

CCK CONSOLIDATED HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No:396692-T

INTERIM FINANCIAL STATEMENTS
for the Financial Period Ended 31 December 2018

CCK CONSOLIDATED HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No. 396692-T

Interim Report for the Financial Quarter Ended 31 December 2018

CONDENSED STATEMENTS OF FINANCIAL POSITION

	As at 31.12.2018 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	21,235	20,670	21,073
Investment properties	17,224	17,338	1,448
Property, plant and equipment	189,743	180,820	198,656
Goodwill	380	380	380
Deferred tax assets	868	868	1,139
	<hr/> 229,450	<hr/> 220,076	<hr/> 222,696
CURRENT ASSETS			
Inventories	55,749	66,029	58,423
Biological assets	8,133	4,144	3,091
Trade receivables	35,717	32,655	36,254
Other receivables, deposits and prepayments	14,217	11,761	10,089
Current tax assets	2,715	1,687	3,565
Deposits with licensed banks	10,424	8,914	-
Cash and bank balances	21,463	28,397	23,813
	<hr/> 148,418	<hr/> 153,587	<hr/> 135,235
TOTAL ASSETS	<hr/> 377,868	<hr/> 373,663	<hr/> 357,931
EQUITY AND LIABILITIES			
Share capital	158,969	158,969	157,680
Treasury shares	(1,606)	-	(1,171)
Foreign exchange translation reserve	(4,524)	(3,158)	(414)
Retained profits	111,811	92,789	71,401
	<hr/> 264,650	<hr/> 248,600	<hr/> 227,496
Total Equity Attributable to Owners of the Company			
Non-controlling interests	428	402	460
	<hr/> 265,078	<hr/> 249,002	<hr/> 227,956
TOTAL EQUITIES	<hr/> 265,078	<hr/> 249,002	<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 31.12.2018 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	2,477	2,271	2,597
Deferred income	19	19	19
Deferred tax liabilities	13,022	12,913	13,437
	25,556	25,241	28,386
CURRENT LIABILITIES			
Trade payables	18,971	24,981	29,024
Other payables, deposits and accruals	11,205	18,816	14,530
Bank borrowings:-			
- bank overdrafts	1,965	1,816	768
- other borrowings	51,417	50,572	55,353
Provision for employee benefits	585	613	468
Current tax liabilities	3,091	2,622	1,446
	87,234	99,420	101,589
TOTAL LIABILITIES	112,790	124,661	129,975
TOTAL EQUITIES & LIABILITIES	377,868	373,663	357,931
Net assets per share (RM)	0.420*	0.395*	0.375*

(*Adjusted for sub-division of shares)

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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 31 December 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	-	-	-	-	27,898	27,898	31	27,929
Other comprehensive income for the period:-								
- foreign currency translation difference	-	-	(1,366)	-	-	(1,366)	(4)	(1,370)
Total comprehensive income for the period	-	-	(1,366)	-	27,898	26,532	27	26,559
Contributions by and distributions to owners of the Company:-								
- purchase of treasury shares	-	(1,606)	-	-	-	(1,606)	-	(1,606)
Dividends paid by the Company	-	-	-	-	(9,461)	(9,461)	-	(9,461)
Total transactions with owners	-	(1,606)	-	-	(9,461)	(11,067)	-	(11,067)
Balance at 31.12.2018	158,969	(1,606)	(4,524)	-	111,811	264,650	428	265,078

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 31 December 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	-	-	232	(49,143)	39,522	(9,389)	-	(9,389)
- as restated	157,680	(1,171)	(182)	-	68,024	224,351	460	224,811
Profit after taxation	-	-	-	-	31,067	31,067	30	31,097
Other comprehensive income for the period:-								
- foreign currency translation difference	-	-	(2,976)	-	-	(2,976)	(2)	(2,978)
- Remeasurement of defined benefit plans	-	-	-	-	(38)	(38)	-	(38)
Total comprehensive income for the period	-	-	(2,976)	-	31,029	28,053	28	28,081
Contributions by and distributions to owners of the Company:-								
- purchase of treasury shares	-	(1,574)	-	-	-	(1,574)	-	(1,574)
- disposal of treasury shares	1,289	2,745	-	-	-	4,034	-	4,034
- disposal of a subsidiary	-	-	-	-	-	-	(86)	(86)
Dividends paid by the Company	-	-	-	-	(6,264)	(6,264)	-	(6,264)
Total transactions with owners	1,289	1,171	-	-	(6,264)	(3,804)	(86)	(3,890)
Balance at 31.12.2017	158,969	-	(3,158)	-	92,789	248,600	402	249,002

