

CCK CONSOLIDATED HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No:396692-T

INTERIM FINANCIAL STATEMENTS

for the Financial Period Ended 30 September 2018

CCK CONSOLIDATED HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No. 396692-T

Interim Report for the Financial Quarter Ended 30 September 2018

CONDENSED STATEMENTS OF FINANCIAL POSITION

	As at 30.9.2018 RM'000 (Unaudited)	As at 31.12.2017 RM'000 (Restated)	As at 1.1.2017 RM'000 (Restated)
ASSETS			
NON-CURRENT ASSETS			
Investment in associates	21,718	20,670	21,073
Investment properties	17,315	17,338	1,448
Property, plant and equipment	183,418	180,820	198,656
Goodwill	380	380	380
Deferred tax assets	868	868	1,139
	<hr/> 223,699	<hr/> 220,076	<hr/> 222,696
CURRENT ASSETS			
Inventories	56,804	66,029	58,423
Biological assets	7,723	4,144	3,091
Trade receivables	35,818	32,655	36,254
Other receivables, deposits and prepayments	15,361	11,761	10,089
Current tax assets	1,983	1,687	3,565
Deposits with licensed banks	5,137	8,914	-
Cash and bank balances	26,520	28,397	23,813
	<hr/> 158,753	<hr/> 153,587	<hr/> 135,235
TOTAL ASSETS	<hr/> 373,045	<hr/> 373,663	<hr/> 357,931
EQUITY AND LIABILITIES			
Share capital	158,969	158,969	157,680
Treasury shares	(812)	-	(1,171)
Foreign exchange translation reserve	(5,244)	(3,158)	(414)
Retained profits	107,793	92,789	71,401
	<hr/> 260,706	<hr/> 248,600	<hr/> 227,496
Total Equity Attributable to Owners of the Company			
Non-controlling interests	422	402	460
	<hr/> 261,128	<hr/> 249,002	<hr/> 227,956
TOTAL EQUITIES	<hr/> <hr/> 261,128	<hr/> <hr/> 249,002	<hr/> <hr/> 227,956

The Condensed Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	As at 30.9.2018 RM'000 (Unaudited)	As at 31.12.2017 RM'000 (Restated)	As at 1.1.2017 RM'000 (Restated)
NON-CURRENT LIABILITIES			
Other payables, deposits and accruals	10,038	10,038	12,333
Bank borrowings	4,557	2,271	2,597
Deferred income	19	19	19
Deferred tax liabilities	12,898	12,913	13,437
	27,512	25,241	28,386
CURRENT LIABILITIES			
Trade payables	17,375	24,981	29,024
Other payables, deposits and accruals	11,407	18,816	14,530
Bank borrowings:-			
- bank overdrafts	1,470	1,816	768
- other borrowings	50,906	50,572	55,353
Provision for employee benefits	568	613	468
Current tax liabilities	2,679	2,622	1,446
	84,405	55,623	101,589
TOTAL LIABILITIES	111,917	124,661	129,975
TOTAL EQUITIES & LIABILITIES	373,045	373,663	357,931
Net assets per share (RM)	0.410*	0.395*	0.375*

(*Adjusted for sub-division of shares)

The Condensed Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	←-----Non-distributable -----→					Attributable to owners of the Company	Non- controlling Interest	Total Equity
	Share Capital RM'000	Treasury Share RM'000	Exchange Translation RM'000	Revaluation Reserve RM'000	Retained Profits RM'000	RM'000	RM'000	RM'000
At 30 September 2018								
Balance at 1.1.2018								
- as previously stated	158,969	-	(3,158)	47,390	52,421	255,622	401	256,023
- effect of adopting MFRSs	-	-	-	(47,390)	40,953	(6,437)	-	(6,437)
- as restated	158,969	-	(3,158)	-	93,374	249,185	401	249,586
Profit after taxation	-	-	-	-	23,880	23,880	27	23,907
Other comprehensive income for the period:-								
- foreign currency translation difference	-	-	(2,086)	-	-	(2,086)	(6)	(2,092)
Total comprehensive income for the period	-	-	(2,086)	-	23,880	21,794	21	21,815
Contributions by and distributions to owners of the Company:-								
- purchase of treasury shares	-	(812)	-	-	-	(812)	-	(812)
Dividends paid by the Company	-	-	-	-	(9,461)	(9,461)	-	(9,461)
Total transactions with owners	-	(812)	-	-	(9,461)	(10,273)	-	(10,273)
Balance at 30.9.2018	158,969	(812)	(5,244)	-	107,793	260,706	422	261,128

The Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONT'D) (UNAUDITED)

	←-----Non-distributable -----→				Distributable Retained Profits RM'000	Attributable to owners of the Company RM'000	Non- controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Share RM'000	Exchange Translation RM'000	Revaluation Reserve RM'000				
At 30 September 2017								
Balance at 1.1.2017								
- as previously stated	157,680	(1,171)	(414)	49,143	28,502	233,740	460	234,200
- effect of adopting MFRSs	-	-	-	(49,143)	42,899	(6,244)	-	(6,244)
- as restated	157,680	(1,171)	(414)	-	71,401	227,496	460	227,956
Profit after taxation	-	-	-	-	22,119	22,119	28	22,147
Other comprehensive income for the period:-								
- foreign currency translation difference	-	-	(1,732)	-	-	(1,732)	(7)	(1,739)
Total comprehensive income for the period	-	-	(1,732)	-	22,119	20,387	21	20,408
Contributions by and distributions to owners of the Company:-								
- purchase of treasury shares	-	(279)	-	-	-	(279)	-	(279)
- disposal of a subsidiary	-	-	-	-	-	-	(86)	(86)
Dividends paid by the Company	-	-	-	-	(6,264)	(6,264)	-	(6,264)
Total transactions with owners	-	(279)	-	-	(6,264)	(6,543)	(86)	(6,629)
Balance at 30.9.2017	157,680	(1,450)	(2,146)	-	87,256	241,340	395	241,735

The Condensed Statements 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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Interim Report for the Financial Quarter Ended 30 September 2018

**CONDENSED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.9.2018 (Unaudited) RM'000	Preceding year Corresponding Quarter 30.9.2017 (Restated) RM'000	Current Year to-Date 30.9.2018 (Unaudited) RM'000	Preceding year Corresponding Year to-Date 30.9.2017 (Restated) RM'000
Revenue	151,019	156,726	471,242	454,972
Cost of sales	(122,957)	(119,310)	(375,404)	(361,556)
Gross profit	28,062	37,416	95,838	93,416
Other income	1,661	878	5,385	4,700
Administrative expenses	(5,817)	(6,228)	(21,901)	(17,614)
Other operating expenses	(17,340)	(19,393)	(49,966)	(52,864)
Share of results in associates	725	1,114	3,455	3,128
Finance costs	(682)	(745)	(2,501)	(2,197)
Profit before taxation	6,609	13,042	30,310	28,569
Income tax expense	(1,340)	(3,244)	(6,403)	(6,422)
Profit after taxation	5,269	9,798	23,907	22,147
Other comprehensive income for the financial period:-				
- foreign currency translation difference	(356)	(793)	(2,094)	(1,739)
Total comprehensive income for the financial period	4,913	9,005	21,813	20,408
Profit after taxation attributable to:				
- Owners of the Company	5,263	9,782	23,880	22,119
- Non-controlling interests	6	16	27	28
	5,269	9,798	23,907	22,147
Total comprehensive income attributable to:				
- Owners of the Company	4,908	8,992	21,793	20,387
- Non-controlling interests	5	13	20	21
	4,913	9,005	21,813	20,408

The Condensed Statements 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 2017 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current	Preceding year	Current	Preceding year
	Year Quarter	Corresponding	Year to-Date	Corresponding
	30.9.2018	Quarter	30.9.2018	Year to-Date
	(Unaudited)	30.9.2017	(Unaudited)	30.9.2017
		(Restated)		(Restated)
Earning per share(Sen):				
- Basic	0.84	3.13	3.79	7.06
- Diluted	N/A	N/A	N/A	N/A

The Condensed Statements 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 2017 and the accompanying explanatory notes attached to the interim financial statements.

