

CCK CONSOLIDATED HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No:396692-T

INTERIM FINANCIAL STATEMENTS
for the financial period ended 30 September 2017

CCK CONSOLIDATED HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No. 396692-T

Interim Report for the Third Financial Quarter Ended 30 September 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	As at 30.9.2017 RM'000	As at 31.12.2016 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Investment in an associate	24,201	21,073
Investment properties	1,424	1,448
Property, plant and equipment	195,476	198,656
Goodwill	380	380
Deferred tax assets	1,139	1,139
	<hr/> 222,620	<hr/> 222,696
CURRENT ASSETS		
Inventories	74,048	67,758
Trade receivables	43,584	36,254
Other receivables, deposits and prepayments	9,206	10,089
Current tax assets	3,554	3,565
Cash and bank balances	25,245	23,813
	<hr/> 155,637	<hr/> 141,479
TOTAL ASSETS	<hr/> 378,257	<hr/> 364,175
EQUITY AND LIABILITIES		
Share capital	157,680	157,680
Treasury shares	(1,450)	(1,171)
Revaluation reserves	46,983	49,143
Foreign exchange translation reserve	(2,146)	(414)
Retained profits	44,248	28,502
	<hr/> 245,315	<hr/> 233,740
Total Equity Attributable to Owners of the Company		
Non-controlling interests	395	460
	<hr/> 245,710	<hr/> 234,200
TOTAL EQUITIES	<hr/> 245,710	<hr/> 234,200

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)
(UNAUDITED)**

	As at 30.9.2017 RM'000	As at 31.12.2016 RM'000 (Audited)
NON-CURRENT LIABILITIES		
Other payables, deposits and accruals	12,333	12,333
Bank borrowings	2,756	2,597
Deferred income	19	19
Deferred tax liabilities	13,027	13,437
	<hr/> 28,135	<hr/> 28,386
CURRENT LIABILITIES		
Trade payables	28,657	29,025
Other payables, deposits and accruals	15,984	14,530
Bank borrowings:-		
- bank overdrafts	4,230	768
- other borrowings	52,251	55,353
Provision for employee benefits	439	468
Current tax liabilities	2,851	1,445
	<hr/> 104,412	<hr/> 101,589
TOTAL LIABILITIES	<hr/> 132,547	<hr/> 129,975
TOTAL EQUITIES& LIABILITIES	<hr/> 378,257	<hr/> 364,175
Net assets per share (RM)	<hr/> 0.78	<hr/> 0.75

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share Capital RM'000	Treasury Share RM'000	Exchange Translation RM'000	Revaluation Reserve RM'000	Retained Profits RM'000	Attributable to owners of the Company RM'000	Non- controlling Interest RM'000	Total Equity RM'000
At 30 September 2017								
Balance at 1.1.2017	157,680	(1,171)	(414)	49,143	28,502	233,740	460	234,200
Profit after taxation	-	-	-	-	19,850	19,850	28	19,878
Other comprehensive income for the financial period:-								
- foreign currency translation difference	-	-	(1,732)	-	-	(1,732)	(7)	(1,739)
Total comprehensive income for the financial period	-	-	(1,732)	-	19,850	18,118	21	18,139
Contributions by and distributions to owners of the Company:-								
- purchase of treasury shares	-	(279)	-	-	-	(279)	-	(279)
- disposal of a subsidiary	-	-	-	-	-	-	(86)	(86)
- dividends paid	-	-	-	-	(6,264)	(6,264)	-	(6,264)
Total transactions with owners	-	(279)	-	-	(6,264)	(6,543)	(86)	(6,629)
Amortisation of revaluation reserves	-	-	-	(2,160)	2,160	-	-	-
Balance at 30.9.2017	157,680	(1,450)	(2,146)	46,983	44,248	245,315	395	245,710