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2018 (Unaudited) RM'000	Preceding year Corresponding Quarter 31.12.2017 (Restated) RM'000	Current Year to-Date 31.12.2018 (Unaudited) RM'000	Preceding year Corresponding Year to-Date 31.12.2017 (Restated) RM'000
Revenue	151,923	154,287	623,165	609,259
Cost of sales	(125,496)	(116,913)	(500,900)	(478,469)
Gross profit	26,427	37,374	122,265	130,790
Other income	1,156	1,357	6,541	6,057
Administrative expenses	(5,497)	(8,653)	(27,398)	(26,267)
Other operating expenses	(16,688)	(18,546)	(66,654)	(71,410)
Share of results in associates	646	1,379	4,101	4,507
Finance costs	(386)	(1,141)	(2,886)	(3,338)
Profit before taxation	5,658	11,770	35,969	40,339
Income tax expense	(1,637)	(2,820)	(8,040)	(9,242)
Profit after taxation	4,021	8,950	27,929	31,097
Other comprehensive income for the financial period:-				
- foreign currency translation difference	723	(1,239)	(1,371)	(2,978)
- Remeasurement of defined benefit plans	-	(38)	-	(38)
Total comprehensive income for the financial period	4,744	7,673	26,558	28,081
Profit after taxation attributable to:				
- Owners of the Company	4,017	8,948	27,898	31,067
- Non-controlling interests	4	2	31	30
	4,021	8,950	27,929	31,097
Total comprehensive income attributable to:				
- Owners of the Company	4,738	7,676	26,532	28,062
- Non-controlling interests	6	(3)	26	19
	4,744	7,673	26,558	28,081

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
	31.12.2018	Quarter	31.12.2018	Year to-Date
	(Unaudited)	31.12.2017	(Unaudited)	31.12.2017
		(Restated)		(Restated)
Earning per share(Sen):				
- Basic	0.64	2.84	4.43	9.91
- 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 31 December 2018

CONDENSED STATEMENTS OF CASH FLOWS

	12-month period ended	
	<u>31.12.2018</u>	<u>31.12.2017</u>
	(Unaudited)	(Restated)
	RM'000	RM'000
<u>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</u>		
Profit before taxation	35,969	40,339
Adjustments for non-cash items:-		
Non-cash items	15,569	16,840
Interest expenses	2,886	3,338
Interest income	(140)	(587)
Share of results in associates	(4,101)	(4,507)
Operating profit before working capital changes	50,183	55,423
Increase in current assets	(5,295)	(14,824)
(Decrease)/increase in current liabilities	(8,876)	4,532
Cash from/(for) operations	36,012	45,131
Interest paid	(2,886)	(3,338)
Interest received	140	587
Income tax paid	(8,541)	(7,104)
Net cash from operating activities	24,725	35,276
<u>CASH FLOWS FOR INVESTING ACTIVITIES</u>		
Disposal of a subsidiary, net of cash and cash equivalents disposed	-	(82)
Dividend received from an associate	3,536	3,403
Proceeds from disposal of property, plant and equipment	1,637	2,677
Purchase of property, plant and equipment	(25,144)	(22,906)
Net cash for investing activities	(19,971)	(16,908)
Balance carried forward	4,754	18,368

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 31 December 2018

CONDENSED STATEMENTS OF CASH FLOWS (CONT'D)