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Interim Report for the Financial Quarter Ended 30 September 2018

CONDENSED STATEMENTS OF CASH FLOWS

	9-month period ended	
	<u>30.9.2018</u>	<u>30.9.2017</u>
	(Unaudited)	(Restated)
	RM'000	RM'000
<u>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</u>		
Profit before taxation	30,310	28,569
Adjustments for non-cash items:-		
Non-cash items	13,151	12,294
Interest expenses	2,501	2,197
Interest income	(243)	(101)
Share of results in associates	(3,455)	(3,128)
Operating profit before working capital changes	42,264	39,831
Increase in current assets	(6,480)	(14,068)
(Decrease)/increase in current liabilities	(13,181)	2,742
Cash from/(for) operations	22,603	28,505
Interest paid	(2,501)	(2,197)
Interest received	243	101
Income tax paid	(6,551)	(5,390)
Net cash from operating activities	13,794	21,019
<u>CASH FLOWS FOR INVESTING ACTIVITIES</u>		
Disposal of a subsidiary, net of cash and cash equivalents disposed	-	(82)
Dividend received from an associate	2,407	-
Proceeds from disposal of property, plant and equipment	986	1,739
Purchase of property, plant and equipment	(14,338)	(14,987)
Net cash for investing activities	(10,945)	(13,330)
Balance carried forward	2,849	7,689

The Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED STATEMENTS OF CASH FLOWS (CONT'D)

	9-month period ended	
	<u>30.9.2018</u>	<u>30.9.2017</u>
	(Unaudited)	(Restated)
	RM'000	RM'000
Balance brought forward	2,849	7,689
<hr/>		
<u>CASH FLOWS FOR FINANCING ACTIVITIES</u>		
Dividend paid	(9,461)	(6,264)
Purchase of treasury shares	(812)	(279)
Net of drawdown and repayment of borrowings	2,629	(2,908)
	<hr/>	
Net cash for financing activities	(7,644)	(9,451)
	<hr/>	
Net decrease in cash and cash equivalents	(4,795)	(1,762)
Effect of exchange rate changes on cash and cash equivalents	(512)	(268)
Cash and cash equivalents at beginning of the financial year	35,494	23,045
	<hr/>	
Cash and cash equivalents at end of the financial year	30,187	21,015
	<hr/>	

The Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

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Interim Report for the Financial Quarter Ended 30 September 2018

A. EXPLANATORY NOTES PURSUANT TO MFRS 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 Malaysian Financial Reporting Standards ("MFRS") 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 2017. 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 2017.

A2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRS)

These condensed consolidated interim financial statements are the Group's first MFRSs condensed consolidated interim financial statements for part of the period covered by the Group's first MFRSs annual financial statements for the year ending 31 December 2018. MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards (MFRS 1) has been applied.

The explanatory notes attached to these condensed consolidated 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 2017.

In preparing its opening MFRSs Statement of Financial Position as at 1 January 2017 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRSs. An explanation of how the transition from FRSs to MFRSs has affected the Group's financial position, financial performance and cash flows is set out in Note A3 below. These notes include reconciliations of equity and total comprehensive income for comparative periods and reconciliation of equity at the date of transition reported under FRSs to those reported for those periods and at the date of transition under MFRSs.

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

A3. SIGNIFICANT ACCOUNTING POLICIES

The audited financial statements of the Group for the financial year ended 31 December 2017 were prepared in accordance with FRSs. Except for certain differences, the requirements under FRSs and MFRSs are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2017 except as discussed below:-

Property, Plant and Equipment – Deemed Cost Exemption

Under FRSs, the Group measured its freehold and leasehold lands at valuation. The last valuation was carried out in 2015 of which the revaluation reserves of the freehold land and leasehold was RM51million. Upon transition to MFRSs, the Group elected to use the previous revaluation as deemed cost under MFRSs. Accordingly, the revaluation reserves at 1 January 2017 and 31 December 2017, amounting to RM49million and RM47million respectively, were transferred to retained profits. There was no impact to the carrying of the asset and its related deferred taxation.

MFRS 141 Agriculture

Under FRSs, biological assets are measured at accumulated costs and capitalised under inventories.

Upon the adoption of the MFRS 141, biological assets are accounted for under MFRS 141 and are measured at fair value less costs to sell. Any changes in fair value less costs to sell for the biological assets are recognised in profit or loss.

