

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED
30 JUNE 2022

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended 30 June		9 months ended 30 June	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	9	488,702	431,702	1,458,775	1,309,656
Cost of sales		(431,514)	(411,482)	(1,304,589)	(1,230,561)
Gross profit		57,188	20,220	154,186	79,095
Investment revenue		103	62	317	160
Other income		7,787	5,741	17,935	16,971
Marketing and selling expenses		(15,342)	(14,574)	(45,767)	(45,794)
Administrative expenses		(13,299)	(12,079)	(40,777)	(37,184)
Other expenses		(268)	(14)	(312)	(78)
Operating profit/(loss)	9	36,169	(644)	85,582	13,170
Other gains and losses		9,979	(4,790)	6,511	(14,070)
Net remeasurement of expected credit loss		(4,786)	(773)	(5,645)	(1,580)
Share of result in joint venture		(1)	(279)	(189)	(778)
Share of result in an associate		3	(1)	2	5
Profit/(loss) before interest and taxation		41,364	(6,487)	86,261	(3,253)
Interest income		207	94	499	289
Finance costs		(4,115)	(4,345)	(12,617)	(13,198)
Profit/(loss) before tax		37,456	(10,738)	74,143	(16,162)
Tax expense	19	(9,067)	(482)	(20,306)	(4,191)
Profit/(loss) for the period	26	28,389	(11,220)	53,837	(20,353)
Other Comprehensive income					
Items that will be reclassified subsequently to profit or loss:					
Exchange difference on translating foreign operations		1,208	66	1,803	1,115
Total comprehensive income/(loss) for the period		29,597	(11,154)	55,640	(19,238)
Profit/(loss) attributable to:					
Owners of the Company		25,150	(8,086)	50,036	(10,594)
Non-controlling interests		3,239	(3,134)	3,801	(9,759)
		28,389	(11,220)	53,837	(20,353)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		25,656	(8,056)	50,792	(10,107)
Non-controlling interests		3,941	(3,098)	4,848	(9,131)
		29,597	(11,154)	55,640	(19,238)
Earning/(loss) per ordinary share (sen):					
Basic	25	3.59	(1.17)	7.17	(1.54)
Diluted	25	N/A	N/A	N/A	N/A

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2021 and the accompanying explanatory notes attached to the interim financial report.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2022	As at 30 September 2021
		RM'000	RM'000
	Note	(Unaudited)	(Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment		662,966	679,399
Right-of-use assets		89,572	85,685
Investment properties		110,849	110,849
Bearer plants		507	298
Other intangible assets		9,733	8,605
Goodwill		6,219	6,219
Interest in an associate		271	269
Investment in a joint venture		-	187
Other financial asset	22	3,186	1,872
Deferred tax assets		233	126
Total non-current assets		883,536	893,509
Current Assets			
Biological assets		102,548	85,432
Inventories		64,719	72,968
Trade and other receivables	27	210,732	193,818
Other assets		17,636	16,626
Other financial asset	22	402	-
Current tax assets		1,774	2,512
Short-term deposits with licensed banks		38,259	19,660
Cash and bank balances		70,683	49,049
Total current assets		506,753	440,065
TOTAL ASSETS		1,390,289	1,333,574
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		145,979	140,679
Treasury shares		(69)	(69)
Reserves		2,352	1,596
Retained earnings		347,831	298,331
Equity attributable to owners of the Company		496,093	440,537
Non-controlling interests		132,514	119,966
Total equity		628,607	560,503
NON-CURRENT LIABILITIES			
Provisions		1,122	1,122
Borrowings	21	210,794	235,140
Lease liabilities		11,127	9,418
Deferred revenue		190	190
Deferred tax liabilities		40,496	38,699
Total non-current liabilities		263,729	284,569

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

		As at 30 June 2022	As at 30 September 2021
		RM'000	RM'000
	Note	(Unaudited)	(Audited)
CURRENT LIABILITIES			
Trade and other payables		221,303	208,103
Provisions		1,067	1,067
Borrowings	21	263,518	274,649
Lease Liabilities		3,662	2,104
Other financial liability	22	-*	-
Deferred revenue		120	109
Current tax liabilities		8,283	2,470
Total current liabilities		497,953	488,502
TOTAL LIABILITIES		761,682	773,071
TOTAL EQUITY AND LIABILITIES		1,390,289	1,333,574
Net assets per share attributable to ordinary equity holders of the parent company (RM)		0.71	0.64

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2021 and the accompanying explanatory notes attached to the interim financial report.

