

CAB CAKARAN CORPORATION BERHAD
(200201015998) (583661-W)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED
30 JUNE 2023

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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	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	9	560,727	488,702	1,688,921	1,458,775
Cost of sales		(487,477)	(431,514)	(1,480,818)	(1,304,589)
Gross profit		73,250	57,188	208,103	154,186
Investment revenue		91	103	275	317
Other income		8,291	7,787	51,496	17,935
Marketing and selling expenses		(20,000)	(15,342)	(56,718)	(45,767)
Administrative expenses		(12,469)	(13,299)	(37,765)	(40,777)
Other expenses		(69)	(268)	(130)	(312)
Operating profit	9	49,094	36,169	165,261	85,582
Other gains and losses		(244)	9,979	8,670	6,511
Net remeasurement of expected credit loss		(838)	(4,786)	(3,910)	(5,645)
Share of result in joint venture		-	(1)	(59)	(189)
Share of result in an associate		5	3	11	2
Profit before interest and taxation		48,017	41,364	169,973	86,261
Interest income		582	207	1,339	499
Finance costs		(5,046)	(4,115)	(15,165)	(12,617)
Profit before tax		43,553	37,456	156,147	74,143
Tax expense	19	(8,220)	(9,067)	(27,930)	(20,306)
Profit for the period	26	35,333	28,389	128,217	53,837
Other Comprehensive income					
Items that will be reclassified subsequently to profit or loss:					
Exchange difference on translating foreign operations		2,018	1,208	3,390	1,803
Total comprehensive income for the period		37,351	29,597	131,607	55,640
Profit attributable to:					
Owners of the Company		26,149	25,150	96,542	50,036
Non-controlling interests		9,184	3,239	31,675	3,801
		35,333	28,389	128,217	53,837
Total comprehensive income attributable to:					
Owners of the Company		26,935	25,656	97,867	50,792
Non-controlling interests		10,416	3,941	33,740	4,848
		37,351	29,597	131,607	55,640
Earning per ordinary share (sen):					
Basic	25	3.73	3.59	13.77	7.17
Diluted	25	3.70	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 2022 and the accompanying explanatory notes attached to the interim financial report.

CAB CAKARAN CORPORATION BERHAD (200201015998) (583661-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2023	As at 30 September 2022
		RM'000	RM'000
ASSETS	Note	(Unaudited)	(Audited)
Non-Current Assets			
Property, plant and equipment		653,324	661,658
Right-of-use assets		88,541	89,971
Investment properties		114,034	114,034
Bearer plants		557	527
Other intangible assets		8,360	9,392
Goodwill		6,219	6,219
Interest in an associate		286	274
Investment in a joint venture		-	58
Other financial asset	22	1,473	375
Deferred tax assets		4,488	4,475
Total non-current assets		877,282	886,983
Current Assets			
Biological assets		116,332	108,450
Inventories		81,566	79,814
Trade and other receivables	27	248,792	202,083
Other assets		19,630	20,497
Other financial asset	22	425	4,466
Current tax assets		2,305	1,788
Short-term deposits with licensed banks		71,580	43,351
Cash and bank balances		98,210	76,526
Total current assets		638,840	536,975
TOTAL ASSETS		1,516,122	1,423,958
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		145,979	145,979
Treasury shares		(69)	(69)
Reserves		4,107	2,782
Retained earnings		452,057	355,515
Equity attributable to owners of the Company		602,074	504,207
Non-controlling interests		161,387	127,992
Total equity		763,461	632,199
NON-CURRENT LIABILITIES			
Provisions		1,122	1,122
Borrowings	21	184,613	207,555
Lease liabilities		8,811	10,736
Deferred revenue		124	173
Deferred tax liabilities		48,766	47,630
Total non-current liabilities		243,436	267,216

(FORWARD)

CAB CAKARAN CORPORATION BERHAD (200201015998) (583661-W)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

		As at 30 June 2023	As at 30 September 2022
		RM'000	RM'000
	Note	(Unaudited)	(Audited)
CURRENT LIABILITIES			
Trade and other payables		245,696	238,979
Provisions		1,764	1,764
Borrowings	21	244,391	272,903
Lease Liabilities		2,953	4,059
Deferred revenue		127	106
Current tax liabilities		14,294	6,732
Total current liabilities		509,225	524,543
TOTAL LIABILITIES		752,661	791,759
TOTAL EQUITY AND LIABILITIES		1,516,122	1,423,958
Net assets per share attributable to ordinary equity holders of the parent company (RM)		0.86	0.72

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 2022 and the accompanying explanatory notes attached to the interim financial report.