The reconciliation of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRSs to those reported for those periods and at the date of transition under MFRSs is provided below:-

a) Reconciliation of equity as at 1 January 2017

ASSETS	FRSs	Transition	MFRSs
Current Assets	RM'000	Effect	RM'000
		RM'000	RM'000
Biological assets	-	3,091	3,091
Inventories	67,758	(9,335)	58,423
Equity and Liabilities			
Retained profits	28,502	(6,244)	22,258

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B. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

A3. SIGNIFICANT ACCOUNTING POLICIES

Amendments to MFRS 116 Property, Plant & Equipment and MFRS 141 Agriculture: Bearer Plants (Cont'd)

The reconciliation of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRSs to those reported for those periods and at the date of transition under MFRSs is provided below (Cont'd):-

b) Reconciliation of equity as at 31 December 2017

ASSETS	FRSs	Transition	MFRSs
Current Assets	RM'000	Effect	RM'000
		RM'000	RM'000
Biological assets	-	4,144	4,144
Inventories	77,195	(11,166)	66,029
Equity and Liabilities			
Retained profits	52,421	(7,022)	45,399

c) Reconciliation of total comprehensive income for the period ended 30 September 2017

	FRSs	Transition	MFRSs
	RM'000	Effect	RM'000
		RM'000	RM'000
Cost of sales	(361,608)	52	(361,556)
Other income	2,483	2,217	4,700

d) Reconciliation of statements of cash flows for the period ended 30 September 2017

	FRSs	Transition	MFRSs
	RM'000	Effect	RM'000
		RM'000	RM'000
Cash flow (for)/from operating activities			
Profit before taxation	26,300	2,269	28,569
Non-cash items	14,511	(2,217)	12,294
Increase in current assets	(14,016)	(52)	(14,068)

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

A4. 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.

A5. 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.

A6. 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.

A7. DEBT AND EQUITY SECURITIES

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

A8. DIVIDENDS PAID

No dividend has been paid for the current quarter during the financial period under review.

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

A9. 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 products.
 - Prawn Segment – involved in the rearing and production of prawn and seafood products.
 - Food Service Segment – involved in the supply and trading of food products and related services.
 - Retail Segment – involved in the trading of 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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Interim Report for the Financial Quarter Ended 30 September 2018

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)**A9. SEGMENT REPORTING (CONT'D)**

9 months period ended 30 September 2018	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	71,083	13,729	11,341	375,089	-	-	471,242
Inter-segment revenue	140,657	12,526	11	63,860	2,682	(219,736)	-
Total segment revenue	211,740	26,255	11,352	438,949	2,682	(219,736)	471,242
RESULTS							
Segment results	6,505	824	1,067	21,949	(989)	-	29,356
Finance costs							(2,501)
Share of results in an associate							3,455
Profit before taxation							30,310

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)**A9. 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	7,034	1,051	1,031	19,111	(589)	-	27,638
Finance costs							(2,197)
Share of results in an associate							3,128
Unallocated expenses							-
Profit before taxation							<u>28,569</u>

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)**A9. SEGMENT REPORTING (CONT'D)**

ASSETS	Poultry	Prawn	Food	Retail	Corporate	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 September 2018						
Segment assets	95,346	18,790	11,602	209,436	12,923	348,097
Unallocated assets:-						
Investment in an associate						21,717
Deferred tax assets						868
Unallocated assets						2,363
Consolidated total assets						<u>373,045</u>
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>

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Interim Report for the Financial Quarter Ended 30 September 2018

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)**A9. SEGMENT REPORTING (CONT'D)**

LIABILITIES	Poultry	Prawn	Food Service	Retail	Corporate	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 September 2018						
Segment liabilities	29,160	2,070	1,572	45,937	17,601	96,340
Unallocated liabilities:-						
Deferred tax liabilities						12,898
Unallocated liabilities and adjustments						2,679
Consolidated total liabilities						<u>111,917</u>
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>

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

A9. SEGMENT REPORTING (CONT'D)

Accordingly, no further segmental analysis is available for disclosures except for the following entity-wide disclosures as required by MFRS 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	
	30.9.2018 (Unaudited) RM'000	30.9.2017 (Restated) RM'000	30.9.2018 (Unaudited) RM'000	30.9.2017 (Restated) RM'000
Australia	363	-	363	-
Hong Kong	708	-	1,811	36
Indonesia	19,889	24,638	74,048	64,109
Japan	851	3,136	2,674	7,713
Korea	-	-	-	201
People's Republic of China	160	155	667	451
Middle East	-	576	530	576
Malaysia	129,048	128,221	391,149	381,886
	151,019	156,726	471,242	454,972

<i>Non-current assets</i>	As at	
	30.9.2018 (Unaudited) RM'000	31.12.2017 (Restated) RM'000
Indonesia	29,591	29,762
Malaysia	171,522	170,722
	201,113	200,484

MAJOR CUSTOMERS

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

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

A10. PROPERTY, PLANT AND EQUIPMENT

a) Acquisition and Disposals

During the 9-month period ended 30 September 2018, the Group acquired assets at a total cost of RM14.34 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.