CAB CAKARAN CORPORATION BERHAD (583661-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

Nine (9) Months Ended 30 June 2022

	----- Attributable to owners of the Company ----->						Non-Controlling interest RM'000	Total Equity RM'000
	←----- Non-distributable ----->			Distributable				
	Share Capital RM'000	Treasury Shares RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000		
As at 1 October 2021	140,679	(69)	82	1,514	298,331	440,537	119,966	560,503
Profit for the period	-	-	-	-	50,036	50,036	3,801	53,837
Other comprehensive income	-	-	-	756	-	756	1,047	1,803
Total comprehensive income for the period	-	-	-	756	50,036	50,792	4,848	55,640
Additional non-controlling interest arising on the acquisition of subsidiary	-	-	-	-	-	-	4,430	4,430
Issuance of ordinary shares pursuant to exchange for shares	3,300	-	-	-	-	3,300	-	3,300
Subscription of ordinary shares by non-controlling interest in a subsidiary	-	-	-	-	-	-	3,080	3,080
Private placement of new ordinary shares	2,000	-	-	-	-	2,000	-	2,000
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	(346)	(346)
Arising from increase in equity interest in a subsidiary	-	-	-	-	(536)	(536)	536	-
Balance as at 30 June 2022	145,979	(69)	82	2,270	347,831	496,093	132,514	628,607

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

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

Nine (9) Months Ended 30 June 2021

	----- Attributable to owners of the Company ----->					Total RM'000	Non- Controlling interest RM'000	Total Equity RM'000
	←----- Non-distributable ----->				Distributable			
	Share Capital RM'000	Treasury Shares RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Retained earnings RM'000			
As at 1 October 2020	140,679	(69)	82	1,149	318,519	460,360	122,312	582,672
Loss for the period	-	-	-	-	(10,594)	(10,594)	(9,759)	(20,353)
Other comprehensive income	-	-	-	487	-	487	628	1,115
Total comprehensive income/(loss) for the period	-	-	-	487	(10,594)	(10,107)	(9,131)	(19,238)
Subscription of shares by non-controlling interest in a subsidiary	-	-	-	-	-	-	13,500	13,500
Dividend paid to non-controlling interest of subsidiaries	-	-	-	-	-	-	(222)	(222)
Balance as at 30 June 2021	140,679	(69)	82	1,636	307,925	450,253	126,459	576,712

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2021 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended 30 June 2022 RM'000 (Unaudited)	9 months ended 30 June 2021 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	74,143	(16,162)
Adjustments for:		
Depreciation and amortization of non-current assets	37,955	40,326
Interest expenses	11,640	12,082
Impairment loss on receivables	5,728	1,580
Net unrealized loss/(gain) on foreign exchange	1,499	(448)
Share of result in a joint venture	189	778
Bad debts written off	189	1
Loss/(gain) on disposal of property, plant and equipment	138	(506)
Property, plant and equipment written off	43	524
(Gain)/loss on fair value adjustment of biological assets	(5,727)	13,654
Net fair value gain on derivative financial asset/ (liability)	(1,716)	-*
Reserve on consolidation	(1,310)	-
Interest revenue recognized in profit or loss	(499)	(290)
Gain on forgiven, modification and remeasurement of lease payments	(417)	(140)
Amortization of deferred revenue	(94)	(49)
Reversal of inventories written down	(47)	(20)
Reversal of impairment loss recognized on receivables	(30)	-
Dividend received	(6)	-
Share of result in an associate	(2)	(5)
Bad debt recovery	(1)	(1)
	121,675	51,324
Movement in working capital:		
Inventories	10,556	(17,056)
Biological assets	(11,389)	1,684
Trade and other receivables	(9,641)	(18,546)
Other assets	(1,404)	(173)
Trade and other payables	10,077	14,831
Deferred revenue	97	(866)
	119,971	31,198
Cash generated from operations	119,971	31,198
Interest received	286	112
Net of income tax paid and refunded	(12,048)	(8,621)
Interest paid	(11,117)	(12,340)
Interest paid on lease liabilities	(595)	(498)
	96,497	9,851
Net cash generated in operating activities	96,497	9,851