CAB CAKARAN CORPORATION BERHAD (200201015998) (583661-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

Nine (9) Months Ended 30 June 2023

	----- 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 2022	145,979	(69)	82	2,700	355,515	504,207	127,992	632,199
Profit for the period	-	-	-	-	96,542	96,542	31,675	128,217
Other comprehensive income	-	-	-	1,325	-	1,325	2,065	3,390
Total comprehensive income for the period	-	-	-	1,325	96,542	97,867	33,740	131,607
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	(345)	(345)
Balance as at 30 June 2023	145,979	(69)	82	4,025	452,057	602,074	161,387	763,461

(FORWARD)

CAB CAKARAN CORPORATION BERHAD (200201015998) (583661-W)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)
(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

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 2022 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended 30 June 2023 RM'000 (Unaudited)	9 months ended 30 June 2022 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	156,147	74,143
Adjustments for:		
Depreciation and amortization of non-current assets	42,950	37,955
Interest expenses	14,197	11,640
Impairment loss recognized on receivables	3,981	5,728
Net fair value loss/(gain) on derivative financial asset/ (liability)	2,943	(1,716)
Bad debt written off	162	189
Property, plant and equipment written off	128	43
Deposit written off	94	-
Share of result in a joint venture	59	189
Inventories written off	20	-
Gain on fair value adjustment of biological assets	(6,891)	(5,727)
Net unrealized (gain)/loss on foreign exchange	(4,596)	1,499
(Gain)/loss on disposal of property, plant and equipment	(2,128)	138
Interest revenue recognized in profit or loss	(1,339)	(499)
Amortization of deferred revenue	(115)	(94)
Gain on forgiven, termination and remeasurement of lease payments	(70)	(417)
Reversal of inventories written down	(36)	(47)
Reversal of impairment loss recognized on receivables	(17)	(30)
Share of result in an associate	(11)	(2)
Gain for bargain purchase	-	(1,310)
Dividend received	-	(6)
Bad debt recovery	-	(1)
Operating profit before changes in working capital	205,478	121,675
Movement in working capital:		
Inventories	(1,110)	10,556
Biological assets	(991)	(11,389)
Trade and other receivables	(49,089)	(9,641)
Other assets	1,748	(1,404)
Trade and other payables	4,910	10,077
Deferred revenue	72	97
Cash generated from operations	161,018	119,971
Interest received	1,026	286
Net of income tax (paid) and refunded	(19,808)	(12,048)
Interest paid	(13,570)	(11,117)
Interest paid on lease liabilities	(552)	(595)
Net cash generated in operating activities	128,114	96,497
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of non-current assets	8,910	370
Repayment from/(advance to) a joint venture	986	(2,338)
Interest received	289	196
Payments for non-current assets	(26,045)	(14,124)
(Increase)/decrease in other assets for acquisition of non-current assets	(768)	572
Payments for right-of-used assets	(31)	-
Payments for bearer plants	(30)	(209)
Net cash inflow on acquisition	-	2,436
Dividend received	-	6
Net cash used in investing activities	(16,689)	(13,091)

(FORWARD)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	9 months ended 30 June 2023 RM'000 (Unaudited)	9 months ended 30 June 2022 RM'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term deposits pledged as securities	980	(184)
Advance from/(repayment to) directors	172	(524)
Advance from a joint venture	93	39
Advance from/(repayment to) non-controlling interest of a subsidiary	85	(6)
Net change in short-term borrowings	(25,958)	(11,699)
Net change in long-term loans	(24,735)	(20,214)
Net change in hire-purchase	(7,474)	(7,598)
Net change in lease liabilities	(3,108)	(2,504)
Dividend paid to non-controlling interests of a subsidiary	(345)	(346)
Proceeds from private payment	-	2,000
Proceeds from issuance of shares by subsidiaries to non-controlling interests	-	348
Net cash used in financing activities	(60,290)	(40,688)
NET INCREASE IN CASH AND CASH EQUIVALENTS	51,135	42,718
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	107,677	54,979
Effect of foreign exchange rate changes	1,665	660
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	160,477	98,357
REPRESENTED BY:-		
Short-term deposits with licensed banks	71,580	38,259
Cash and bank balances	98,210	70,683
Bank overdrafts classified as cash equivalents	(171)	(557)
	169,619	108,385
Less: Short-term deposits pledged as securities	(9,142)	(10,028)
	160,477	98,357

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 2022 and the accompanying explanatory notes attached to the interim financial report.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 JUNE 2023

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 2022. 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 2022.