A11. 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.

A12. 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 that the Company had incorporated a wholly owned subsidiary, namely CCK Properties Sdn Bhd with total issued share capital of RM1.00 comprising 1 ordinary share. The intended principal activity of the company is investment in real properties.

A13. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

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

A14. 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 MFRS 134 (CONT'D)

A15. 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	
	30.9.2018 (Unaudited) RM'000	30.9.2017 (Restated) RM'000	30.9.2018 (Unaudited) RM'000	30.9.2017 (Restated) RM'000
Purchase of products	37,161	27,704	89,161	77,688
Rental paid	-	-	-	56
Service fee	410	5	1,262	662
Sale of products	470	140	794	462

A16. CASH AND CASH EQUIVALENTS

	As at	
	30.9.2018 (Unaudited) RM'000	30.9.2017 (Restated) RM'000
Cash and bank balances	26,520	25,245
Deposits with licensed banks	5,137	-
Bank overdrafts, secured	(1,470)	(4,230)
	<hr/> 30,187	<hr/> 21,015

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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 30.9.2018 (Unaudited) RM'000	Preceding Year Quarter 30.9.2017 (Restated) RM'000	Variances RM'000 %	
Revenue	151,019	156,726	(5,707)	-4
Gross profits	28,062	37,416	(9,354)	-25
Profit before taxation	6,609	13,042	(6,433)	-49
Profit after taxation	5,269	9,798	(4,529)	-46
Profit after taxation attributable to owners of the Company	5,263	9,782	(4,519)	-46

	←-----Cumulative Quarter-----→			
	Current Year Quarter 30.9.2018 (Unaudited) RM'000	Preceding Year Quarter 30.9.2017 (Restated) RM'000	Variances RM'000 %	
Revenue	471,242	454,972	16,270	3.6
Gross profits	95,838	93,416	2,422	3
Profit before taxation	30,310	28,569	1,741	6
Profit after taxation	23,907	22,147	1,760	8
Profit after taxation attributable to owners of the Company	23,880	22,119	1,761	8

Analysis of the results for the 9-month ended 30 September 2018 against 9-month ended 30 September 2017.

Revenue

For the third quarter ended 30 September 2018, the Group recorded a revenue of RM471.242 million, representing an increase of approximately 4% over the same period last year whereby the revenue was recorded at RM454.972 million. The retail and poultry segments recorded increases in revenue of RM8.9m and RM8.1m, respectively, for the 9 months ended 30 September 2018 when compared to the same period in 2017. Our Indonesian operations increased its contribution to the Group revenue to 15% (2017 :14%) with improved production and sales of sausages and chicken products.

Profit before tax

The Group's profit before tax was recorded at RM30.310 million when compared RM28.569 million for the same period in the preceding year. Profit before tax increased in tandem with the increase in revenue. The share of results of our associate company increased from RM3.1 million for the 9-month ended 30 September 2017 to RM3.45 million for the same period in 2018.

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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 30.9.2018 (Unaudited) RM'000	Immediate Preceding Quarter 30.6.2018 (Restated) RM'000	Variances	
			RM'000	%
Revenue	151,019	166,568	(15,549)	-9
Gross profits	28,062	32,334	(4,272)	-13
Profit before taxation	6,609	7,748	(1,139)	-15
Profit after taxation	5,269	6,218	(949)	-15
Profit after taxation attributable to owners of the Company	5,263	6,206	(943)	-15

For the current quarter ended 30 September 2018, the Group recorded decreases in revenue and profit before tax of 9% and 15%, respectively. As the Group's business, particularly the poultry and retail segments, is subject to seasonal cycles, the performance in the third quarter dipped with the absence of major festivities. In the second quarter, there were 3 major contributories namely the fasting month of Ramadhan, Hari Raya Aidilfitri and Gawai Dayak. In addition, the weakening of the Ringgit against the US dollar of 4.9% since June 2018 resulted in an increase in average feed cost of approximately 6% in the 3rd quarter when compared to the 2nd quarter. The share of results of our associate company decreased from RM1.4 million in the second quarter to RM0.7 million in the 3rd quarter.