* Negligible

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	9 months ended 30 June 2022 RM'000 (Unaudited)	9 months ended 30 June 2021 RM'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash inflow on acquisition	2,436	-
Increase in other assets for acquisition of non-current assets	572	(6,173)
Proceeds from disposal of non-current assets	370	1,017
Interest received	196	177
Dividend received	6	
Payments for non-current assets	(14,124)	(16,931)
Advance to a joint venture	(2,338)	-
Payments for bearer plants	(209)	-
Net cash used in investing activities	(13,091)	(21,910)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	2,000	-
Proceeds from issuance of shares by subsidiaries to non-controlling interests	348	13,500
Repayment from a joint venture	39	-
Net change in long-term loans	(20,214)	(30,703)
Net change in short-term borrowings	(11,699)	11,959
Net change in hire-purchase	(7,598)	(7,149)
Net change in lease liabilities	(2,504)	(2,249)
Repayment to directors	(524)	(7)
Dividend paid to non-controlling interests of a subsidiary	(346)	(222)
Short-term deposits pledged as securities	(184)	(142)
Repayment to non-controlling interest of a subsidiary	(6)	-
Net cash used in financing activities	(40,688)	(15,013)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	42,718	(27,072)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	54,979	91,824
Effect of foreign exchange rate changes	660	701
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	98,357	65,453
REPRESENTED BY:-		
Short-term deposits with licensed banks	38,259	16,476
Cash and bank balances	70,683	62,391
Bank overdrafts classified as cash equivalents	(557)	(3,657)
	108,385	75,210
Less: Short-term deposits pledged as securities	(10,028)	(9,757)
	98,357	65,453

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2021 and the accompanying explanatory notes attached to the interim financial report.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 JUNE 2022

PART A : EXPLANATORY NOTES AS PER FRS 134 - INTERIM FINANCIAL REPORTING

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting issued by Malaysian Accounting Standards Board (“MASB”), International Accounting Standard (“IAS”) 34: Interim Financial Reporting issued by International Accounting Standards Board (“IASB”), paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 30 September 2021. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 September 2021.

2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the financial statements for the year ended 30 September 2021, except for the adoption of the following new Malaysian Financial Reporting Standards (MFRSs), Amendments to MFRSs and Interpretation during the current financial period.

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform Phase 2 ^(a)
Amendment to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of the above Standards and Interpretation does not have any significant impact to the Group.

Standards and IC Interpretations in issue but not yet effective

The new and revised standards and Amendments which were in issue but not yet effective and not earlier adopted by the Group are as listed below:

Amendments to MFRS 3	Reference to the Conceptual Framework (Amendments to MFRS 3) ^(a)
Amendments to MFRS 10 and MFRS128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ^(c)
Amendments to MFRS 17	Insurance Contract ^(b)
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ^(b)
Amendments to MFRS 101	Disclosure of Accounting Policies ^(b)
Amendments to MFRS 108	Definition of Accounting Estimates ^(b)
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ^(b)
Amendments to MFRS 116	Proceeds Before Intended Use ^(a)
Amendments to MFRS 137	Onerous Contracts-cost of Fulfilling a Contract ^(a)
Annual Improvements to MFRS Standards 2018-2020 ^(a)	

^(a) Effective for annual periods beginning on or after 1 January 2022

^(b) Effective for annual periods beginning on or after 1 January 2023

^(c) Effective date to be determined by the MASB

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2. Changes in Accounting Policies (Cont'd)

The Directors anticipate that the abovementioned Standards and Amendments 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 Standards and Amendments will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

3. Audit opinion

The auditors' report on the financial statements of the Group for the financial year ended 30 September 2021 was not subject to any audit qualification.

4. Seasonal or cyclical factors

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

5. Unusual items

There were no unusual nature and amount of items affecting assets, liabilities, equity, net income or cash flows of the Group in the current quarter ended 30 June 2022.

6. Material change in estimates

There were no material change in estimates of amounts reported in the prior quarter and/ or financial year that have a material effect on the Group in the current quarter ended 30 June 2022.