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)
(UNAUDITED)**

	Share Capital RM'000	Treasury Share RM'000	Share Premium RM'000	Exchange Translation RM'000	Revaluation Reserve RM'000	Retained Profits RM'000	Attributable to owners of the Company RM'000	Non- controlling Interest RM'000	Total Equity RM'000
At 30 September 2016									
Balance at 1.1.2016	78,840	(2,190)	158	(2,110)	51,395	90,119	216,212	445	216,657
Profit after taxation	-	-	-	-	-	13,301	13,301	22	13,323
Other comprehensive income for the financial period:-									
- foreign currency translation differences	-	-	-	605	-	-	605	3	608
Total comprehensive income for the financial period	-	-	-	605	-	13,301	13,906	25	13,931
Balance carried forward	78,840	(2,190)	158	(1,505)	51,395	103,420	230,118	470	230,488

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D) (UNAUDITED)

	Share Capital RM'000	Treasury Share RM'000	Share Premium RM'000	Exchange Translation RM'000	Revaluation Reserve RM'000	Retained Profits RM'000	Attributable to owners of the Company RM'000	Non- controlling Interest RM'000	Total Equity RM'000
At 30 September 2016									
Balance brought forward	78,840	(2,190)	158	(1,505)	51,395	103,420	230,118	470	230,488
Contributions by and distributions to owners of the Company:-									
- bonus issues	78,840	-	(158)	-	-	(78,682)	-	-	-
- purchase of treasury shares	-	(837)	-	-	-	-	(837)	-	(837)
- treasury shares sold	-	2,195	-	-	-	785	2,980	-	2,980
- dividends paid	-	-	-	-	-	(4,730)	(4,730)	-	(4,730)
Total transactions with owners	78,840	1,358	(158)	-	-	(82,627)	(2,587)	-	(2,587)
Amortisation of revaluation reserves	-	-	-	-	(1,739)	1,739	-	-	-
Balance at 30.9.2016	157,680	(832)	-	(1,505)	49,656	22,532	227,531	470	228,001

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.9.2017 RM'000	Preceding year Corresponding Quarter 30.9.2016 RM'000	Current Year to-Date 30.9.2017 RM'000	Preceding year Corresponding Year to-Date 30.9.2016 RM'000
Revenue	156,726	140,481	454,972	409,462
Cost of sales	(119,310)	(114,824)	(361,608)	(332,978)
Gross profit	37,416	25,657	93,364	76,484
Other income	878	1,844	2,483	4,908
Administrative expenses	(6,228)	(6,123)	(17,614)	(17,908)
Other operating expenses	(19,393)	(13,473)	(52,864)	(44,201)
Share of results in an associate	1,114	1,281	3,128	1,630
Finance costs	(745)	(722)	(2,197)	(2,242)
Profit before taxation	13,042	8,464	26,300	18,671
Income tax expense	(3,244)	(1,935)	(6,422)	(5,348)
Profit after taxation	9,798	6,529	19,878	13,323
Other comprehensive income for the financial period:-				
- Foreign currency translation Difference	(793)	1,055	(1,739)	608
Total comprehensive income for the financial period	9,005	7,584	18,139	13,931
Profit after taxation attributable to:				
- Owners of the Company	9,782	6,519	19,850	13,301
- Non-controlling interests	16	10	28	22
	9,798	6,529	19,878	13,323
Total comprehensive income attributable to:				
- Owners of the Company	8,992	7,570	18,118	13,906
- Non-controlling interests	13	14	21	25
	9,005	7,584	18,139	13,931

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (CONT'D)
(UNAUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.9.2017	Preceding year Corresponding Quarter 30.9.2016	Current Year to-Date 30.9.2017	Preceding year Corresponding Year to-Date 30.9.2016
Earning per share(Sen):				
- Basic	3.13	2.07	6.34	4.23
- Diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

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Interim Report for the Third Financial Quarter Ended 30 September 2017