	12-month period ended	
	<u>31.12.2018</u>	<u>31.12.2017</u>
	(Unaudited)	(Restated)
	RM'000	RM'000
Balance brought forward	4,754	18,368
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividend paid	(9,461)	(6,264)
Purchase of treasury shares	(1,606)	-
Net proceeds from disposal of treasury shares	-	2,467
Net of drawdown and repayment of borrowings	1,056	(5,127)
Net cash for financing activities	(10,011)	(8,924)
Net decrease in cash and cash equivalents	(5,257)	9,444
Effect of exchange rate changes on cash and cash equivalents	(315)	(379)
Cash and cash equivalents at beginning of the financial year	35,494	23,045
Cash and cash equivalents at end of the financial year	29,922	32,110

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 31 December 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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Interim Report for the Financial Quarter Ended 31 December 2018

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	
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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A. 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
<hr/>			
Equity and Liabilities			
Retained profits	52,421	(7,022)	45,399
<hr/>			

c) Reconciliation of total comprehensive income for the period ended 31 December 2017

	FRSs	Transition	MFRSs
	RM'000	Effect	RM'000
		RM'000	RM'000
Cost of sales	(478,521)	52	(478,469)
Other income	3,840	2,217	6,057
<hr/>			

d) Reconciliation of statements of cash flows for the period ended 31 December 2017

	FRSs	Transition	MFRSs
	RM'000	Effect	RM'000
		RM'000	RM'000
Cash flow (for)/from operating activities			
Profit before taxation	38,070	2,269	40,339
Non-cash items	19,057	(2,217)	16,840
Increase in current assets	(14,772)	(52)	(14,824)
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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 31 December 2018

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

12 months period ended 31 December 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	101,033	20,984	14,396	486,752	-	-	623,165
Inter-segment revenue	187,898	16,970	15	85,919	3,903	(294,705)	-
Total segment revenue	288,931	37,954	14,411	572,671	3,903	(294,705)	623,165
RESULTS							
Segment results	7,134	905	1,125	26,903	(1,313)	-	34,754
Finance costs							(2,886)
Share of results in an associate							4,101
Profit before taxation							35,969

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

12 months period ended 31 December 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	83,076	22,646	12,016	491,457	64	-	609,259
Inter-segment revenue	175,299	15,689	14	86,081	3,769	(280,852)	-
Total segment revenue	258,375	38,335	12,030	577,538	3,833	(280,852)	609,259
RESULTS							
Segment results	12,070	2,066	1,226	25,856	(2,048)	-	39,170
Finance costs							(3,338)
Share of results in an associate							4,507
Unallocated expenses							-
Profit before taxation							<u>40,339</u>

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

ASSETS	Poultry	Prawn	Food Service	Retail	Corporate	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2018						
Segment assets	93,842	19,976	11,811	216,051	10,990	352,670
Unallocated assets:-						
Investment in an associate						21,235
Deferred tax assets						868
Unallocated assets						3,095
Consolidated total assets						<u>377,868</u>
31 December 2017						
Segment assets	82,087	24,573	8,875	224,211	10,312	350,058
Unallocated assets:-						
Investment in an associate						20,670
Deferred tax assets						868
Unallocated assets						2,067
Consolidated total assets						<u>373,663</u>

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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
31 December 2018						
Segment liabilities	29,737	4,108	1,248	41,954	19,630	96,677
Unallocated liabilities:-						
Deferred tax liabilities						13,022
Unallocated liabilities and adjustments						3,091
Consolidated total liabilities						<u>112,790</u>
31 December 2017						
Segment liabilities	22,732	2,358	811	45,016	42,415	113,332
Unallocated liabilities:-						
Deferred tax liabilities						12,913
Unallocated liabilities and adjustments						(1,584)
Consolidated total liabilities						<u>124,661</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	
	31.12.2018 (Unaudited) RM'000	31.12.2017 (Restated) RM'000	31.12.2018 (Unaudited) RM'000	31.12.2017 (Restated) RM'000
Australia	291	420	654	420
Hong Kong	256	42	2,067	78
Indonesia	25,924	22,792	99,972	86,901
Japan	3,079	3,345	5,753	11,058
Korea	-	-	-	201
People's Republic of China	-	-	667	451
Middle East	-	-	530	576
Malaysia	122,373	127,688	513,522	509,574
	<hr/>	<hr/>	<hr/>	<hr/>
	151,923	154,287	623,165	609,259

<i>Non-current assets</i>	As at	
	31.12.2018 (Unaudited) RM'000	31.12.2017 (Restated) RM'000
Indonesia	31,796	29,505
Malaysia	175,551	189,703
	<hr/>	<hr/>
	207,347	219,208

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 12-month period ended 31 December 2018, the Group acquired assets at a total cost of RM25.14 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.