7. Changes in debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities by the Company for the period ended 30 June 2022 save as below:

	No of shares
Issued and paid up capital including treasury shares as at October 1, 2021	690,508,742
Shares exchange (refer to Note 12 (i))	7,500,000
Private placement (refer to Note 20 (ii))	3,884,000
Issued and paid up capital including treasury shares as at June 30, 2022	<u>701,892,742</u>

At the Annual General Meeting of the Company held on 24 March 2022, the shareholders of the Company had approved the Proposed Renewal of Share Buy Back Authority for the Company to purchase its own ordinary shares as may be determined by the Directors of the Company up to a maximum of 10% of the issued and paid up capital of the Company. The mandate will expire upon the conclusion of the next Annual General Meeting of the Company.

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

As at 30 June 2022, a total of 545,500 shares were repurchased and held as treasury shares and carried at cost of RM69,304.

8. Dividends paid

There were no dividends paid during the current year to date.

9. Segmental information

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

	Investment holding RM'000	Integrated poultry RM'000	Supermarket RM'000	Drone RM'000	Fast Food RM'000	Eliminations RM'000	Consolidated RM'000
Three (3) Months ended 30 June 2022							
Segment revenue							
External revenue	-	451,105	37,112	104	381	-	488,702
Inter-segment revenue	91	5,965	6	-	136	(6,198)	-
Total revenue	91	457,070	37,118	104	517	(6,198)	488,702
Segment results	(516)	37,878	692	(469)	20	(1,436)	36,169
Nine (9) Months ended 30 June 2022							
Segment revenue							
External revenue	-	1,349,357	108,038	104	1,276	-	1,458,775
Inter-segment revenue	564	15,627	7	-	477	(16,675)	-
Total revenue	564	1,364,984	108,045	104	1,753	(16,675)	1,458,775
Segment results	(1,009)	91,314	2,099	(469)	88	(6,441)	85,582
As at 30 June 2022							
Segment assets	129,833	1,271,240	31,866	3,617	1,097	(87,630)	1,350,023
Interest revenue producing assets							38,259
Income tax assets							2,007
Consolidated total assets							1,390,289
Segment liabilities	122	218,600	19,386	167	321	(5)	238,591
Borrowings							474,312
Income tax liabilities							48,779
Consolidated total liabilities							761,682

(FORWARD)

9. Segmental information (Cont'd)

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

	Investment holding RM'000	Integrated poultry RM'000	Supermarket RM'000	Fast Food RM'000	Eliminations RM'000	Consolidated RM'000
Three (3) Months ended 30 June 2021						
Segment revenue						
External revenue	-	395,483	36,034	185	-	431,702
Inter-segment revenue	83	4,135	3	135	(4,356)	-
Total revenue	83	399,618	36,037	320	(4,356)	431,702
Segment results	(202)	158*	1,219	(96)	(1,723)*	(644)*
Nine (9) Months ended 30 June 2021						
Segment revenue						
External revenue	-	1,207,905	100,916	835	-	1,309,656
Inter-segment revenue	1,460	11,880	3	454	(13,797)	-
Total revenue	1,460	1,219,785	100,919	1,289	(13,797)	1,309,656
Segment results	483	18,491*	1,922	(279)	(7,447)*	13,170*
As at 30 June 2021						
Segment assets	154,370	1,277,423	30,291	987	(117,972)	1,345,099
Interest revenue producing assets						16,476
Income tax assets						1,934
Consolidated total assets						1,363,509
Segment liabilities	137	219,112	18,473	175	(5)	237,892
Borrowings						506,426
Income tax liabilities						42,479
Consolidated total liabilities						786,797

* The segment results have been reclassified to conform to current quarter presentation

(FORWARD)

9. Segmental information (Cont'd)

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

	Three (3) Months ended 30 June 2022		Nine (9) Months ended 30 June 2022	
	RM'000	%	RM'000	%
Revenue				
By Geographical Locations				
Malaysia	424,943	86.95	1,269,613	87.03
Singapore	60,645	12.41	178,005	12.20
Others	3,114	0.64	11,157	0.77
Consolidated	<u>488,702</u>	<u>100.00</u>	<u>1,458,775</u>	<u>100.00</u>

The Directors are of the opinion that all inter-segment transfers have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. Those transfers are eliminated on consolidation.

10. Valuation of property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. There were no revaluation of property, plant and equipment for the current quarter under review.

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

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

There were no material events which have occurred subsequent to the end of current quarter ended 30 June 2022 until the date of the interim financial report.

12. Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial year up to the quarter under review save as below:-

- i) on 21 October 2021, the Company has announced an issuance of 7,500,000 new ordinary shares of the Company in exchange for 1,273,980 ordinary shares in Benarlab Sdn. Bhd. ("Benarlab"), representing 51% of the issued and paid up share capital of Benarlab, for a total purchase consideration of RM3,300,000. In consequent thereof, Benarlab, became a 51% owned subsidiary of the Company.

Subsequently on 23 February 2022, Benarlab increased its issued and fully paid up share capital from RM2,498,000 to RM2,800,000 by the issuance of 302,000 new ordinary shares. The Company has subscribed for the additional 154,020 ordinary shares in Benarlab by way of cash injection. Accordingly, the Group's interest in Benarlab remains unchanged.

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

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

- ii) 28 February 2022, a 58.23% owned subsidiary, Ayamlikes Food Processing Sdn. Bhd. ("ALFP") (formerly known as Ayam Kempas Food Industries Sdn. Bhd.) increased its issued share capital from RM6,500,000 to RM10,000,000 by way of allotment and issuance of 3,500,000 new ordinary shares for a total consideration of RM3,500,000 to the following allottees.

Shareholders' name	No. of ordinary shares	
	Before	After
CAB Cakaran Sdn. Bhd. ("CABC"), a wholly-owned subsidiary of the Company	2,000,000	3,100,000
CAB Cakaran Southern Sdn. Bhd., a 51% owned subsidiary of CABC	3,500,000	5,700,000
Sia Hui Chen	1,000,000	1,200,000
	<u>6,500,000</u>	<u>10,000,000</u>

Accordingly, the equity interest of the Company in ALFP increased from 58.23% to 60.07%.

- iii) On 28 April 2022, CAB Amesist Biomass Generation Sdn. Bhd., a wholly-owned subsidiary of the Company, transferred its entire 2 ordinary shares in Dronexcel Sdn. Bhd. (formerly known as CAB Econation Renewable Energy Sdn. Bhd.) ("Dronexcel") to the Company. Accordingly, Dronexcel became a wholly-owned subsidiary of the Company.

Subsequently on 31 May 2022, Dronexcel increased its issued share capital from RM2 to RM3,921,569 by issuance of 3,921,567 new ordinary shares. The Company has subscribed for 1,999,998 ordinary share by way of cash injection. Consequently the Company interest in Dronexcel decreased from 100% to 51%.

- iv) On 9 June 2022, a 53.04% owned subsidiary, Farm's Best Food Industries Sdn. Bhd. ("FBFI) increased its issued share capital from RM110,000,000 to RM111,800,000 by the issuance of 1,800,000 new ordinary shares. The Company and Tong Huat Poultry Processing Factory Pte. Ltd., a 51% owned subsidiary of the Company have subscribed for the additional 918,000 and 72,000 ordinary share respectively by way of converting the amount owing by FBFI amounting to RM990,000 into ordinary share.

Accordingly, the Group's interest in FBFI remains unchanged.

13. Changes in contingent liabilities and assets

As at 30 June 2022, the Company had issued corporate guarantees of RM856.94 million (30 June 2021: RM833.07 million) as security to financial institutions and suppliers for banking facilities and/ or credit terms respectively, granted to its subsidiary companies.

14. Capital commitments

The capital commitments of the Group as at 30 June 2022 are as follows:-

	RM'000
Property, plant and equipment:	
Approved and contracted for	23,415
Authorised but not contracted for	31,022
	<u>54,437</u>

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 JUNE 2022

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

15. Review of performance

For the third quarter ended 30 June 2022, the Group recorded revenue of RM488.70 million, representing an increase of about 13% over the prior year corresponding quarter's revenue of RM431.70 million. The higher revenue was mainly due to higher sales achieved by all the division especially the integrated poultry division.

The integrated poultry division recorded an increase in revenue by 14.38% as compared to prior year corresponding quarter. This was due primarily to the higher average selling price of further processing products and broiler. The average selling price of broiler was RM6.10 per kg in the quarter under reviewed as compared to RM4.86 per kg in the previous corresponding quarter. Despite the higher feed cost, this division recorded a profit from operation of RM37.88 million during the quarter under review as a result of the 25.5% increase in the average selling price of broilers.

The supermarket division achieved a higher revenue of RM37.12 million due to the higher sales generated by its outlets. Despite the higher revenue, this division recorded a lower profit from operation of RM0.69 million. This was mainly due to increase in the operating cost such as higher wages which resulted in decreased in margin of the division.