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)**

	9-month period ended	
	<u>30.9.2017</u>	<u>30.9.2016</u>
	RM'000	RM'000
<u>CASH FLOWS FOR OPERATING ACTIVITIES</u>		
Profit before taxation	26,300	18,671
Adjustments for non-cash items:-		
Non-cash items	14,511	14,081
Interest expenses	2,197	2,242
Interest income	(101)	(84)
Share of results in an associate	(3,128)	(1,630)
Operating profit before working capital changes	39,779	33,280
Increase in current assets	(14,016)	(7,289)
Increased in current liabilities	2,742	2,423
Cash from operations	28,505	28,414
Interest paid	(2,197)	(2,242)
Interest received	101	84
Income tax paid	(5,390)	(4,233)
Net cash from operating activities	21,019	22,023
<u>CASH FLOWS FOR INVESTING ACTIVITIES</u>		
Disposal of a subsidiary, net of cash and cash equivalents disposed	(82)	-
Dividend received from an associate	-	1,632
Purchase of investment in an associate	-	(20,672)
Proceeds from disposal of property, plant and equipment	1,739	-
Purchase of property, plant and equipment	(14,987)	(7,849)
Net cash for investing activities	(13,330)	(26,889)
Balance carried forward	7,689	(4,866)

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)
(UNAUDITED)**

	9-month period ended	
	<u>30.9.2017</u>	<u>30.9.2016</u>
	RM'000	RM'000
Balance brought forward	7,689	(4,866)
<u>CASH FLOWS FOR FINANCING ACTIVITIES</u>		
Dividend paid	(6,264)	(4,730)
Net proceeds from disposal of treasury shares	-	2,143
Purchase of treasury shares	(279)	-
Repayment of borrowings	(2,908)	(5,255)
Net cash for financing activities	(9,451)	(7,842)
Net decrease in cash and cash equivalents	(1,762)	(12,708)
Effect of exchange rate changes on cash and cash equivalents	(268)	68
Cash and cash equivalents at beginning of the financial year	23,045	27,194
Cash and cash equivalents at end of the financial year	21,015	14,554

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

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Interim Report for the Third Financial Quarter Ended 30 September 2017

A. EXPLANATORY NOTES PURSUANT TO FRS 134

A1. BASIS OF PREPARATION

The condensed consolidated interim financial statements as contained in this interim financial report are unaudited and have been prepared under historical cost convention except otherwise stated.

These unaudited interim financial statements have been prepared in accordance with the requirements of Financial Reporting Standards (“FRS”) 134: *Interim Financial Reporting* issued by Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements (“MMLR”) issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

These unaudited interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016. These explanatory notes attached to the interim financial statements 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 31 December 2016.

The significant accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2016, except for the adoption of the following new accounting standards and interpretations (including the consequential amendments) that are effective on 1 January 2017:-

FRSs and IC Interpretations (Including the Consequential Amendments)

Amendments to FRS 107: Disclosure Initiatives

Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to FRS 12: Disclosure of Interests in Other Entities (Annual Improvements to FRSs 2014 – 2016 Cycle)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group’s financial statements.

MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS”), that are to be applied by all entities other than private entities; with the exception of entities that are within the scope of MFRS 141 *Agriculture* and IC Interpretation 15 *Agreements for Construction of Real Estate*, including its parent, significant investor and venture (herein called “transitioning entities”).

As announced by MASB on 28 October 2015, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2018.

Accordingly, as a transitioning entity as defined above, the Group has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 31 December 2018. The Group is currently assessing the possible financial impact that may arise from the adoption of MFRSs and the process is still ongoing.

A2. SEASONALITY OR CYCLICALITY OF OPERATIONS

The Group’s business operations were not affected by any significant seasonality or cyclicity factors in the current financial period.

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A. EXPLANATORY NOTES PURSUANT TO FRS 134 (CONT'D)

A3. UNUSUAL ITEMS

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual in nature, size, or incidence for the financial period under review.

A4. MATERIAL CHANGES IN ESTIMATES

There were no changes in estimates that have had a material effect on the results of the Group for the period under review.

A5. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, resale or repayments of debts and equity securities for the period under review.

A6. DIVIDENDS PAID

No dividend has been paid for the current quarter except for a first and final single tier dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 December 2016 paid during the financial period under review.

