

CCK CONSOLIDATED HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration No:199601024340 (396692-T)

INTERIM FINANCIAL STATEMENTS

for the Financial Period Ended 31 March 2020

CCK CONSOLIDATED HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration No. 199601024340 (396692-T)

Interim Report for the First Financial Quarter Ended 31 March 2020

CONDENSED STATEMENTS OF FINANCIAL POSITION

	As at 31.3.2020 RM'000 (Unaudited)	As at 31.12.2019 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Investment in an associate	24,680	26,486
Investment properties	17,061	17,085
Property, plant and equipment	187,666	190,403
Goodwill	380	380
Deferred tax assets	1,389	1,389
	<hr/> 231,176	<hr/> 235,743
CURRENT ASSETS		
Inventories	59,824	55,843
Biological assets	15,201	15,324
Trade receivables	42,801	39,678
Other receivables, deposits and prepayments	12,606	11,217
Current tax assets	610	771
Deposits with licensed banks	4,252	4,925
Cash and bank balances	31,824	39,101
	<hr/> 167,118	<hr/> 166,859
TOTAL ASSETS	<hr/> 398,294	<hr/> 402,602
EQUITY AND LIABILITIES		
Share capital	158,969	158,969
Treasury shares	(2,432)	(2,320)
Foreign exchange translation reserve	(7,637)	(3,465)
Retained profits	130,673	122,590
	<hr/> 279,573	<hr/> 275,774
Total Equity Attributable to Owners of the Company		
Non-controlling interests	385	380
	<hr/> 279,958	<hr/> 276,154
TOTAL EQUITIES		

The Condensed Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	As at 31.3.2020 RM'000 (Unaudited)	As at 31.12.2019 RM'000 (Audited)
NON-CURRENT LIABILITIES		
Other payables, deposits and accruals	6,265	6,265
Lease liabilities	10,978	10,978
Bank borrowings	7,418	6,310
Deferred income	19	19
Deferred tax liabilities	9,626	9,661
	<hr/> 34,306	<hr/> 33,233
CURRENT LIABILITIES		
Trade payables	24,535	23,698
Other payables, deposits and accruals	11,206	19,586
Bank borrowings:-		
- bank overdrafts	1,718	815
- other borrowings	41,319	43,963
Lease liabilities	1,826	1,826
Provision for employee benefits	692	776
Current tax liabilities	2,734	2,551
	<hr/> 84,030	<hr/> 93,215
TOTAL LIABILITIES	<hr/> 118,336	<hr/> 126,448
TOTAL EQUITIES& LIABILITIES	<hr/> 398,294	<hr/> 402,602
Net assets per share (RM)	<hr/> 0.45	<hr/> 0.40

The Condensed Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	Share Capital RM'000	Treasury Shares RM'000	Foreign Exchange Translation Reserve RM'000	Distributable Retained Profits RM'000	Attributable to owners of the Company RM'000	Non- controlling Interest RM'000	Total Equity RM'000
At 31 March 2020							
Balance at 1.1.2020	158,969	(2,320)	(3,465)	122,590	275,774	380	276,154
Profit after taxation	-	-	-	8,083	8,083	5	8,088
- foreign currency translation difference	-	-	(4,172)	-	(4,172)	-	(4,172)
Total comprehensive income for the financial period	-	-	(4,172)	8,083	3,911	5	3,916
Contributions by and distributors to owners of the Company:-							
- Purchase of treasury shares	-	(112)	-	-	(112)	-	(112)
Total Transactions with owners	-	(112)	-	-	(112)	-	(112)
Balance at 31.3.2020	158,969	(2,432)	(7,637)	130,673	279,573	385	279,958

The Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

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

	Share Capital RM'000	Treasury shares RM'000	Foreign exchange Translation Reserve RM'000	Distributable Retained Profits RM'000	Attributable to owners of the Company RM'000	Non- controlling Interest RM'000	Total Equity RM'000
At 31 MARCH 2019							
Balance at 1.1.2019							
- as previously stated	158,969	(1,614)	(4,482)	97,246	250,119	433	250,552
Profit after taxation	-	-	-	7,396	7,396	13	7,409
Other comprehensive income for the period:-							
- foreign currency translation difference	-	-	103	-	103	-	103
Total comprehensive income for the financial period	-	-	103	7,396	7,449	13	7,512
Contributions by and distributors to owners of the Company:-							
-Purchase of treasury shares	-	(39)	-	-	(39)	-	(39)
Total Transactions with owners	-	(39)	-	-	(39)	-	(39)
Balance at 31.3.2019	158,969	(1,653)	(4,379)	104,642	257,579	446	258,025

The Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 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 31.3.2020 (Unaudited) RM'000	Preceding year Corresponding Quarter 31.3.2019 (Unaudited) RM'000	Current Year to-Date 31.3.2020 (Unaudited) RM'000	Preceding year Corresponding Year to-Date 31.3.2019 (Unaudited) RM'000
Revenue	160,963	155,270	160,963	155,270
Cost of sales	(129,950)	(124,028)	(129,950)	(124,028)
Gross profit	31,013	31,242	31,013	31,242
Other income	887	703	887	703
Administrative expenses	(6,316)	(7,627)	(6,316)	(7,627)
Other operating expenses	(15,835)	(14,919)	(15,835)	(14,919)
Share of results in an associate	1,457	1,085	1,457	1,085
Finance costs	(714)	(883)	(714)	(883)
Profit before taxation	10,492	9,601	10,492	9,601
Income tax expense	(2,404)	(2,192)	(2,404)	(2,192)
Profit after taxation	8,088	7,409	8,088	7,409
Other comprehensive income for the financial period:-				
- foreign currency translation difference	(4,172)	103	(4,172)	103
Total comprehensive income for the financial period	3,916	7,512	3,916	7,512
Profit after taxation attributable to:				
- Owners of the Company	8,083	7,396	8,083	7,396
- Non-controlling interests	5	13	5	13
	8,088	7,409	8,088	7,409
Total comprehensive income attributable to:				
- Owners of the Company	3,911	7,499	3,911	7,499
- Non-controlling interests	5	13	5	13
	3,916	7,512	3,916	7,512

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 2019 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
	31.3.2020	Quarter	31.3.2020	Year to-Date
	(Unaudited)	31.3.2019	(Unaudited)	31.3.2019
		(Restated)		(Restated)
Earnings per share(Sen):				
- Basic	1.29	1.17	1.29	1.17
- 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 2019 and the accompanying explanatory notes attached to the interim financial statements.

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Interim Report for the First Financial Quarter Ended 31 March 2020

CONDENSED STATEMENTS OF CASH FLOWS

	3-month period ended	
	<u>31.3.2020</u>	<u>31.3.2019</u>
	(Unaudited)	(Unaudited)
	RM'000	RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before taxation	10,492	9,601
Adjustments for non-cash items:-		
Non-cash items	4,972	3,382
Interest expenses	714	883
Interest income	(89)	(113)
Share of results in an associate	(1,457)	(1,085)
Operating profit before working capital changes	14,632	12,668
Increase in current assets	(10,386)	(2,393)
Decrease in current liabilities	(4,562)	(1,028)
Cash (for)/from operations	(316)	9,247
Interest paid	(714)	(883)
Interest received	89	113
Income tax refunded	-	59
Income tax paid	(2,382)	(2,807)
Net cash (for)/from operating activities	(3,323)	5,729
<u>CASH FLOWS FOR INVESTING ACTIVITIES</u>		
Proceeds from disposal of property, plant and equipment	4	42
Dividend received	3,264	-
Purchase of property, plant and equipment	(6,216)	(5,779)
Net cash for investing activities	(2,948)	(5,737)
Balance carried forward	(6,271)	(8)

The Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED STATEMENTS OF CASH FLOWS (CONT'D)

	3-month period ended	
	<u>31.3.2020</u>	<u>31.3.2019</u>
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Balance brought forward	(6,271)	(8)
CASH FLOWS FOR FINANCING ACTIVITIES		
Drawdown from borrowings	532	902
Proceeds from purchase of treasury shares	(112)	(39)
Repayment of borrowings	(2,068)	(1,606)
Net cash for financing activities	(1,648)	(743)
Net decrease in cash and cash equivalents	(7,919)	(751)
Effect of exchange rate changes on cash and cash equivalents	(935)	20
Cash and cash equivalents at beginning of the financial year	43,211	30,081
Cash and cash equivalents at end of the financial year	34,357	29,350

The Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

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Interim Report for the First Financial Quarter Ended 31 March 2020

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 2019. 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 2019.

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.

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 during the financial period under review.

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

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 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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A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)**A8. SEGMENT REPORTING (CONT'D)**

3 months period ended 31 March 2020	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	24,972	4,961	5,159	125,871	-	-	160,963
Inter-segment revenue	51,015	2,904	3	24,121	3,355	(81,398)	-
Total segment revenue	75,987	7,865	5,162	149,992	3,355	(81,398)	160,963
RESULTS							
Segment results	2,126	(124)	573	7,314	(140)	-	9,749
Finance costs							(714)
Share of results in an associate							1,457
Profit before taxation							10,492

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)**A8. SEGMENT REPORTING (CONT'D)**

3 months period ended 31 March 2019	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	23,116	4,923	4,145	123,086	-	-	155,270
Inter-segment revenue	47,154	2,704	4	23,340	91	(73,293)	-
Total segment revenue	70,270	7,627	4,149	146,426	91	(73,293)	155,270
RESULTS							
Segment results	2,702	(355)	275	6,983	(206)	-	9,399
Finance costs							(883)
Share of results in an associate							1,085
Profit before taxation							9,601

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)**A8. SEGMENT REPORTING (CONT'D)**