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 2022, 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 3	Reference to the Conceptual Framework (Amendments to MFRS 3)
Amendments to MFRS 116	Proceeds Before Intended Use
Amendments to MFRS 137	Onerous Contracts-cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018-2020	

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 7 and MFRS107	Supplier finance arrangement ^(b)
Amendments to MFRS 10 and MFRS128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ^(c)
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback ^(b)
Amendments to MFRS 17	Insurance Contract ^(a)
Amendments to MFRS 17	Initial application of MFRS 17 and MFRS 9 –Comparative information ^(a)
Amendments to MFRS 101	Disclosure of Accounting Policies ^(a)
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ^(b)
Amendments to MFRS 101	Non-current Liabilities with Covenant ^(b)
Amendments to MFRS 108	Definition of Accounting Estimates ^(a)
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ^(a)
Amendments to MFRS 112	International Tax Reform: Pillar Two Model Rules ^(b)

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

^(b) Effective for annual periods beginning on or after 1 January 2024

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

(FORWARD)

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 2022 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 2023.

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 2023.

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 2023.

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 2023, 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	Fast Food RM'000	Drone Service RM'000	Eliminations RM'000	Consolidated RM'000
Three (3) Months ended 30 June 2023							
Segment revenue							
External revenue	-	523,925	36,415	314	73	-	560,727
Inter-segment revenue	87	5,824	7	135	-	(6,053)	-
Total revenue	87	529,749	36,422	449	73	(6,053)	560,727
Segment results	(436)	51,089	(246)	(84)	(241)	(988)	49,094
Nine (9) Months ended 30 June 2023							
Segment revenue							
External revenue	-	1,581,958	105,430	1,190	343	-	1,688,921
Inter-segment revenue	6,067	17,937	7	471	-	(24,482)	-
Total revenue	6,067	1,599,895	105,437	1,661	343	(24,482)	1,688,921
Segment results	4,722	176,070	548	(68)	(566)	(15,445)	165,261
As at 30 June 2023							
Segment assets	124,016	1,366,179	38,740	1,285	3,177	(95,648)	1,437,749
Interest revenue producing assets							71,580
Income tax assets							6,793
Consolidated total assets							1,516,122
Segment liabilities	118	239,359	20,675	183	267	(5)	460,597
Borrowings							429,004
Income tax liabilities							63,060
Consolidated total liabilities							752,661

(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	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 geographical locations of the Group is as follows:-

Revenue	Three (3) Months ended		Nine (9) Months ended	
	30 June 2023		30 June 2023	
By Geographical Locations	RM'000	%	RM'000	%
Malaysia	487,647	86.97	1,477,412	87.48
Singapore	71,595	12.77	206,632	12.23
Others	1,485	0.26	4,877	0.29
Consolidated	<u>560,727</u>	<u>100.00</u>	<u>1,688,921</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 2023 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:

- On 6 July 2023, Kyros International Sdn. Bhd. ("KISB"), a wholly-owned subsidiary of the Company has incorporated a new subsidiary Company, Kyros Trademark Sdn. Bhd. ("KTSB") in Malaysia. The initial issued and paid up capital of KTSB was RM100 divided into 100 ordinary shares. KISB subscribed for the 75 ordinary shares by way of cash. Consequently, KTSB became a 75% owned subsidiary of the Group.
- On 24 August 2023, CAB Marine Sdn. Bhd., a wholly-owned subsidiary of the Company, has submitted application to the Companies Commission of Malaysia for striking off pursuant to Section 550 of the Companies Act 2016.

