RM |
| Directors of the Company | **29,862** | 605,000 | **29,862** | |
| Directors of a subsidiary | **–** | 7,889 | **–** | – |
| | **29,862** | 612,889 | **29,862** | – |

The amounts owing to directors arose mainly from remuneration payable and unsecured advances which are interest free and repayable on demand.

The other amounts of other payables comprise mainly amounts outstanding for ongoing costs and deposits received.

Included in other payables of the Group are amounts owing to related parties as follows:

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| Kebun Ngohoch (P.W.) Sdn. Bhd. [a] | **423,305** | – |
| Fah Leong Sdn. Bhd. [b] | **29,700** | 36,200 |
| Asiawe Resources Sdn. Bhd. [c] | **6,610** | – |

[a] A company in which certain directors of the Company are also directors and have interest.
[b] A company in which a director of a subsidiary is also a director.
[c] A company in which a director of the Company is also a director and has interest.

The amount owing to Kebun Ngohoch (P.W.) Sdn. Bhd. and Asiawe Resources Sdn. Bhd. arose mainly from payment of expenses made on behalf. The amount owing to Fah Leong Sdn. Bhd. arose mainly from rental payable.

## 30. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at end of year comprise the following:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | RM | RM | RM | RM |
| Cash and bank balances | **9,741,649** | 8,427,543 | **5,038** | 4,341 |
| Short-term deposits with licensed banks | **5,683,227** | 5,417,736 | **–** | – |
| Bank overdrafts | **(641,112)** | (1,400,190) | **–** | – |
| | **14,783,764** | 12,445,089 | **5,038** | 4,341 |
| Less: Short-term deposits pledged as security | **(5,683,227)** | (5,417,736) | **–** | – |
| | **9,100,537** | 7,027,353 | **5,038** | 4,341 |

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM13,349,804 (2012: RM20,952,391) of which RM2,413,999 (2012: RM6,588,780) was financed by means of hire-purchase, Nil (2012: RM125,000) was acquired by means of debt settlement arrangement, and the balance of RM10,935,805 (2012: RM14,238,611) was cash payment.

## 31. FINANCIAL INSTRUMENTS

### a. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment and buy back issued shares. Management monitors capital based on ability of the Group to generate sustainable profits and availability of retained earnings for dividend payments to shareholders. The Group's overall strategy remains unchanged from 2012.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

### b. Categories of financial instruments

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | RM | RM | RM | RM |
| **Financial assets** | | | | |
| Loan and receivables: | | | | |
| Trade and other receivables | **67,791,790** | 57,390,073 | **9,698,325** | 10,093,058 |
| Refundable deposits | **1,821,853** | 2,591,860 | **1,000** | 1,000 |
| Short-term deposits | **5,683,227** | 5,417,736 | **–** | – |
| Cash and bank balances | **9,741,649** | 8,427,543 | **5,038** | 4,341 |
| Available-for-sale asset: | | | | |
| Unquoted shares, at cost | **260,000** | 260,000 | **–** | – |
| At fair value though profit or loss: | | | | |
| Derivative other financial asset: | | | | |
| Foreign currency forward contracts | **–** | 1,977 | **–** | – |

**31. FINANCIAL INSTRUMENTS (cont'd)**

**b. Categories of financial instruments (cont'd)**

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2013** | **2012** | **2013** | **2012** |
| | **RM** | **RM** | **RM** | **RM** |
| **Financial liabilities** | | | | |
| Other financial liabilities: | | | | |
| Trade and other payables | **80,067,507** | 64,920,875 | **72,023** | 40,516 |
| Borrowings | **111,453,843** | 113,960,914 | **–** | – |
| At fair value though profit or loss: | | | | |
| Derivative other financial liability: | | | | |
| Foreign currency forward contracts | **15,071** | – | **–** | – |

**c. Financial risk management objectives**

The operations of the Group are subject to a variety of financial risks, including market risk, foreign currency risk, credit risk, interest rate risk, liquidity risk and cash flow risk. The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposure to risks and/ or costs associated with the financing, investing and operating activities of the Group.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

**i. Market risk management**

The Group has in place policies to manage the Group's exposures to fluctuation in the prices of the raw materials used in the operations.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group enters into derivative financial instruments to manage its exposure to foreign currency risk, such as forward foreign exchange contracts to hedge the exchange rate risk arising on foreign currency sales.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

**ii. Foreign currency risk management**

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The following table details the Group's sensitivity to a 12% (2012: 7%) increase and decrease in Ringgit Malaysia (RM) against the relevant foreign currencies. 12% (2012: 7% ) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 12% (2012: 7%) change in foreign currency rates. A positive number below indicates a decrease in profit and a negative number below indicates an increase in profit where the RM strengthens 12% (2012: 7%) against the relevant currency. For a 12% (2012: 7%) weakening of the RM against the relevant currency, there would be a comparable reverse impact on the profit.

**31. FINANCIAL INSTRUMENTS (cont'd)**

**c. Financial risk management objectives (cont'd)**

**ii. Foreign currency risk management (cont'd)**

| | The Group | |
|---|---|---|
| | **2013** | **2012** |
| | **RM** | **RM** |
| **Impact on profit or loss** | | |
| United States Dollar | **69,567** | 19,579 |
| Singapore Dollar | **176** | (1,076) |
| Renminbi | **–** | (540) |

**iii. Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group uses its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

At the reporting date, the Group does not have significant credit risk exposure to any single counterparty or of any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any other counterparty did not exceed 5% of gross trade receivables of the Group at the end of reporting date.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are reputable banks.