B3. FUTURE PROSPECTS

The overall national economic outlook is expected to remain challenging coupled with volatile foreign currency movements. Despite the continued weakening of the Ringgit against the US Dollar, the prices of raw materials for feed have declined. The Group is hopeful that this will result in lowering feed costs in the final quarter and thus improve margins.

In addition, with the commissioning of the nugget line in Jakarta on 1 September 2018, the Group is optimistic that this will improve further our Indonesian operation's contribution in the long term.

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	
	30.9.2018 (Unaudited) RM'000	30.9.2017 (Restated) RM'000	30.9.2018 (Unaudited) RM'000	30.9.2017 (Restated) RM'000
Current tax	1,340	3,377	6,403	6,821
Deferred tax	-	(133)	-	(399)
	1,340	3,244	6,403	6,422
Effective tax rate	20%	25%	21%	24%

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 current financial quarter was higher than that of preceding year corresponding quarter principally due to lower tax losses incurred.

B6. STATUS OF CORPORATE PROPOSALS

There were no significant developments or changes in the corporate proposals except that the following corporate exercises reported previously had been successfully completed during the current financial quarter:-

- (i) subdivision of every 1 existing ordinary share in the Company into 2 ordinary shares
- (ii) bonus issue of 315,359,400 free warrants in the Company on the basis of 1 Warrant for every 2 Subdivided Shares held on the Entitlement Date after the Subdivision.

B7. GROUP BORROWINGS

Details of the secured Group borrowings are as follows:-

	RM Denomination		Foreign Denomination	
	As at 30.9.2018 (Unaudited) RM'000	As at 31.12.2017 (Restated) RM'000	As at 30.9.2018 (Unaudited) RM'000	As at 31.12.2017 (Restated) RM'000
Current:-				
- bank overdrafts	1,470	1,816	-	-
- banker's acceptance	23,555	19,992	-	-
- revolving credit	25,500	30,000	-	-
- term loans	1,851	580	-	267
	52,376	52,388	-	267
Non-current:-				
- term loans	4,557	2,271	-	-
	56,933	54,659	-	267

The foreign denominated borrowings of the Group is Indonesian Rupiah ("RP") and it has been translated at rate of RP0.000278 (31.12.2017: RP0.000300)

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

B8. MATERIAL LITIGATION

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

B9. DIVIDEND PAYABLE

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

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	
	30.9.2018 (Unaudited)	30.9.2017 (Restated)	30.9.2018 (Unaudited)	30.9.2017 (Restated)
Profit attributable to owners of the Company (RM'000)	5,263	9,782	23,880	22,119
Weighted average number of ordinary shares at 1 January ('000)	630,719	313,215	630,719	313,215
Effect of treasury shares held	(844)	(330)	(297)	(129)
Weighted average number of ordinary shares at 30 September ('000)	629,875	312,885	630,422	313,086
Basic earnings per share (Sen)	0.84	3.13	3.79	7.06

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. PROFIT BEFORE TAX

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

	3-month ended		Cumulative Quarter	
	30.9.2018 (Unaudited) RM'000	30.9.2017 (Restated) RM'000	30.9.2018 (Unaudited) RM'000	30.9.2017 (Restated) RM'000
After charging/(crediting)-				
Allowance for impairment losses on and write off of receivables	18	26	58	65
Allowance for impairment losses on and write off of inventories	-	3	-	26
Depreciation and amortisation	4,187	4,485	12,654	13,892
(Gain)/loss on fair value changes in biological assets	184	-	342	-
(Gain)/loss on disposal of property, plant and equipment	94	(88)	94	(141)
(Gain)/loss on disposal of quoted or unquoted investments	-	-	-	7
(Gain)/loss on foreign exchange	(7)	(28)	3	(34)
Gain on derivatives	-	-	-	-
Interest expense	682	745	2,501	2,197
Interest income	(8)	(37)	(243)	(101)
Property, plant and equipment written off	-	635	3	635

B12. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 December 2017 was not subject to any qualification.

B13. FINANCIAL INSTRUMENTS

The Group does not have any derivative financial instruments.

B14. AUTHORISATION FOR ISSUE

The quarterly report was authorised for issue by the Board of Directors on 23 November 2018.