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	
	31.12.2018 (Unaudited) RM'000	31.12.2017 (Restated) RM'000	31.12.2018 (Unaudited) RM'000	31.12.2017 (Restated) RM'000
Interest paid	-	-	-	38
Purchase of products	31,314	28,799	120,476	106,487
Rental paid	-	145	-	352
Service fee	193	822	1,455	1,481
Sale of products	116	206	911	668

During the financial quarter, one of the wholly owned subsidiary of the Group entered into Sale and Purchase Agreements with a related party for the acquisition of properties at a total consideration of RM7.05 million. Purpose of the acquisition is to set up flagship store/outlet in Sibu Sarawak and the buildings are expected to be completed in three years from the date of the Sale and Purchase Agreements.

A16. CASH AND CASH EQUIVALENTS

	As at	
	31.12.2018 (Unaudited) RM'000	31.12.2017 (Restated) RM'000
Cash and bank balances	21,463	33,969
Deposits with licensed banks	10,424	-
Bank overdrafts, secured	(1,965)	(1,859)

	29,922	32,110
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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 31.12.2018 (Unaudited) RM'000	Preceding Year Quarter 31.12.2017 (Restated) RM'000	Variances	
			RM'000	%
Revenue	151,923	154,287	(2,364)	-2
Gross profits	26,427	37,374	(10,947)	-29
Profit before taxation	5,658	11,770	(6,112)	-52
Profit after taxation	4,021	8,950	(4,929)	-55
Profit after taxation attributable to owners of the Company	4,017	8,948	(4,931)	-55

	←-----Cumulative Quarter-----→			
	Current Year Quarter 31.12.2018 (Unaudited) RM'000	Preceding Year Quarter 31.12.2017 (Restated) RM'000	Variances	
			RM'000	%
Revenue	623,165	609,259	13,906	2.3
Gross profits	122,265	130,790	(8,525)	-7
Profit before taxation	35,969	40,339	(4,370)	-11
Profit after taxation	27,929	31,097	(3,168)	-10
Profit after taxation attributable to owners of the Company	27,898	31,067	(3,169)	-10

Analysis of the results for the 12-month ended 31 December 2018 against 12-month ended 31 December 2017.

Revenue

For the year ended 31 December 2018, the Group recorded a revenue of RM623.165 million, representing an increase of approximately 2% over the same period last year whereby the revenue was recorded at RM609.259 million. With improved production and sales particularly of sausages, the Indonesian operations contributed approximately 16% towards the Group's revenue (2017 : 14%).

At the end of 2018, the total number of outlets throughout East Malaysia was 58 (2017 : 55).

Profit before tax

The Group's profit before tax was recorded at RM35.969 million when compared to RM40.339 million for the same period in the preceding year. The Group's gross profit margin was at 19% (2017 : 21%). The decline was caused by the weaker USD/MYR for 2018 thus affecting our cost.

Feed costs in the second half of 2018 increased due to the higher prices of raw materials, thus affecting the performance of the poultry segment for 2018. The share of result in our associate company declined approximately 9% to RM4.1 million.

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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 31.12.2018 (Unaudited) RM'000	Immediate Preceding Quarter 30.9.2018 (Restated) RM'000	Variances	
			RM'000	%
Revenue	151,923	151,019	904	1
Gross profits	26,427	28,062	(1,635)	-6
Profit before taxation	5,658	6,609	(951)	-14
Profit after taxation	4,021	5,269	(1,248)	-24
Profit after taxation attributable to owners of the Company	4,017	5,263	(1,246)	-24

For the current quarter ended 31 December 2018, the Group recorded a slight increase in revenue of 1% and a decrease in profit before tax of 14%, respectively.