The carrying amounts of financial assets recognised in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

**iv. Interest rate risk management**

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

At the end of the reporting period, if interest rates increase/decrease by 100 (2012: 100) basis points with all other variables held constant, the Group's profit net of tax would have been RM918,000 (2012: RM849,000) lower/higher arising mainly as a result of higher/lower interest expense on floating rate borrowings. The assumed movement in the interest rates for interest rate sensitivity analysis is based on the currently observable market environment.

**v. Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date of which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

**31. FINANCIAL INSTRUMENTS (cont'd)**

**c. Financial risk management objectives (cont'd)**

**v. Liquidity risk management (cont'd)**

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| **Trade and other payables** | | |
| Not later than one year | **80,067,507** | 64,920,875 |
| **Other financial liability** | | |
| Not later than one year | **15,071** | – |
| **Bankers' acceptances** | | |
| Not later than one year | **71,403,000** | 66,041,011 |
| **Long-term loans** | | |
| Not later than one year | **5,818,576** | 6,509,971 |
| Later than one year and not later than two years | **4,967,368** | 5,959,825 |
| Later than two years and not later than five years | **11,391,432** | 14,922,766 |
| Later than five years | **9,298,152** | 13,937,502 |
| | **31,475,528** | 41,330,064 |
| **Hire-purchase payables** | | |
| Not later than one year | **4,461,153** | 5,396,052 |
| Later than one year and not later than two years | **2,900,716** | 3,717,623 |
| Later than two years and not later than five years | **3,064,059** | 4,064,399 |
| | **10,425,928** | 13,178,074 |
| **Bank overdrafts** | | |
| Not later than one year | **4,784,343** | 5,877,945 |
| **Foreign currency trade loan** | | |
| Not later than one year | **237,472** | 68,943 |

| | The Company | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| **Trade and other payables** | | |
| Not later than one year | **72,023** | 40,516 |

## 31. FINANCIAL INSTRUMENTS (cont'd)

### c. Financial risk management objectives (cont'd)

#### v. Liquidity risk management (cont'd)

Details of additional undrawn financing facilities that the Group has at its disposal to further reduce liquidity risk are set out below:

| | The Group 2013 RM | The Group 2012 RM |
|---|---|---|
| Secured | **22,036,373** | 26,195,710 |
| Unsecured | **4,373,607** | 5,824,197 |
| | **26,409,980** | 32,019,907 |

#### vi. Cash flow risk management

The Group reviews its cash flow position regularly to manage its exposures to fluctuations in future cash flows associated with its monetary financial instruments.

### d. Forward foreign currency contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts. The Group also enters into forward foreign exchange contracts to manage the risk associated with anticipated foreign sales and purchase transactions.

The following table details the foreign currency forward contracts outstanding as at the end of the reporting date:

**The Group**

| Outstanding contracts | Average exchange rate | Foreign currency | Contract value RM | Fair value (loss)/ gain RM |
|---|---|---|---|---|
| **2013:** | | | | |
| **Sell USD** | | | | |
| Less than 3 months | **3.1275** | **89,716** | **281,317** | **(11,783)** |
| 3 to 6 months | **3.1436** | **33,181** | **105,574** | **(3,288)** |
| **Buy Euro** | | | | |
| Less than 3 months | **–** | **–** | **–** | **–** |
| **2012:** | | | | |
| **Sell USD** | | | | |
| Less than 3 months | 3.1097 | 46,740 | 145,279 | 1,869 |
| 3 to 6 months | 3.0980 | 17,176 | 53,197 | 283 |
| **Buy Euro** | | | | |
| Less than 3 months | 4.0475 | 2,160 | 8,743 | (175) |

### e. Fair value of financial assets and liabilities

It is not practical to estimate the fair value of available-for-sale investment in unquoted shares due to the inability to estimate fair value without incurring excessive cost. However, the directors of the Group believe that the carrying amount represents the recoverable value.

## 31. FINANCIAL INSTRUMENTS (cont'd)

### e. Fair value of financial assets and liabilities (cont'd)

The fair value of derivative financial instruments is set out in Note 17.

The carrying amounts of short term financial assets and financial liabilities recorded at amortised costs in the financial statements approximate their respective fair values due to the relatively short-term maturity of these financial statements.

The fair values of term loans are estimated by discounting the expected future cash flows using the current interest rates for borrowing with similar risk profiles. There is no material difference between the carrying amounts and the estimated fair values of term loans.

The fair values of hire-purchase payables are estimated using discounted cash flow analysis based on the current borrowing rates for similar types of hire-purchase arrangements. There are no material differences between the carrying amounts and the estimated fair values of the hire-purchase payables.

The fair value of contingent liability in respect of corporate guarantees given by the Company to local banks for credit facilities granted to certain subsidiaries is Nil (2012: Nil), as the directors of the Company consider that the probability of the subsidiaries to default in repayments of the credit facilities is unlikely.

### f. Fair value measurements recognised in the statements of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**The Group**

| | Level 1 RM | Level 2 RM | Level 3 RM | Total RM |
|---|---|---|---|---|
| **September 30, 2013:** | | | | |
| **Financial assets carried at fair value though profit or loss:** | | | | |
| Derivative other financial asset: | | | | |
| Foreign currency forward contracts | – | – | – | – |
| **Available–for–sale financial assets:** | | | | |
| Unquoted shares | – | – | 260,000 | 260,000 |
| Total | – | – | 260,000 | 260,000 |
| **Financial liabilities carried at fair value through profit or loss:** | | | | |
| Derivative other financial liability: | | | | |
| Foreign currency forward contracts | – | 15,071 | – | 15,071 |

## 31. FINANCIAL INSTRUMENTS (cont'd)

### f. Fair value measurements recognised in the statements of financial position (cont'd)

**The Group**

| | Level 1<br>RM | Level 2<br>RM | Level 3<br>RM | Total<br>RM |
|---|---|---|---|---|
| **September 30, 2012:** | | | | |
| **Financial assets carried at fair value through profit or loss:** | | | | |
| Derivative other financial asset: | | | | |
| Foreign currency forward contracts | – | 1,977 | – | 1,977 |
| **Available–for–sale financial assets:** | | | | |
| Unquoted shares | – | – | 260,000 | 260,000 |
| Total | – | 1,977 | 260,000 | 261,977 |
| **Financial liabilities carried at fair value though profit or loss:** | | | | |
| Derivative other financial liability: | | | | |
| Foreign currency forward contracts | – | – | – | – |

There were no transfers between Levels 1 and 2 during the financial year.