Following the relaxation of movement restriction, the business for the fast-food division also showed a recovery since first quarter. In tandem with the higher revenue recorded, it recorded a profit from operation of RM0.02 million as compared to a loss from operation of RM0.10 million in prior year corresponding quarter.

During the quarter, the Group has diversified its business into the provision of drone related services for the oil palm sector. The drone division contributed a revenue of RM0.10 million in the third quarter result. This division recorded a loss of RM0.47 million due to the high start-up cost.

16. Comment on variation of results against immediate preceding quarter

The comparison of the Group's revenue and profit before taxation for the current quarter and preceding quarter is summarised as follows:-

	FYE2022 Quarter 3 RM'000 (Unaudited)	FYE2022 Quarter 2 RM'000 (Unaudited)	Variance RM'000	%
Revenue	488,702	475,864	12,838	2.70
Profit before taxation	37,456	7,687	29,769	
(Gain)/loss on fair value adjustment of biological assets	(10,275)	5,456	(15,731)	
Subsidies on chicken	(3,816)	-	(3,816)	
Adjusted profit before taxation	23,365	13,143	10,222	77.78

For the current quarter ended 30 June 2022 the Group achieved a higher revenue and profit before taxation as compared to previous quarter. The higher revenue was mainly due to the higher sales of processed chicken and further processed products.

Excluding the gain or loss on fair value adjustment of biological assets and the subsidies on chicken received from the government, the group recorded an increase of 77.78% in profit before tax. The shortage of chicken in the market has pushed up the selling price of chicken based products. Increased in selling price of most of the further processed products of the Group and the high selling price of broiler has resulted in the increase in the profit of the Group.

17. Commentary on prospects

The integrated poultry division will continue to face major challenges due to the increase in cost of raw material for chicken feed as well as shortages in manpower. Following the Government's imposed ban on export of chicken, the supply of chicken in Malaysia has stabilized and the selling price of broilers has dropped below the ceiling price in July 2022. This is expected to have an adverse effect on the Group's profitability in the next quarter. However, the subsidies for chicken will help to cushion the decrease in profit of the Group.

Despite the weaker Ringgit Malaysia, the recent decrease in the price of corn and soya bean has stabilised the feed price of chicken. The management is of the view that the Government will likely maintain the export ban on broilers as well as the ceiling price of chicken. Consequently, the selling price of chicken is expected to be maintained and with the continuing subsidy by the government the cost of production is expected to be maintained at current level. Therefore, despite the challenges faced by the Group, the management is confident that the integrated poultry division will continue to be the main contributor to the Group's profit.

18. Variance of actual profit from profit forecast

Not applicable as no profit forecast was published.

19. Tax expense

	3 months ended		9 months ended	
	30.06.22 RM'000	30.06.21 RM'000	30.06.22 RM'000	30.06.21 RM'000
Current taxation				
- Current	7,016	2,689	18,057	8,939
- Prior year	341	283	510	302
	7,357	2,972	18,567	9,241
Deferred taxation	1,710	(2,490)	1,739	(5,050)
	9,067	482	20,306	4,191

For the current quarter under review, the Group made provision for the current year taxation as business profit of certain subsidiary companies cannot be offset against the business loss of other subsidiary companies.

20. Corporate proposals

There were no corporate proposals announced but not completed in the current quarter ended 30 June 2022 and up to the date of this interim financial report save as below.

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

(FORWARD)

20. Corporate proposals (Cont'd)

There were no corporate proposals announced but not completed in the current quarter ended 30 June 2022 and up to the date of this interim financial report save as below. (Cont'd)

- ii) On 16 July 2021, the Company had proposed to undertake a private placement of up to 10% of the total number of issued shares of the Company (“CAB Shares”) and the Company had at its AGM convened on 25 March 2021, obtained the approval from the shareholders, whereby the Board had been authorized to issue and allot new CAB Shares pursuant to Sections 75 and 76 of the Act.

On 23 August 2021 and 16 February 2022, the listing application for the Proposal for up to 69,800,874 placement shares to be issued pursuant to the private placement had been approved and granted an extension of time to complete the implementation of the Private Placement till 22 August 2022 by Bursa Malaysia Securities Berhad.