A7. SEGMENT REPORTING

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Managing Director as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 5 main reportable segments as follows:-

- Poultry Segment – involved in the rearing and production of poultry.
 - Prawn Segment – involved in the rearing and processing of prawns.
 - Food Service Segment – involved in the supply and trading of food products and related services.
 - Retail Segment – involved in the trading of fresh chicken and coldstorage products.
 - Corporate Segment – involved in the provision of management services.
- (a) Each reportable segment asset is measured based on all assets (including goodwill) of the segment other than investment in an associate and tax-related assets.
- (b) Each reportable segment liability is measured based on all liabilities of the segment other than tax-related liabilities.
- (c) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly head office expenses.
- (d) Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

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A. EXPLANATORY NOTES PURSUANT TO FRS 134 (CONT'D)

A7. SEGMENT REPORTING (CONT'D)

3 months period ended 30 September 2017	Poultry	Prawn	Food Service	Retail	Corporate	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE							
External revenue	21,359	6,581	4,028	124,758	-	-	156,726
Inter-segment revenue	44,385	5,379	4	24,318	92	(74,178)	-
Total segment revenue	65,744	11,960	4,032	149,076	92	(74,178)	156,726
RESULTS							
Segment results	4,136	899	466	7,394	(238)	-	12,657
Finance costs							(745)
Share of results in an associate							1,114
Unallocated income							16
Profit before taxation							<u>13,042</u>

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A. EXPLANATORY NOTES PURSUANT TO FRS 134 (CONT'D)

A7. SEGMENT REPORTING (CONT'D)

3 months period ended 30 September 2016	Poultry	Prawn	Food Service	Retail	Corporate	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE							
External revenue	19,107	7,149	2,909	111,316	-	-	140,481
Inter-segment revenue	40,156	4,579	2	15,845	1,724	(62,306)	-
Total segment revenue	59,263	11,728	2,911	127,161	1,724	(62,306)	140,481
RESULTS							
Segment results	1,332	915	444	5,510	(296)	-	7,905
Finance costs							(722)
Share of results in an associate							1,281
Profit before taxation							<u>8,464</u>

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A. EXPLANATORY NOTES PURSUANT TO FRS 134 (CONT'D)

A7. SEGMENT REPORTING (CONT'D)

9 months period ended 30 September 2017	Poultry	Prawn	Food Service	Retail	Corporate	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE							
External revenue	62,932	16,499	9,366	366,175	-	-	454,972
Inter-segment revenue	128,098	10,617	9	65,558	275	(204,557)	-
Total segment revenue	191,030	27,116	9,375	431,733	275	(204,557)	454,972
RESULTS							
Segment results	4,765	1,051	1,031	19,111	(589)	-	25,369
Finance costs							(2,197)
Share of results in an associate							3,128
Profit before taxation							<u>26,300</u>

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A. EXPLANATORY NOTES PURSUANT TO FRS 134 (CONT'D)

A7. SEGMENT REPORTING (CONT'D)

9 months period ended 30 September 2016	Poultry	Prawn	Food Service	Retail	Corporate	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE							
External revenue	56,299	14,245	8,816	330,102	-	-	409,462
Inter-segment revenue	113,726	11,204	7	59,664	1,907	(186,508)	-
Total segment revenue	170,025	25,449	8,823	389,766	1,907	(186,508)	409,462
RESULTS							
Segment results	4,227	1,018	1,201	14,067	(1,230)	-	19,283
Finance costs							(2,242)
Share of results in an associate							1,630
Profit before taxation							<u>18,671</u>

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A. EXPLANATORY NOTES PURSUANT TO FRS 134 (CONT'D)

A7. SEGMENT REPORTING (CONT'D)

ASSETS	Poultry RM'000	Prawn RM'000	Food Service RM'000	Retail RM'000	Corporate RM'000	Consolidated RM'000
30 September 2017						
Segment assets	99,096	17,968	10,810	212,549	8,559	348,982
Unallocated assets:-						
Investment in an associate						24,201
Deferred tax assets						1,139
Unallocated assets						3,935
Consolidated total assets						<u>378,257</u>
31 December 2016						
Segment assets	87,693	24,604	11,432	205,922	8,368	338,019
Unallocated assets:-						
Investment in an associate						21,073
Deferred tax assets						1,139
Unallocated assets						3,944
Consolidated total assets						<u>364,175</u>

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A. EXPLANATORY NOTES PURSUANT TO FRS 134 (CONT'D)

A7. SEGMENT REPORTING (CONT'D)