## 32. DIRECTORS' BENEFITS-IN-KIND

| | The Group | |
|---|---|---|
| | 2013<br>RM | 2012<br>RM |
| Estimated cash value of benefits-in-kind provided to directors | **120,167** | 122,040 |

## 33. RELATED PARTY TRANSACTIONS

Significant transactions between the Group and the Company and its related parties during the financial year were as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013<br>RM | 2012<br>RM | 2013<br>RM | 2012<br>RM |
| **With subsidiaries:** | | | | |
| CAB Cakaran Sdn. Bhd. | | | | |
| Management fee received | **–** | – | **60,000** | 60,000 |
| Kyros International Sdn. Bhd. | | | | |
| Management fee received | **–** | – | **60,000** | 60,000 |
| **With directors of the Company:** | | | | |
| Chuah Ah Bee | | | | |
| Rental paid | **80,210** | 94,590 | **–** | – |
| Loan received | **–** | 600,000 | **–** | – |
| Chan Kim Keow | | | | |
| Rental paid | **8,000** | – | **–** | – |
| **With other related parties:** | | | | |
| YWT Contract Farming [(a)] | | | | |
| Purchases | **23,147,819** | 15,396,955 | **–** | – |
| Sales | **19,755,389** | 13,268,574 | **–** | – |
| Rental received | **656,235** | 340,980 | **–** | – |
| Interest received | **–** | 14,057 | **–** | – |
| Transportation charges received | **–** | 3,681 | **–** | – |

## 33. RELATED PARTY TRANSACTIONS (cont'd)

Significant transactions between the Group and the Company and its related parties during the financial year were as follows: (cont'd)

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2013 RM | 2012 RM | 2013 RM | 2012 RM |
| **With other related parties: (cont'd)** | | | | |
| Chyuan Heng Farming [(a)] | | | | |
| Purchases | **8,410,771** | 4,327,893 | **–** | – |
| Sales | **7,624,251** | 3,822,343 | **–** | – |
| Rental received | **77,800** | 11,000 | **–** | – |
| Transportation charges received | **2,885** | 2,106 | **–** | – |
| Maju Jaya Farm [(b)] | | | | |
| Purchases | **8,155,746** | 7,206,158 | **–** | – |
| Sales | **6,788,277** | 6,490,316 | **–** | – |
| Rental received | **237,969** | 228,522 | **–** | – |
| Transportation charges received | **8,696** | – | **–** | – |
| Jaya Gading Marketing [(c)] | | | | |
| Sales | **750,339** | 637,421 | **–** | – |
| Purchases | **7,095** | – | **–** | – |
| Unisetali Sdn. Bhd. [(d)] | | | | |
| Purchases | **750,569** | – | **–** | – |
| Sales | **402** | – | **–** | – |
| Chuah Ah Bee Sdn. Bhd. [(e)] | | | | |
| Rental paid | **446,400** | 517,400 | **–** | – |
| Sales | **167,880** | 184,698 | **–** | – |
| Chuah Ah Chui [(f)] | | | | |
| Sales | **439,304** | 465,990 | **–** | – |
| Fah Leong Sdn. Bhd. [(g)] | | | | |
| Rental paid | **217,200** | 217,200 | **–** | – |
| Syarikat Sin Long Heng Breeding Farm Sdn. Bhd. [(h)] | | | | |
| Rental received | **156,000** | 156,000 | **–** | – |
| Interest income on late payment | **100** | – | **–** | – |
| Kebun Ngohoch (P.W.) Sdn. Bhd. [(e)] | | | | |
| Sundry purchases | **125,660** | – | **–** | – |
| Asiawe Resources Sdn. Bhd.[(i)] | | | | |
| Transportation charges paid | **24,640** | – | **–** | – |
| Loo Chu Hock [(f)] | | | | |
| Sale of motor vehicle | **–** | 13,000 | **–** | – |

(a) Entities which are owned by a son of a director of a subsidiary.
(b) An entity which is owned by a son-in-law of a director of a subsidiary.
(c) An entity in which a director of this entity and who have an interest is a brother-in-law of a director of a subsidiary.
(d) A company in which a director of a subsidiary is also a director and has interest.
(e) A company in which certain directors of the Company are also directors and have interests.
(f) Brother of a director of the Company.
(g) An entity in which a director of a subsidiary is also a director.
(h) A company in which certain directors of a subsidiary are also directors and have interests.
(i) A company in which a director of the Company is also a director and has interest.