The prawn segment's results decreased from RM825,000 in the 3rd quarter to RM81,000 in the 4th quarter. The decline is mainly attributed to competition from Indian prawn suppliers who are able to sell globally at comparatively lower selling prices.

The food service segment's results decreased from RM353,000 in the 3rd quarter to RM58,000 in the 4th quarter. The Group's first F & B outlet which commenced operations on 1 October, 2018 contributed negatively towards the segment's performance.

In addition, the weakening of the Ringgit against the US dollar of 2% since September 2018 resulted in an increase in cost of our imports of frozen products particularly beef and lamb from Australia.

B3. FUTURE PROSPECTS

Malaysia's economic growth for 2019 is expected to be moderate but stable against a modest global economic growth.

Amdist a background of unstable USD/MYR rates and rising costs, the Group is hopeful that it will be able to maintain a positive performance in 2019. The retail side is forecasted to open 6 new outlets in Sabah and Sarawak.

We are optimistic that our Indonesian operations will continue to improve their contribution towards the Group's performance with the commissioning of the nugget line in the 3rd quarter of 2018.

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	
	31.12.2018 (Unaudited) RM'000	31.12.2017 (Restated) RM'000	31.12.2018 (Unaudited) RM'000	31.12.2017 (Restated) RM'000
Current tax	1,752	2,997	8,155	9,774
Deferred tax	(115)	(177)	(115)	(532)
	1,637	2,820	8,040	9,242
Effective tax rate	28%	24%	22%	23%

The effective tax rate of the Group for the current financial quarter was higher than the statutory tax rate principally due to losses incurred from certain subsidiaries which were not offsetted against taxable profits made by other subsidiaries.

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 previous 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 31.12.2018 (Unaudited) RM'000	As at 31.12.2017 (Restated) RM'000	As at 31.12.2018 (Unaudited) RM'000	As at 31.12.2017 (Restated) RM'000
Current:-				
- bank overdrafts	1,965	1,816	-	-
- banker's acceptance	25,493	19,992	-	-
- revolving credit	24,000	30,000	-	-
- term loans	1,924	580	-	267
	53,382	52,388	-	267
Non-current:-				
- term loans	2,477	2,271	-	-
	55,859	54,659	-	267

The foreign denominated borrowings of the Group is Indonesian Rupiah ("RP") and it has been translated at rate of RP0.000286 (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	
	31.12.2018 (Unaudited)	31.12.2017 (Restated)	31.12.2018 (Unaudited)	31.12.2017 (Restated)
Profit attributable to owners of the Company (RM'000)	4,017	8,948	27,898	31,067
Weighted average number of ordinary shares at 1 January ('000)	630,719	313,215	630,719	313,215
Effect of treasury shares held	(1,542)	1,736	(1,057)	340
Weighted average number of ordinary shares at 31 December ('000)	629,177	314,951	629,662	313,555
Basic earnings per share (Sen)	0.64	2.84	4.43	9.91

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	
	31.12.2018 (Unaudited) RM'000	31.12.2017 (Restated) RM'000	31.12.2018 (Unaudited) RM'000	31.12.2017 (Restated) RM'000
After charging/(crediting)-				
Allowance for impairment losses on and write off of receivables	526	(15)	584	50
Allowance for impairment losses on and write off of inventories	16	-	16	26
Depreciation and amortisation	3,408	4,573	16,062	18,465
(Gain)/loss on fair value changes in biological assets	(1,375)	-	(1,033)	(2,217)
(Gain)/loss on disposal of property, plant and equipment	(169)	14	(75)	(127)
(Gain)/loss on disposal of quoted or unquoted investments	-	-	-	7
(Gain)/loss on foreign exchange	17	2	20	(32)
Gain on derivatives	-	-	-	-
Interest expense	385	1,141	2,886	3,338
Interest income	-	(486)	(140)	(587)
Property, plant and equipment written off	11	-	14	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 25 February 2019.