LIABILITIES	Poultry RM'000	Prawn RM'000	Food Service RM'000	Retail RM'000	Corporate RM'000	Consolidated RM'000
30 September 2017						
Segment liabilities	25,228	2,109	1,516	38,335	49,480	116,668
Unallocated liabilities:-						
Deferred tax liabilities						13,027
Unallocated liabilities and adjustments						2,852
Consolidated total liabilities						<u>132,547</u>
31 December 2016						
Segment liabilities	21,390	2,236	1,017	36,920	52,113	113,676
Unallocated liabilities:-						
Deferred tax liabilities						13,437
Unallocated liabilities and adjustments						2,862
Consolidated total liabilities						<u>129,975</u>

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A. EXPLANATORY NOTES PURSUANT TO FRS 134 (CONT'D)

A7. SEGMENT REPORTING (CONT'D)

Accordingly, no further segmental analysis is available for disclosures except for the following entity-wide disclosures as required by FRS 8:-

GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments and deferred tax assets.

<i>Revenue</i>	3-month ended		Cumulative Quarter	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	RM'000	RM'000	RM'000	RM'000
Australia	-	-	-	755
Hong Kong	-	-	36	-
Indonesia	24,638	10,159	64,109	47,493
Japan	3,135	3,901	7,713	6,829
Korea	-	-	201	-
Middle East	280	-	576	-
People's Republic of China	155	-	155	579
Malaysia	128,518	126,421	382,182	353,806
	156,726	140,481	454,972	409,462

<i>Non-current assets</i>	As at	
	30.9.2017	31.12.2016
	RM'000	RM'000
Indonesia	31,170	32,457
Malaysia	166,110	189,100
	197,280	221,557

MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

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Interim Report for the Third Financial Quarter Ended 30 September 2017

A. EXPLANATORY NOTES PURSUANT TO FRS 134 (CONT'D)

A8. PROPERTY, PLANT AND EQUIPMENT

a) Acquisition and Disposals

During the 9-month period ended 30 September 2017, the Group acquired assets at a total cost of RM15 million and there was no material disposal during the current quarter.

b) Impairment Losses

Neither losses from impairment of property, plant and equipment nor reversal of such impairment losses were recognised for the period under review.

c) Valuations

The Group did not carry out any additional valuation on its property, plant and equipment during the period under review.

A9. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

A10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter and financial period under review except for a disposal of subsidiary as disclosed in note A15.

A11. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at the date of this report.

A12. CAPITAL COMMITMENTS

There were no material changes in capital commitments since the end of the previous financial quarter except as disclosed in the explanatory notes.

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A. EXPLANATORY NOTES PURSUANT TO FRS 134 (CONT'D)

A13. RELATED PARTY DISCLOSURES

The Group carried out the following significant transactions with the related parties during the period under review:-

	3-month ended		Cumulative Quarter	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	RM'000	RM'000	RM'000	RM'000
Interest charged	-	-	38	-
Purchase of products	27,704	16,258	77,688	40,812
Rental paid	-	72	56	165
Service fee	5	-	662	-
Sale of products	140	177	462	313

A14 CASH AND CASH EQUIVALENTS

	As at	
	30.9.2017	30.9.2016
	RM'000	RM'000
Cash and bank balances	25,245	16,225
Bank overdrafts, secured	(4,230)	(1,671)
	<hr/>	<hr/>
	21,015	14,554

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A. EXPLANATORY NOTES PURSUANT TO FRS 134 (CONT'D)

A15. DISPOSAL OF A SUBSIDIARY

On 12 January 2017, the Group disposed of its entire equity interests in CCK-BME Sdn Bhd for RM123,382 in cash. The financial effects of the disposal at the date of disposal are summarised below:-

	As at 30.9.2017 RM'000
(a) Disposal Proceeds	
Cash	123
Less amount owing by holding company	(146)
	<hr/>
Net disposal	(23)
	<hr/>
(b) Financial Effect Arising from Disposal	
	As at 30.9.2017 RM'000
Cash and bank balances	58
Current tax assets	15
Other payables, deposits and accruals	(4)
Non-controlling interests	(86)
	<hr/>
Carrying amount of net assets disposed of	(17)
Less: Loss on disposal of a subsidiary	(6)
	<hr/>
Consideration paid, satisfied in cash (Note A15(a))	(23)
Less: cash and cash balances of a subsidiary disposed of	(59)
	<hr/>
Net cash outflow from the disposal of a subsidiary	(82)
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There were no disposals of subsidiaries in the last financial year.