## 34. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS

As of September 30, 2013, the Group has the following commitments in respect of capital expenditure on property, plant and equipment:

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| Approved and contracted for | **4,808,513** | 3,336,765 |
| Approved but not contracted for | **3,942,441** | – |

The Group has entered into operating lease agreements to lease out certain of its property, plant and equipment and investment properties. The future minimum lease payments receivable under operating leases contracted for as of the reporting date but not recognised as receivables, are as follows:

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| Not later than one year | **418,776** | 452,568 |
| Later than one year and not later than five years | **264,900** | 565,676 |
| | **683,676** | 1,018,244 |

The Group has entered into operating lease agreements for the use of premises, poultry farm equipment, machinery and hostel. The future aggregate minimum lease payments under operating leases contracted for as of the reporting date but not recognised as liabilities are as follows:

| | The Group | |
|---|---|---|
| | 2013 | 2012 |
| | RM | RM |
| **Non-cancellable operating lease commitments:** | | |
| Not later than one year | **3,279,930** | 2,237,010 |
| Later than one year and not later than five years | **3,688,600** | 1,668,120 |
| Later than five years | **1,419,750** | 345,000 |
| | **8,388,280** | 4,250,130 |

## 35. SUBSEQUENT EVENT

Subsequent to September 30, 2013, a subsidiary, Kyros Food Industries Sdn. Bhd., entered into a sale and purchase agreement to acquire a property from a third party for a purchase consideration of RM3,850,000.

## 36. COMPARATIVE FIGURES

Certain comparative figures of the statement of comprehensive income have been reclassified to conform with current year's presentation to better reflect the nature of revenue earned.

| | As previously reported | Reclassification | As reclassified |
|---|---|---|---|
| | RM | RM | RM |
| **The Group** | | | |
| Investment revenue | 2,480,183 | (1,985,904) | 494,279 |
| Other income | 1,323,224 | 1,985,904 | 3,309,128 |

## 37. SEGMENT INFORMATION

**Products and services from which reportable segments derive their revenue**

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segments under FRS 8 Operating Segments are therefore as follows:

a. investment holding;
b. agricultural/ poultry farming/ food processing (including cultivation of timber crops and oil palms, breeding of grand parent stocks to produce breeder eggs, breeding of parent stocks to produce broiler eggs, breeding of broiler chicken, processing and marketing of chicken, trading of poultry feeds and other farm consumables, and supermarket products);
c. marine products manufacturing (including processing of fresh and frozen fishes, prawns and other marine products);
d. fast food business (including fast food restaurants operator, master franchisees and restaurants operators, and retailing of fast food);
e. trading/ value added products manufacturing (including processing, exporting, wholesaling, distributing and marketing of frozen marine and value added products, chicken products, and other food products and trading); and
f. supermarket.

## 37. SEGMENT INFORMATION (cont'd)

**Segment revenue and results**

The following is an analysis of the Group's revenue and results by reportable segments:

**The Group**

| | Investment holding RM | Agricultural/ poultry farming/ food processing RM | Marine products manufacturing RM | Fast food business RM | Trading/ value added food products manufacturing RM | Supermarket RM | Eliminations RM | Consolidated RM |
|---|---|---|---|---|---|---|---|---|
| **2013:** | | | | | | | | |
| **Revenue** | | | | | | | | |
| External revenue | – | 454,921,684 | 3,533,423 | 3,112,143 | 42,480,820 | 104,952,254 | – | 609,000,324 |
| Inter-segment revenue | 120,000 | 20,829,174 | 260,974 | 793,340 | 3,349,003 | 35,978 | (25,388,469) | – |
| **Total revenue** | 120,000 | 475,750,858 | 3,794,397 | 3,905,483 | 45,829,823 | 104,988,232 | (25,388,469) | 609,000,324 |
| **Results** | | | | | | | | |
| Segment (loss)/ profit | (156,819) | 12,432,057 | (447,026) | 813,667 | 1,349,862 | 2,061,443 | (440,817) | 15,612,367 |
| Investment revenue | | | | | | | | 395,646 |
| Other gains and losses | | | | | | | | 5,493,890 |
| Finance costs | | | | | | | | (5,879,834) |
| Profit before tax | | | | | | | | 15,622,069 |
| Tax expense | | | | | | | | (2,089,733) |
| **Profit for the year** | | | | | | | | 13,532,336 |
| **2012:** | | | | | | | | |
| **Revenue** | | | | | | | | |
| External revenue | – | 389,341,071 | 7,388,531 | 2,294,976 | 41,653,221 | 93,875,009 | – | 534,552,808 |
| Inter-segment revenue | 120,000 | 20,921,659 | 646,101 | 780,000 | 2,337,962 | 54,640 | (24,860,362) | – |
| **Total revenue** | 120,000 | 410,262,730 | 8,034,632 | 3,074,976 | 43,991,183 | 93,929,649 | (24,860,362) | 534,552,808 |
| **Results** | | | | | | | | |
| Segment (loss)/ profit | (155,069) | (8,307,986) | (296,216) | 271,537 | 766,301 | 836,749 | 332,561 | (6,552,123) |
| Investment revenue | | | | | | | | 494,279 |
| Other gains and losses | | | | | | | | 11,625,083 |
| Finance costs | | | | | | | | (5,447,927) |
| Profit before tax | | | | | | | | 119,312 |
| Tax income | | | | | | | | 1,281,443 |
| **Profit for the year** | | | | | | | | 1,400,755 |

## 37. SEGMENT INFORMATION (cont'd)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit/ (loss) represents the profit earned/ loss suffered by each segment without investment revenue, other gains and losses, finance costs and tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