13. Changes in contingent liabilities and assets

As at 30 June 2023, the Company had issued corporate guarantees of RM909.43 million (30 June 2022: RM856.94 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 2023 are as follows:-

	RM'000
Property, plant and equipment:	
Approved and contracted for	27,178
Authorised but not contracted for	33,239
	<u>60,417</u>

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 JUNE 2023

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 2023, the Group recorded revenue of RM560.73 million, representing an increase of about 14.74% over the prior year corresponding quarter's revenue of RM488.70 million. The higher revenue was mainly due to higher sales achieved by the integrated poultry division.

The integrated poultry division recorded an increase in revenue by 15.90% as compared to prior year corresponding quarter. This was due primarily to the higher sales generated from chick, feed, processed chicken and most of the further processed food products. In tandem with the higher sales coupled with the subsidies from the government, this division recorded a higher profit from operation of RM51.09 million during the quarter under review.

The supermarket division recorded a decrease in revenue to RM36.42 million and suffered a small loss from operation of RM0.25 million in the current quarter under review as compared to a profit from operation in prior year corresponding quarter. This was mainly due to the lower sales and margin achieved by most of the outlets during the quarter under review.

The fast-food division recorded a lower revenue to RM0.45 million, it recorded a loss from operation of RM0.08 million mainly due to higher cost of goods as compared to prior year corresponding quarter.

16. Comment on variation of results against immediate preceding quarter

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

	FYE2023 Quarter 3 RM'000 (Unaudited)	FYE2023 Quarter 2 RM'000 (Unaudited)	Variance RM'000	%
Revenue	560,727	570,889	(10,162)	(1.78)
Profit before tax	43,553	45,012	(1,459)	
Subsidies on chicken	(2,663)	(11,752)	(9,089)	
Gain on disposal of property, plant and equipment	(1,919)	(27)	1,892	
Loss on fair value adjustment of biological assets	2,157	2,225	(68)	
Adjusted profit before tax	41,128	35,458	5,670	15.99

For the current quarter ended 30 June 2023 the Group achieved a lower revenue as compared to previous quarter, mainly due to the decrease in the sales from processed chicken. Despite the Group achieving a lower sale, an increase in the selling price of chick and coupled with the decrease in the cost of feed have resulted in a higher profit before tax.

17. Commentary on prospects (Cont'd)

The local poultry industry has managed to increase production output after the Covid pandemic and the arrival of foreign workers since October last year, However, the industry will need more time to be able to return to the pre-Coved period.

Nevertheless, the local poultry industry will continue to face challenges such as the increase in the cost of production, outbreak of diseases, changes in weather condition and the government's price control policy.

Although the price of raw material for feed has decreased over the past few months, the uncertainty of feed cost still persist due to the El Nino condition and the latest development in the Black Sea grain deal which Russia has refused to extend. Both these factors will have a bearing on grain output and the availability of supply to countries outside of Ukraine.

The demand for chicken meat is expected to remain high whilst the selling price of broiler will continue to be maintained as the Government has decided to continue with the provision of subsidies with price control for chicken and eggs after 1 July 2023.

Premised on the above, and barring any unforeseen circumstances, the Board is optimistic about the prospects of the Group over the next quarter. The Board will continue to monitor and review the performance and progress of the Group's operations and financial position.

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	
	30.06.23 RM'000	30.06.22 RM'000	30.06.23 RM'000	30.06.22 RM'000
Current taxation				
- Current	8,193	7,016	27,414	18,057
- Prior year	(554)	341	(597)	510
	7,639	7,357	26,817	18,567
Deferred taxation	581	1,710	1,113	1,739
	8,220	9,067	27,930	20,306

The effective tax rate for the financial period is lower than statutory income tax rate mainly due to availability of tax credit.

20. Corporate proposals and utilization of proceeds

a) Warrants

At the Extraordinary General Meeting of the Company held on 10 May 2023, the shareholders of the Company had approved the bonus issue of up to 233,964,247 warrants on the basis of one warrant for every three existing ordinary shares in the Company.

A total of 233,781,206 free warrants were issued on 1 June 2023 and listed on the Main Market of Bursa Malaysia Securities Berhad on 7 June 2023 with a 5 years' exercise period and each warrant carries the entitlement to subscribe for one new CAB Share at the exercise price of RM0.63 per warrant. The maturity date for the warrants is on the 31 May 2028.

As at 30 June 2023 no warrants have been converted into shares and the number of outstanding unexercised warrants is 233,781,206.