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B. EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B1. REVIEW OF OPERATING PERFORMANCE

	←-----Individual Quarter-----→			
	Current Year Quarter 30.9.2017 RM'000	Preceding Year Corresponding Quarter 30.9.2016 RM'000	Changes RM'000 %	
Revenue	156,726	140,481	16,245	12
Gross profits	37,416	25,657	11,759	46
Profit before taxation	13,042	8,464	4,578	54
Profit after taxation	9,798	6,529	3,269	50
Profit after taxation attributable to owners of the Company	9,782	6,519	3,263	50

	←-----Cumulative Quarter-----→			
	Current Year to-Date 30.9.2017 RM'000	Preceding Year Corresponding Period 30.9.2016 RM'000	Changes RM'000 %	
Revenue	454,972	409,462	45,510	11
Gross profits	93,364	76,484	16,880	22
Profit before taxation	26,300	18,671	7,629	41
Profit after taxation	19,878	13,323	6,555	49
Profit after taxation attributable to owners of the Company	19,850	13,301	6,549	49

Comparison with preceding year corresponding quarter

For the third quarter ended 30th September 2017, the Group recorded a revenue of RM156.72 million, representing an increase of approximately 12% over the same period last year whereby the revenue was RM140.48 million. The retail segment led the Group with an increase in revenue of 17.23% compared to last year. Contribution from the Indonesian operations improved to 15.7% of the Group's revenue compared to 7.2% in 2016. In tandem with the higher revenue, the Group recorded a higher profit before taxation of RM13.04 million compared to RM8.46 million in 2016, an increase of 54%. Factors which led to the improvement were a better performance from our Indonesian operations, lower feed costs and higher margins for fresh chicken and table eggs. The prawn segment maintained its performance with exports to Japan, Dubai and China.

Comparison with preceding year corresponding period

For the nine months ended 30th September 2017, the poultry segment recorded an increase in revenue of 12.75% and an improvement in results of 12.72%, respectively compared to last year aided by better pricing of table eggs and lower feed costs. The retail segment recorded an increase in revenue of 10.76% and an improvement in results of 35.86%, respectively compared to last year. This was mainly due to better margin from retail outlets and an improvement in contribution from our Indonesian operations.

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B. EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B2. COMPARISON WITH THE IMMEDIATE PRECEDING QUARTER'S RESULTS

	←-----Individual Quarter-----→			
	Current Year Quarter 30.9.2017 RM'000	Current Year Last Quarter 30.6.2017 RM'000	Changes	
			RM'000	%
Revenue	156,726	155,888	838	1
Gross profits	37,416	29,261	8,155	28
Profit before taxation	13,042	7,404	5,638	76
Profit after taxation	9,798	5,509	4,289	78
Profit after taxation attributable to owners of the Company	9,782	5,503	4,279	78

For the current quarter ended 30th September 2017, the Group recorded a higher revenue and profit before taxation as compared to the preceding quarter.

The prawn segment achieved better results with increased exports to Japan. The retail segment's improved performance came from our Indonesian operations as well as better pricing of fresh chicken this quarter. The poultry segment benefitted from better table egg pricing and lower feed costs.

B3. FUTURE PROSPECTS

The Group's integrated poultry chain and network of retail outlets will continue to strive to maintain the strong performance in the last quarter of the financial year.

Barring any unforeseen circumstances, the Group is confident that the performance for the remaining quarter of 2017 will be satisfactory.

B4. VARIANCE OF ACTUAL FINANCIAL RESULTS FROM FINANCIAL ESTIMATES, FORECASTS, PROJECTIONS OR INTERNAL TARGETS

The disclosure requirements for explanatory notes for the variance of the actual financial results after tax and minority interest against financial estimates, forecasts, projections or internal targets are not applicable to the Group.