**Segment assets and liabilities**

**The Group**

| | Investment holding RM | Agricultural/ poultry farming/ food processing RM | Marine products manufacturing RM | Fast food business RM | Trading/ value added food products manufacturing RM | Supermarket RM | Eliminations RM | Consolidated RM |
|---|---|---|---|---|---|---|---|---|
| **2013:** | | | | | | | | |
| **Assets** | | | | | | | | |
| Segment assets | **42,150,313** | **322,791,935** | **6,691,086** | **1,157,088** | **27,091,730** | **19,252,208** | **(64,189,020)** | **354,945,340** |
| Interest revenue producing assets | | | | | | | | **5,683,227** |
| Income tax assets | | | | | | | | **3,127,673** |
| **Consolidated total assets** | | | | | | | | **363,756,240** |
| **Liabilities** | | | | | | | | |
| Segment liabilities | **72,023** | **63,579,008** | **347,264** | **123,816** | **3,628,803** | **12,337,164** | **(5,500)** | **80,082,578** |
| Borrowings | | | | | | | | **111,453,843** |
| Income tax liabilities | | | | | | | | **8,362,979** |
| **Consolidated total liabilities** | | | | | | | | **199,899,400** |
| **2012:** | | | | | | | | |
| **Assets** | | | | | | | | |
| Segment assets | 42,463,771 | 293,299,797 | 6,274,679 | 732,629 | 32,393,466 | 19,561,671 | (66,154,821) | 328,571,192 |
| Interest revenue producing assets | | | | | | | | 5,417,736 |
| Income tax assets | | | | | | | | 2,002,891 |
| **Consolidated total assets** | | | | | | | | 335,991,819 |
| **Liabilities** | | | | | | | | |
| Segment liabilities | 47,357 | 51,111,062 | 3,689,119 | 104,445 | 2,938,835 | 11,407,342 | (4,377,285) | 64,920,875 |
| Borrowings | | | | | | | | 113,960,914 |
| Income tax liabilities | | | | | | | | 7,189,498 |
| **Consolidated total liabilities** | | | | | | | | 186,071,287 |

## 37. SEGMENT INFORMATION (cont'd)

For the purposes of monitoring segment performance and allocating resources between segments:

a. all assets are allocated to reportable segments other than short-term deposits and current and deferred tax assets. Goodwill is allocated to reportable segments.

b. all liabilities are allocated to reportable segments other than borrowings, current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

**Other segment information**

**The Group**

| | Investment holding RM | Agricultural/ poultry farming/ food processing RM | Marine products manufacturing RM | Fast food business RM | Trading/ value added food products manufacturing RM | Supermarket RM | Eliminations RM | Consolidated RM |
|---|---|---|---|---|---|---|---|---|
| **2013:** | | | | | | | | |
| **Other information** | | | | | | | | |
| Additions to non-current assets | **–** | **10,789,976** | **51,900** | **5,800** | **1,956,451** | **580,677** | **(35,000)** | **13,349,804** |
| Depreciation and amortisation expense | **–** | **6,456,182** | **409,057** | **116,593** | **1,243,181** | **995,111** | **916,097** | **10,136,221** |
| Impairment loss recognised on receivables | **269,120** | **594,449** | **–** | **–** | **514,485** | **–** | **(820,560)** | **557,494** |
| Impairment loss recognised on investments in subsidiaries | **776,200** | **–** | **–** | **–** | **–** | **–** | **(776,200)** | **–** |
| Other non-cash expenses | **–** | **327,668** | **100,244** | **15,334** | **79,737** | **3,537** | **304,823** | **831,343** |
| **2012:** | | | | | | | | |
| **Other information** | | | | | | | | |
| Additions to non-current assets | – | 27,377,534 | 43,000 | 71,632 | 817,235 | 831,595 | (6,201,509) | 22,939,487 |
| Depreciation and amortisation expense | – | 5,750,250 | 400,844 | 131,712 | 1,358,482 | 960,188 | 698,013 | 9,299,489 |
| Impairment loss recognised on receivables | 77,130 | 1,352,903 | – | 8,341 | 877,640 | – | (955,678) | 1,360,336 |
| Impairment loss recognised on investments in subsidiaries | – | 808,000 | – | – | – | – | (808,000) | – |
| Other non-cash expenses | – | 2,747,301 | – | 87,616 | 247,879 | 22,210 | (394,789) | 2,710,217 |

## 37. SEGMENT INFORMATION (cont'd)

### Revenue from major products and services

Analysis of revenue from major products and services was not disclosed due to it is not practical to analyse these information without incurring excessive cost.

### Geographical information

The Group's operations are located principally in Malaysia and Republic of Singapore. The Group's trading/ value added products manufacturing business is located in Malaysia and Republic of Singapore. All the other operations are located in Malaysia.

The Group's revenue from external customers attributed to countries of domicile of the Company and its subsidiaries are detailed below:

| | The Group | |
|---|---|---|
| | 2013 RM | 2012 RM |
| Malaysia | **609,000,324** | 534,329,785 |
| Republic of Singapore | **–** | 223,023 |
| | **609,000,324** | 534,552,808 |

The Group's revenue from external customers attributed to countries from which the Company and its subsidiaries derive revenue are detailed below:

| | The Group | |
|---|---|---|
| | 2013 RM | 2012 RM |
| Malaysia | **602,046,725** | 523,832,095 |
| United States of America | **3,335,928** | 5,709,100 |
| Pakistan | **2,864,176** | 3,227,929 |
| Others | **753,495** | 1,783,684 |
| | **609,000,324** | 534,552,808 |

Information about the Group's non-current assets by locations are detailed below:

| | The Group | |
|---|---|---|
| | 2013 RM | 2012 RM |
| Malaysia | **242,367,354** | 232,451,313 |

Non-current assets exclude deferred tax assets, non-current assets classified as held for sale and available-for-sale financial asset.

### Information about major customers

Information about major customers was not disclosed as there was no customer that contributed 10% or more to the Group's revenue for both 2013 and 2012.