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

b) Corporate proposal not completed

There were no corporate proposals announced but not completed in the current quarter ended 30 June 2023 and up to the date of this interim financial report save as below.

On 1 November 2017, CABINDO Poultry Sdn Bhd ("CABINDO"), a wholly-owned subsidiary of the Company had entered into a Joint Venture Agreement with PT Ternak Ayam Terpadu Indonesia ("PT"), to form several Joint Venture Companies ("JV Companies") for the production of halal poultry products for the Indonesia's consumers. The Joint Venture Agreement 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 Joint Venture Agreement requires the JVA Parties to facilitate their application to the Badan Koordinasi Penanaman Modal, Indonesia for the incorporation of the JV Companies. As at to-date, the implementation of the JVA has been deferred until implementation framework is resolved.

21. Group borrowings and debt securities

The Group's total bank borrowings as at 30 June 2023 are as follows:-

	As at 30 June 2023			As at 30 September 2022		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
Short-term borrowings:						
Bankers' acceptances	149,317	45,802	195,119	166,570	54,261	220,831
Term loans	33,578	4,350	37,928	33,735	4,018	37,753
Hire purchase payables	7,721	-	7,721	9,005	-	9,005
Fixed advance facilities	3,452	-	3,452	3,236	-	3,236
Bank overdrafts	171	-	171	2,078	-	2,078
Sub-total	194,239	50,152	244,391	214,624	58,279	272,903
Long-term borrowings:						
Term loans	171,895	4,812	176,707	193,466	7,579	201,045
Hire purchase payables	7,906	-	7,906	6,510	-	6,510
Sub-total	179,801	4,812	184,613	199,976	7,579	207,555
Total borrowings	374,040	54,964	429,004	414,600	65,858	480,458

The Group's total borrowings decreased to RM429.00 million during the quarter under review as compared to RM480.46 million recorded in the financial year ended 30 September 2022 mainly due to the repayment of term loan and decreased in the utilize of bankers' acceptances.

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

		As at 30 June 2023		As at 30 September 2022	
		Foreign Currency '000	RM Equivalent '000	Foreign Currency '000	RM Equivalent '000
Short Term Borrowing					
Secured	RM		171,621	RM	195,791
Unsecured	RM		45,802	RM	54,261
Secured	USD	3,415	15,938	USD	12,335
Secured	SGD	1,935	6,680	SGD	6,498
Unsecured	SGD	1,260	4,350	SGD	4,018
			244,391		
				272,903	
Long Term Borrowing					
Secured	RM		110,567	RM	127,118
Secured	SGD	13,404	46,267	SGD	45,420
Secured	USD	4,914	22,967	USD	27,438
Unsecured	SGD	1,394	4,812	SGD	7,579
			184,613		
				207,555	
Total Borrowing					
Secured	RM		282,188	RM	322,909
Unsecured	RM		45,802	RM	54,261
Secured	SGD	15,339	52,947	SGD	51,918
Secured	USD	8,329	38,905	USD	39,773
Unsecured	SGD	2,654	9,162	SGD	11,597
			429,004		
				480,458	

22. Derivative financial instruments

The derivative financial asset as at 30 June 2023 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	27,022	1,473
Purchase Contracts - Less than 1 year	9,758	425

For the quarter ended 30 June 2023, 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 2023

25. Basic/diluted earning per ordinary share

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

	Current Period Quarter 30 June 2023	Prior Period Quarter 30 June 2022	Current Year To Date 30 June 2023	Preceding Year To Date 30 June 2022
Net profit attributable to shareholders (RM'000)	26,149	25,150	96,542	50,036
Weighted average number of shares				
a) Basic				
Weighted average number of ordinary shares in issue ('000)	701,347	700,195	701,347	697,852
b) Diluted				
Weighted average number of ordinary shares in issue ('000)	701,347	700,195	701,347	697,852
Adjustment for assumed exercised of Warrant ('000)	4,601	-	(2,268)	-
Adjusted weighted average number of ordinary shares ('000)	705,948	700,195	699,079	697,852
Basic earning per ordinary share (sen)	3.73	3.59	13.77	7.17
Diluted earning per ordinary share (sen)	3.70	NA	NA	NA

The diluted earnings per ordinary share is not shown for the year to date quarter as the effect of the conversion of share options to ordinary shares would be anti-dilutive.