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B. EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B5. INCOME TAX EXPENSE	3-month ended		Cumulative Quarter	
	30.9.2017 RM'000	30.9.2016 RM'000	30.9.2017 RM'000	30.9.2016 RM'000
Current tax	3,377	2,074	6,821	5,765
Deferred tax	(133)	(139)	(399)	(417)
	<u>3,244</u>	<u>1,935</u>	<u>6,422</u>	<u>5,348</u>
Effective tax rate	<u>25%</u>	<u>23%</u>	<u>24%</u>	<u>29%</u>

The effective tax rate of the Group for the current financial quarter was lower than the statutory tax rate principally due to tax losses incurred by certain subsidiary companies. The effective tax rate of the Group for the previous corresponding quarter was higher than the statutory tax rate principally due to expenses which were not deductible for tax purposes.

B6. STATUS OF CORPORATE PROPOSALS

There were no significant developments or changes in the corporate proposals.

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B. EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B7. GROUP BORROWINGS

Details of the secured Group borrowings are as follows:-

	RM Denomination		Foreign Denomination	
	As at		As at	
	30.9.2017	31.12.2016	30.9.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Current:-				
- bank overdrafts	4,230	768	-	-
- banker's acceptance	20,296	17,811	-	-
- revolving credit	31,500	36,000	-	-
- term loans	455	1,542	104	445
	56,481	56,121	104	445
Non-current:-				
- term loans	2,756	2,597	278	297
	59,237	58,718	382	742

The foreign denominated borrowings of the Group is Indonesian Rupiah ("RP") and it has been translated at a rate of RP0.000313 (31.12.2016: RP0.000323).

B8. MATERIAL LITIGATION

There was no litigation against the Group during the current quarter.

B9. DIVIDEND

The Board of Directors did not recommend any payment of dividend during the current quarter and financial period under review.

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B. EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B10. EARNINGS PER SHARE

Basic:-

The basic earnings per share is based on the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the current quarter.

	3-month ended		Cumulative quarter	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
Profit attributable to owners of the Company (RM'000)	9,782	6,519	19,850	13,301
Weighted average number of ordinary shares at 1 January ('000)	313,215	312,925	313,215	312,925
Effect of treasury shares held	(330)	1,599	(129)	1,174
Weighted average number of ordinary shares at 30 September ('000)	312,885	314,524	313,086	314,099
Basic earnings per share (Sen)	3.13	2.07	6.34	4.23

Diluted:-

The diluted earnings per share was not applicable as there were no dilutive potential ordinary shares outstanding during the current quarter.

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B. EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B11. DISCLOSURE OF REALISED AND UNREALISED RETAINED PROFITS

The breakdown of the retained profits of the Group into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared 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.

The breakdown of the retained profits of the Group into realised and unrealised profits or losses are analysed as follows:-

	As at	
	30.9.2017	31.12.2016
	RM'000	RM'000
Total retained profits:-		
- realised	70,955	57,736
- unrealised	(11,888)	(12,361)
	<hr/>	<hr/>
Share of results on an associates - realised	59,067	45,375
Less: Consolidation adjustments	3,128	1,143
	(17,947)	(18,016)
	<hr/>	<hr/>
	44,248	28,502
	<hr/>	<hr/>

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B. EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B12. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:-

	3-month ended		Cumulative Quarter	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	RM'000	RM'000	RM'000	RM'000
After charging/(crediting)-				
Allowance for impairment losses on and write off of receivables	26	-	65	11
Allowance for impairment losses on and write off of inventories	(3)	-	26	-
Depreciation and amortisation	4,485	4,686	13,892	14,070
(Gain)/loss on disposal of property, plant and equipment	(88)	-	(141)	-
Gain on disposal of quoted or unquoted investments	-	-	7	-
Gain on foreign exchange	(28)	(34)	(34)	(81)
Gain on derivatives	-	-	-	-
Interest expense	745	722	2,197	2,242
Interest income	(37)	(28)	(101)	(84)
Impairment of assets	-	-	-	-
Other income including investment Income	-	-	-	-
Property, plant and equipment written off	635	-	635	-
Exceptional items	-	-	-	-

B13. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 December 2016 was not subject to any qualification.

B14. FINANCIAL INSTRUMENTS

The Group does not have any derivative financial instruments.