## 38. RETAINED EARNINGS/ (ACCUMULATED LOSSES) (Supplementary Information)

On March 25, 2010, Bursa Malaysia Securities Berhad issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as of the end of the reporting period into realised and unrealised profits or losses.

On December 20, 2010, Bursa Malaysia Securities Berhad further issued guidance on the disclosure and the prescribed format required.

The breakdown of the retained earnings/ (accumulated losses) of the Group and of the Company as of September 30, 2013 into realised and unrealised amounts, pursuant to the directive, is as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2013** | **2012** | **2013** | **2012** |
| | **RM** | **RM** | **RM** | **RM** |
| **Total retained earnings/ (accumulated losses):** | | | | |
| Realised | **38,690,044** | 28,693,565 | **(14,109,365)** | (13,369,272) |
| Unrealised | **31,438,305** | 23,212,505 | **–** | – |
| | **70,128,349** | 51,906,070 | **(14,109,365)** | (13,369,272) |
| Less: Consolidation adjustments | **(33,002,386)** | (28,045,505) | **–** | – |
| **Total retained earnings/ (accumulated losses) as per statements of financial position** | **37,125,963** | 23,860,565 | **(14,109,365)** | (13,369,272) |

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants on December 20, 2010. A charge or a credit to the profit or loss of a legal entity is deemed realised when it is resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

The supplementary information have been made solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

# STATEMENT BY DIRECTORS

The directors of **CAB CAKARAN CORPORATION BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of September 30, 2013 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 38, which is not part of the financial statements, is prepared in all material aspects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with
a resolution of the Directors,

**CHUAH AH BEE** **CHUAH HOON PHONG**

Penang,

January 23, 2014

# DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **CHUAH AH BEE**, the director primarily responsible for the financial management of **CAB CAKARAN CORPORATION BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by

the abovenamed **CHUAH AH BEE** at

**GEORGETOWN** in the State of **PENANG**

on January 23, 2014

**CHUAH AH BEE**
Before me,

**DR. SELVARAJOO S/O ERULANDY,**
**PPS, PK, PPA, PBS, PJK, PJM**
**No.: P-099**
**COMMISSIONER FOR OATHS**

# LIST OF MATERIAL PROPERTIES

| Location/address | Description of Property/ Existing Use | Land/Built-Up Area (sq.m.) | Approximate Age of Building (year) | Tenure | Net Book Value as at September 30, 2013 RM | Date of Valuation |
|---|---|---|---|---|---|---|
| Lot No. 26260, Lot No. 26261 and PT92181, Title Nos GRN 95669, GRN 95670 and HSD 109633 respectively, Town of Sungai Petani, District of Kuala Muda, Kedah / Plot 21-24, Bukit Makmur Industrial Estate, Sungai Lalang, 08100 Bedong, Kedah | 3 parcels of industrial lands erected upon it a 3 storey office cum a single storey factory/used as processing factory | 35,008/ 12,314.58 | 1 | Grant in perpetuity | 21,499,198 | 30.09.12 |
| Lot Nos 1512 & 3037, Title Nos GRN 38752 & GRN 7314, Mukim 11, Province Wellesley South, Penang | Two parcels of agricultural lands for residential used /used as breeder farms | 168,264.23/ 24,140.41 | 23 - 28 | Grant in perpetuity | 15,006,733 | 30.09.12 |
| Lot No. 1623, Title No. GRN 40215, Mukim 14, District of Seberang Perai Tengah, State of Penang /No. 227, Kampung Nenas, Kuala Tasek, Permatang Tinggi, 14100 Bukit Mertajam, Penang | A parcel of agricultural land /used as breeder farms | 49,699.44/ Breeder house - 13,804.18/ Other - 1,899.75 | 11 - 18 | Grant in perpetuity | 14,039,484 | 30.09.12 |
| Lot Nos. 43, 49, 368, 373, 256, 255, 251, 252, 253, 249, 257, 258, 246, 247, 248 & 250, Mukim Grant Nos. 120, 121, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 173, 174, 175 & 179, respectively, Mukim 6, Province Wellesley South, Penang | Sixteen parcels of lands for residential used /used for renting as breeder farms | 91,667.22/ 15,063.73 | 23 - 28 | Grant in perpetuity | 11,945,000 | 30.09.13 |
| Lot No. 16471, Title No. PN 24529, Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur /No. 12, Jalan Segambut Lentang, Segambut Industrial Area, 51200 Segambut, Kuala Lumpur | A parcel of industrial land erected upon it a double-storey office cum a single-storey factory /used as processing factory | 3,150.05/ 3,490.17 | 9 | Leasehold interest 99 years expiring on June 16, 2067 | 6,799,188 | 30.09.12 |