Subsequently on 29 April 2022, 3,884,000 shares of the Company has listed and quoted on the Main Market of Bursa Securities at the price of RM0.515 each. As at the date of this report, the said proceed has been utilized as follows:

Proposed utilisation	Proposed Utilisation RM'000	Revised Utilisation RM'000	Actual Utilisation RM'000	Balance RM,000	Estimated timeframe for use from the placement date
Working Capital	1,700	1,848*	1,848	-	Within 12 months
Estimated placement expenses	300	152*	152	-	Upon completion
	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>	

* The actual placement expenses were lower than the estimated. As such, the unutilized balance of proceeds of RM148,000 which was allocated for placement expenses has been utilized for working capital of the Group.

The private placement has lapsed on 22 August 2022, which marks the completion of the proposal.

21. Group borrowings and debt securities

The Group's total bank borrowings as at 30 June 2022 are as follows:-

	As at 30 June 2022			As at 30 September 2021		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
Short-term borrowings:						
Bankers' acceptances	153,014	57,481	210,495	141,858	67,396	209,254
Term loans	35,886	3,910	39,796	32,941	3,744	36,685
Hire purchase payables	9,505	-	9,505	9,622	-	9,622
Fixed advance facilities	-	3,165	3,165	-	-	-
Bank overdrafts	164	393	557	3,854	34	3,888
Revolving credit	-	-	-	4,000	11,200	15,200
Sub-total	<u>198,569</u>	<u>64,949</u>	<u>263,518</u>	<u>192,275</u>	<u>82,374</u>	<u>274,649</u>
Long-term borrowings:						
Term loans	194,295	8,402	202,697	210,833	11,025	221,858
Hire purchase payables	8,097	-	8,097	13,282	-	13,282
Sub-total	<u>202,392</u>	<u>8,402</u>	<u>210,794</u>	<u>224,115</u>	<u>11,025</u>	<u>235,140</u>
Total borrowings	<u>400,961</u>	<u>73,351</u>	<u>474,312</u>	<u>416,390</u>	<u>93,399</u>	<u>509,789</u>

The Group's total borrowings decreased to RM474.31 million during the quarter under review as compared to RM509.79 million recorded in the financial year ended 30 September 2021 mainly due to the repayment of revolving credit and term loan.

(FORWARD)

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

		As at 30 June 2022		As at 30 September 2021	
		Foreign Currency '000	RM Equivalent '000	Foreign Currency '000	RM Equivalent '000
Short Term Borrowing					
Secured	RM		187,971	RM	184,541
Unsecured	RM		57,874	RM	78,630
Secured	USD	1,689	7,440	USD	5,192
Unsecured	SGD	2,235	7,075	SGD	3,744
Secured	SGD	997	3,158	SGD	2,542
			263,518		
				274,649	
Long Term Borrowing					
Secured	RM		131,975	RM	154,616
Secured	SGD	14,303	45,278	SGD	39,839
Secured	USD	5,705	25,139	USD	29,660
Unsecured	SGD	2,654	8,402	SGD	11,025
			210,794		
				235,140	
Total Borrowing					
Secured	RM		319,946	RM	339,157
Unsecured	RM		57,874	RM	78,630
Secured	SGD	15,300	48,436	SGD	42,381
Secured	USD	7,394	32,579	USD	34,852
Unsecured	SGD	4,889	15,477	SGD	14,769
			474,312		
				509,789	

22. Derivative financial instruments

The derivative financial asset as at 30 June 2022 are carried at fair value through profit or loss as follows:

Financial instruments	Contracted Amount RM'000	Net Fair Value Gain/(Loss) RM'000
Cross Currency Interest Rate Swap Contracts:		
Purchase Contracts - More than 1 year	27,800	3,186
Purchase Contracts - Less than 1 year	10,230	402
Forward Foreign Exchange Contract:		
Sales Contract - Less than 1 year	1,067	-*

* Negligible

For the quarter ended 30 June 2022, there have been no significant changes to the Group's exposure to credit risk, market risk, liquidity risk and foreign currency risk from the previous financial year. The Group's financial risk management objectives or policies have also not been changed since the previous financial year.