26. Profit for the period

Profit for the period has been arrived at:

	3 months ended		9 months ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
After charging/(crediting):-				
Depreciation and amortization of non-current assets	15,155	12,782	42,950	37,955
Interest expenses	4,747	3,800	14,197	11,640
Loss/(gain) on fair value adjustment of biological assets	2,157	(10,275)	(6,891)	(5,727)
Net fair value loss/(gain) on derivative financial asset/ (liability)	1,199	(1,613)	2,943	(1,716)
Impairment loss recognized on receivables	862	4,869	3,981	5,728
Bad deb written off	158	1	162	189
Inventories written off	20	-	20	-
Property, plant and equipment written off	1	31	128	43
Net unrealized (gain)/loss on foreign exchange	(2,277)	1,465	(4,596)	1,499
(Gain)/loss on disposal of property, plant and equipment	(1,919)	46	(2,128)	138
Interest revenue recognized in profit or loss	(582)	(207)	(1,339)	(499)
Amortization of deferred revenue	(32)	(35)	(115)	(94)
(Reversal of inventories)/inventories written down	(7)	17	(36)	(47)
Share of result in an associate	(5)	(3)	(11)	(2)
Reversal of impairment loss recognized on receivables	(5)	-	(17)	(30)

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26. Profit for the period (Cont'd)

Profit for the period has been arrived at: (Cont'd)

	3 months ended		9 months ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
After charging/(crediting):- (Cont'd)				
Gain on forgiven, termination and remeasurement of lease payments	(1)	(80)	(70)	(417)
Share of result in a joint venture	-	1	59	189
Deposit written off	-	-	94	-
Gain for bargain purchase	-	-	-	(1,310)
Dividend received	-	-	-	(6)
Bad debt recovery	-	-	-	(1)

27. Trade Receivables

	As at 30 June 2023 RM'000 (Unaudited)	As at 30 September 2022 RM'000 (Audited)
Trade receivables:		
Third parties	237,801	198,924
Related parties	12,593	12,143
Less: Allowance for impairment losses	(29,640)	(25,786)
Trade receivable, net	220,754	185,281
Other receivables:		
Third parties	28,965	16,718
Related parties	15	968
Less: Allowance for impairment losses	(942)	(884)
Other receivable, net	28,038	16,802
Total trade and other receivables	248,792	202,083

Amounts owing by related parties are as follows:

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

	As at 30 June 2023 RM'000 (Unaudited)	As at 30 September 2022 RM'000 (Audited)
Included in trade receivables:		
YWT Contract Farming Sinmah Poultry Processing (S) Pte. Ltd.	4,427	5,618
Maju Jaya Farm	3,941	3,412
Aqina Farming Sdn. Bhd.	1,827	587
Chyuan Heng Farming Sdn. Bhd.	1,178	1,344
Nulab Sdn. Bhd.	833	330
Shin Salim Japan Co. Ltd.	215	365
Shin Salim Japan Co. Ltd.	131	304
Chuah Ah Chui	27	15
OTO Agriculture Marketing Sdn. Bhd.	8	-
Unisetali Sdn. Bhd.	6	-*
Sinmah Food Services (S) Pte. Ltd.	-	168
	12,593	12,143

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27. Trade Receivables (Cont'd)

	As at 30 June 2023 RM'000 (Unaudited)	As at 30 September 2022 RM'000 (Audited)
Included in other receivables:		
YWT Contract Farming	9	3
Maju Jaya Farm	3	1
Chyuan Heng Farming Sdn. Bhd.	1	5
Asiawe Resources Sdn. Bhd.	1	-*
OTO Agriculture Marketing Sdn. Bhd.	1	-
Kebun Ngohoch (PW) Sdn. Bhd.	-*	-*
Unisetali Sdn. Bhd.	-*	-*
Singapore Poultry Hub Pte. Ltd.	-	959
	<u>15</u>	<u>968</u>

Ageing of trade receivables:

	As at 30 June 2023 RM'000 (Unaudited)	As at 30 September 2022 RM'000 (Audited)
Not past due	173,312	139,734
Number of days past due:		
1 - 30 days	17,251	22,188
31 - 60 days	8,593	9,850
61 - 90 days	6,153	1,886
Over 91 days	15,445	11,623
Total	<u>220,754</u>	<u>185,281</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 29 August 2023.