## LIST OF MATERIAL PROPERTIES (cont'd)

| Location/address | Description of Property/ Existing Use | Land/Built-Up Area (sq.m.) | Approximate Age of Building (year) | Tenure | Net Book Value as at September 30, 2013 RM | Date of Valuation |
|---|---|---|---|---|---|---|
| P.T. 3824, Title No. H.S.(D) 31357, Mukim 1, District of Seberang Perai Tengah, State of Penang /Plot 21, Lorong Jelawat 4, Seberang Jaya Industrial Park, Seberang Jaya, 13700 Prai, Penang | A parcel of industrial land erected upon it a 3-storey detached factory cum office /used as head office cum hatchery centre | 9,248.00/ 4,717.05 | 16 | Leasehold interest 60 years expiring on December 6, 2054 | 6,451,345 | 30.09.12 |
| Lot Nos. 507 & 508, Title Nos. GM474 and GM475 respectively, Mukim 9, District of Seberang Perai Selatan, State of Penang /No. 2235, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Pulau Pinang | A parcel of industrial land erected upon it a double-storey office cum factory and other ancillary buildings / used as seafood and fishery processing factory | 11,123.78/ 6,728.55 | 22 | Grant in perpetuity | 5,770,732 | 30.09.12 |
| Part of Lot No. PT 542, Title No. HSD 2/1985, Mukim of Pedang Peliang, District of Pendang, Kedah / situated at Off Jalan Jeniang - Pendang, within Bukit Perak Estate, Kedah Darul Aman | 30 years leasehold land erected upon it 5 units of breeder farms cum office and hostel / used as grandparent stock farming | 44,515.9/ Farm House 7,134.70/ Other 1,863.49 | 6 | Leasehold interest 30 years expiring on November 20, 2037 | 4,818,059 | 30.09.12 |
| Lot Nos. 281, 835, 840, 844 and 845, Title Nos. GM 295, GM 296, GM 407, GM 410 and GM 411 respectively, Mukim 19, District of Seberang Perai Tengah, State of Penang / situated at Off Jalan Ara Kuda, within Kampung Tun Sardon, Ara Kuda, Seberang Perai, Penang | Five parcels of agricultural lands /used for renting | 56,061.10/ | – | Grant in perpetuity | 4,490,000 | 30.09.13 |
| Lot No. 39, Title No. GM 1133, Mukim of Hosba, District of Kubang Pasu, State of Kedah/ situated off Jitra-Bukit Kayu Hitam highway, within Kampung Tengah, Napoh, Jitra, Kedah | A parcel of agricultural land which is zoned for industries used /used as planting of sentang tree | 84,641/ - | – | Grant in perpetuity | 4,400,000 | 30.09.12 |

# ANALYSIS OF SHAREHOLDINGS

Share Capital As At February 5, 2014

| | | |
|---|---|---|
| Authorised | : | RM100,000,000.00 |
| Issued and Fully paid-up | : | RM65,780,450.00 # |
| Class of Share | : | Ordinary Shares of RM0.50 each |
| Voting Right | : | One voting right for one ordinary share |

\# The issued and paid up capital is as per Record of Depositors as at February 5, 2014 exclusive of 218,200 treasury shares bought back.

**DISTRIBUTION OF SHAREHOLDERS AS AT FEBRUARY 5, 2014**

| Holdings | No. of Holders | Total Shareholdings | % |
|---|---|---|---|
| 1 - 99 | 46 | 2,303 | 0.00 |
| 100 - 1,000 | 85 | 49,525 | 0.04 |
| 1,001 - 10,000 | 797 | 3,361,350 | 2.55 |
| 10,001 - 100,000 | 360 | 11,442,003 | 8.70 |
| 100,001 - 6,578,044 (*) | 73 | 52,343,625 | 39.79 |
| 6,578,045 and above (**) | 2 | 64,362,094 | 48.92 |
| Total | 1,363 | 131,560,900 | 100.00 |

* Less than 5% of issued shares
** 5% and above of issued shares

**THIRTY LARGEST (30) SECURITIES ACCOUNT HOLDERS AS AT FEBRUARY 5, 2014**

| | Name | Shareholdings | % |
|---|---|---|---|
| 1 | Chuah Ah Bee | 25,157,744 | 19.12 |
| 2 | Chuah Ah Bee | 20,488,350 | 15.57 |
| 3 | Chan Kim Keow | 18,185,900 | 13.82 |
| 4 | Tan Chin Tee | 5,508,500 | 4.19 |
| 5 | Tan Wen Lee | 5,467,900 | 4.16 |
| 6 | EB Nominees (Tempatan) Sendirian Berhad<br>(Pledged securities account for Tan Chee Hee)(PRA) | 4,400,000 | 3.34 |
| 7 | Maybank Nominees (Tempatan) Sdn. Bhd.<br>(Pledged securities account for Loo Choo Gee) | 3,681,925 | 2.80 |
| 8 | Maybank Nominees (Tempatan) Sdn. Bhd.<br>(Lim Kah Eng) | 3,233,900 | 2.46 |
| 9 | Cheng Mooh Tat | 1,808,100 | 1.37 |
| 10 | Chuah Hoon Hong | 1,800,000 | 1.37 |
| 11 | Chuah Hoon Teng | 1,800,000 | 1.37 |
| 12 | Chuah Hoon Phong | 1,572,450 | 1.20 |
| 13 | Chuah Hoon Phong | 1,392,950 | 1.06 |
| 14 | Chop Cheong Bee Sdn. Bhd. | 1,274,800 | 0.97 |
| 15 | Chuah Teh Chai | 1,120,750 | 0.85 |
| 16 | Loo Choo Gee | 1,038,900 | 0.79 |
| 17 | Seah Mok Khoon | 1,020,000 | 0.78 |
| 18 | Tan Wai Heng | 999,800 | 0.76 |
| 19 | Tan Chin Tee | 946,500 | 0.72 |
| 20 | Ng Khai Yan | 781,800 | 0.59 |
| 21 | Loo Chu Heng | 676,950 | 0.51 |
| 22 | Lee Cheong Keat @ Lee Chong Keat | 669,800 | 0.51 |
| 23 | Ng Lian Hock | 668,100 | 0.51 |
| 24 | Maybank Nominees (Tempatan) Sdn. Bhd.<br>(Loo Choo Gee) | 561,100 | 0.43 |
| 25 | Chan Kim Keow | 530,100 | 0.40 |