23. Changes in material litigation

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

24. Proposed Dividend

No any other interim dividend has been declared during the current quarter ended 30 June 2022

25. Basic earning/(loss) per ordinary share

The basic earning/(loss) per ordinary share is calculated based on the Group's net profit/(loss) attributable to ordinary shareholders over the weighted average number of ordinary shares in issue as follows:-

	Current Period Quarter 30 June 2022	Prior Period Quarter 30 June 2021	Current Year To Date 30 June 2022	Preceding Year To Date 30 June 2021
Net profit/(loss) attributable to shareholders (RM'000)	25,150	(8,086)	50,036	(10,594)
Basic				
Weighted average number of ordinary shares in issue ('000)	700,195	689,963	697,852	689,963
Basic earning/(loss) per ordinary share (sen)	3.59	(1.17)	7.17	(1.54)

26. Profit/(loss) for the period

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

	3 months ended		9 months ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
After charging/(crediting):-				
Depreciation and amortization of non-current assets	12,782	13,251	37,955	40,326
Impairment loss on receivables	4,869	773	5,728	1,580
Interest expenses	3,800	3,970	11,640	12,082
Net unrealized loss/(gain) on foreign exchange	1,465	(75)	1,499	(448)
Loss/(gain) on disposal of property, plant and equipment	46	(8)	138	(506)
Property, plant and equipment written off	31	213	43	524
Inventories written down/(reversal of inventories written down)	17	(7)	(47)	(20)
Share of result in a joint venture	1	279	189	778
Bad debt written off	1	-*	189	1
(Gain)/loss on fair value adjustment of biological assets	(10,275)	4,311	(5,727)	13,654
Net fair value (gain)/loss on derivative financial asset/ (liability)	(1,613)	64	(1,716)	-*
Interest revenue recognized in profit or loss	(207)	(95)	(499)	(290)
Gain on forgiven, modification and remeasurement of lease payments	(80)	(8)	(417)	(140)
Amortization of deferred revenue	(35)	(16)	(94)	(49)
Share of result in an associate	(3)	1	(2)	(5)
Reserve on consolidation	-	-	(1,310)	-
Reversal of impairment loss recognized on receivables	-	-	(30)	-
Dividend received	-	-	(6)	-
Bad debt recovery	-	-	(1)	(1)

* Negligible

27. Trade Receivables

	As at 30 June 2022 RM'000 (Unaudited)	As at 30 September 2021 RM'000 (Audited)
Trade receivables:		
Third parties	205,033	196,310
Related parties	12,831	6,361
Less: Allowance for impairment losses	(27,592)	(21,765)
Trade receivable, net	190,272	180,906
Other receivables:		
Third parties	18,406	13,279
Related parties	2,919	474
Less: Allowance for impairment losses	(865)	(841)
Other receivable, net	20,460	12,912
Total trade and other receivables	210,732	193,818

Amounts owing by related parties are as follows:

	As at 30 June 2022 RM'000 (Unaudited)	As at 30 September 2021 RM'000 (Audited)
Included in trade receivables:		
YWT Contract Farming	5,114	2,481
Sinmah Poultry Processing (S) Pte. Ltd.	1,936	1,196
Maju Jaya Farm	1,855	328
Aqina Farming Sdn. Bhd.	1,735	1,656
Chyuan Heng Farming Sdn. Bhd.	906	125
Nulab Sdn. Bhd.	765	-
Shin Salim Japan Co. Ltd.	311	392
Sinmah Food Services (S) Pte. Ltd.	162	131
Chuah Ah Chui	22	7
Unisetali Sdn. Bhd.	20	9
Jaya Gading Marketing	5	32
Toh York Mue	-	4
	12,831	6,361
Included in other receivables:		
Singapore Poultry Hub Pte. Ltd.	2,849	461
OTO Agriculture Marketing Sdn. Bhd.	51	-
YWT Contract Farming	17	-
Asiawe Resources Sdn. Bhd.	1	1
Maju Jaya Farm	1	2
Chyuan Heng Farming Sdn. Bhd.	-*	-
Kebun Ngohoch (PW) Sdn. Bhd.	-*	-*
Unisetali Sdn. Bhd.	-	10
	2,919	474

* Negligible

(FORWARD)

27. Trade Receivables (Cont'd)

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

Ageing of trade receivables:

	As at 30 June 2022 RM'000 (Unaudited)	As at 30 September 2021 RM'000 (Audited)
Not past due	146,949	128,404
Number of days past due:		
1 - 30 days	20,642	26,179
31 - 60 days	5,224	8,758
61 - 90 days	3,033	4,349
Over 91 days	14,424	13,216
Total	<u>190,272</u>	<u>180,906</u>

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

29. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution dated 30 August 2022.