# ANALYSIS OF SHAREHOLDINGS (cont'd)

Share Capital As At February 5, 2014

| | Name | Shareholdings | % |
|---|---|---|---|
| 26 | Lee Wei Lim | 507,150 | 0.39 |
| 27 | Maybank Nominees (Tempatan) Sdn. Bhd. (Chen Geok Choi) | 472,500 | 0.36 |
| 28 | Lee Sek Tah | 450,000 | 0.34 |
| 29 | Tan Mok Kew | 420,950 | 0.32 |
| 30 | TA Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Foo Yin Kang) | 405,000 | 0.31 |

## SUBSTANTIAL SHAREHOLDERS AS AT FEBRUARY 5, 2014

| | Name | Shareholdings | | | |
|---|---|---|---|---|---|
| | | Direct | % | Indirect | % |
| 1 | Chuah Ah Bee | 45,646,094 | 34.70 | 3,600,000# | 2.74 |
| 2 | Chan Kim Keow | 18,716,000 | 14.23 | 3,600,000# | 2.74 |
| 3 | Tan Chin Tee | 6,455,000 | 4.91 | 5,467,900# | 4.16 |

## DIRECTORS' SHAREHOLDINGS AS AT FEBRUARY 5, 2014

| | Name | Direct No. of ordinary shares held | % | Indirect No. of ordinary shares held | % |
|---|---|---|---|---|---|
| | | | | | |
| 1 | Chuah Ah Bee | 45,646,094 | 34.70 | 3,600,000# | 2.74 |
| 2 | Chan Kim Keow | 18,716,000 | 14.23 | 3,600,000# | 2.74 |
| 3 | Loo Choo Gee | 5,323,725 | 4.05 | – | – |
| 4 | Chuah Hoon Phong | 2,997,400 | 2.28 | 99,000 ** | 0.08 |
| 5 | Chew Chee Khong | – | – | – | – |
| 6 | Haji Ahmad Fazil Bin Haji Hashim | 5,000 | –* | – | – |
| 7 | Goh Choon Aik | 550 | –* | – | – |
| 8 | Ng Seng Bee | – | – | – | – |

**Notes :**

* Negligible

** Other interest of his spouse by virtue of Section 134 (12)(c) of the Companies Act, 1965

# Other interest of children by virtue of Section 134 (12)(c) of the Companies Act, 1965

**CAB CAKARAN CORPORATION BERHAD**
(Company No. 583661-W)
(Incorporated in Malaysia)

**PROXY FORM**

| #CDS account no. of authorised nominee |
|---|
| |

*I / We,_______________________________________________________________________________
of ___________________________________________________________________________________
being a *member / members of the abovenamed Company, hereby appoint ______________________________
______________________________________________________________________________________
of ___________________________________________________________________________________
or failing *him/her, __________________________________________________________________
of____________________________________________________________________________________
or failing *him/her, the Chairman of the Meeting as * my / our proxy to vote for * me / us on *my / our behalf at the Twelfth Annual General Meeting of the Company to be held at the Conference Room, Third Floor, CAB Cakaran Corporation Berhad, Plot 21 Lorong Jelawat 4, Seberang Jaya Industrial Park, 13700 Perai, Penang on Thursday, March 27, 2014 at 10.00 a.m. and any adjournment thereof. *My/our proxy is to vote as indicated below:-

| | | For | Against |
|---|---|---|---|
| Ordinary Resolution 1 | Re-election of Mdm Chan Kim Keow | | |
| Ordinary Resolution 2 | Re-election of Mr Loo Choo Gee | | |
| Ordinary Resolution 3 | Re-election of Mr Chew Chee Khong | | |
| Ordinary Resolution 4 | Re-appointment of Messrs Deloitte as Auditors of the Company and to authorise the Board of Directors to fix their remuneration | | |
| Ordinary Resolution 5 | Continuing in office for Tuan Haji Ahmad Fazil Bin Haji Hashim as an Independent Non-Executive Director | | |
| Ordinary Resolution 6 | Approval of Directors' Fees of RM139,500 for financial year ending September 30, 2014 | | |
| Ordinary Resolution 7 | Authority to Issue Shares | | |
| Ordinary Resolution 8 | Renewal of share buy-back authority | | |
| Ordinary Resolution 9 | Renewal and additional of shareholders' mandate for recurrent related party transactions of a revenue or trading nature | | |

Please indicate with an "X" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific to voting is given, the proxy may vote as he thinks fit.
* Strike out whichever not applicable

Signed this …......... day of…………………........., 2014.

| Number of shares held | |
|---|---|

For appointment of two proxies, number of shares and percentage of shareholdings to be represented by the proxies:-

| | No. of shares | Percentage |
|---|---|---|
| Proxy 1 | ___________ | ________% |
| Proxy 2 | ___________ | ________% |

……………………………….....................
Signature / Common Seal of Shareholder

Contact no. of
Shareholder/Proxy: ………..………………

Notes:

1. A Member of the Company entitled to attend and vote is entitled to appoint up to two (2) proxies to attend and vote in his place. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. If a Member appoints up to two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositors) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Registered Office at Suite 12-02, 12th Floor, Menara Zurich, 170, Jalan Argyll, 10050 Penang at least 48 hours before the time for holding the Meeting or any adjournments thereof.
6. Those proxy forms which are indicated with "✓" in the spaces provided to show how the votes are to be cast will also be accepted.
7. Only members registered in the Record of Depositors as at March 20, 2014 shall be eligible to attend the meeting or appoint a proxy to attend and vote on his behalf.

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To

The Secretaries
**CAB Cakaran Corporation Berhad**
Suite 12-02, 12th Floor
Menara Zurich
170, Jalan Argyll
10050 Penang, Malaysia

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**CAB CAKARAN CORPORATION BERHAD (583661 W)**
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