ASSETS	Poultry RM'000	Prawn RM'000	Food Service RM'000	Retail RM'000	Corporate RM'000	Consolidated RM'000
31 March 2020						
Segment assets						
Unallocated assets:-	96,007	21,434	12,775	232,037	8,982	371,235
Investment in an associate						24,680
Goodwill						380
Deferred tax assets						1,389
Current tax assets						610
Consolidated total assets						<u>398,294</u>
31 March 2019						
Segment assets	102,624	19,125	9,577	210,381	5,883	347,590
Unallocated assets:-						
Investment in an associate						22,319
Goodwill						380
Deferred tax assets						1,378
Unallocated assets						2,682
Consolidated total assets						<u>374,349</u>

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)**A8. SEGMENT REPORTING (CONT'D)**

LIABILITIES	Poultry RM'000	Prawn RM'000	Food Service RM'000	Retail RM'000	Corporate RM'000	Consolidated RM'000
31 March 2020						
Segment liabilities	26,128	3,220	2,492	49,492	27,005	108,337
Unallocated liabilities:-						
Deferred tax liabilities						9,626
Current tax liabilities						2,734
Unallocated liabilities and adjustments						(2,361)
Consolidated total liabilities						<u>118,336</u>
31 March 2019						
Segment liabilities	28,877	1,737	1,623	41,605	32,029	105,871
Unallocated liabilities:-						
Deferred tax liabilities						10,189
Current tax liabilities						2,441
Unallocated liabilities and adjustments						(2,177)
Consolidated total liabilities						<u>116,324</u>

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

A8. 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	
	31.3.2020	31.3.2019	31.3.2020	31.3.2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Australia	537	887	537	887
Hong Kong	261	324	261	324
Indonesia	25,304	24,882	25,304	24,882
Japan	2,423	1,799	2,423	1,799
Middle East	351	-	351	-
Malaysia	132,087	127,250	132,087	127,250
Vietnam	-	128	-	128
	160,963	155,270	160,963	155,270

<i>Non-current assets</i>	As at	
	31.3.2020	31.3.2019
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Indonesia	30,167	29,578
Malaysia	199,620	184,623
	229,787	214,201

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)

A9. PROPERTY, PLANT AND EQUIPMENT

a) Acquisition and Disposals

During the 3-month period ended 31 March 2020, the Group acquired assets at a total cost of RM6.2 million and there was immaterial 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.

A10. 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.

A11. 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.

A12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

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

A13. 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)

A14. 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	
	31.3.2020 (Unaudited) RM'000	31.3.2019 (Restated) RM'000	31.3.2020 (Unaudited) RM'000	31.3.2019 (Restated) RM'000
Purchase of products	25,853	31,697	25,853	31,697
Sale of products	-	60	-	60
Advisory income	-	2	-	2
Freight charges	451	1	451	1

A15. CASH AND CASH EQUIVALENTS

	As at	
	31.3.2020 (Unaudited) RM'000	31.3.2019 (Unaudited) RM'000
Cash and bank balances	31,823	23,005
Deposits with licensed banks	4,252	6,592
Bank overdrafts, secured	(1,718)	(247)
	<hr/>	<hr/>
	34,357	29,350

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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/Cumulative Quarter--→			
	Current Year Quarter 31.3.2020 (Unaudited) RM'000	Preceding Year Quarter 31.3.2019 (Unaudited) RM'000	Variances	
			RM'000	%
Revenue	160,963	155,270	5,693	4
Gross profits	31,013	31,242	(229)	(1)
Profit before taxation	10,492	9,601	891	9
Profit after taxation	8,088	7,409	679	9
Profit after taxation attributable to owners of the Company	8,083	7,396	687	9

Analysis of the results for the 3-month ended 31 March 2020 against 3-month ended 31 March 2019

Revenue

For the first quarter ended 31 March 2020, the Group recorded a revenue of RM160.963 million, representing an increase of approximately 4% over the same period last year whereby the revenue was recorded at RM155.270 million.

Despite the onset of the Covid-19 pandemic, and that the last 2 weeks of this quarter coincided with the first 2 weeks of the Movement Control Order (MCO) in Malaysia, our network of retail outlets showed an improvement in performance in the first quarter of 2020 as compared to the same quarter of 2019. The Group's operations was classified as essential services during the MCO.

One new store was opened at Kota Marudu, Sabah, in February 2020. The Group ended the first quarter with 62 stores, as opposed to 58 stores in the first quarter of 2019.

Profit before tax

The strengthening of the USD/MYR of approximately 2.22% in the first quarter of 2020 when compared to the same quarter in 2019, affected our gross margins. The gross margin for the first quarter of 2020 was 19.27% whereas, the gross margin for the same quarter in 2019 was 20.12%. The biggest impact was on the cost of feed for the poultry segment and cost of imported products (beef, lamb, fish etc) for the retail segment.

The Group's profit before tax increased 9% from RM9.601 million in 2019 to RM10.492 million in 2020 as a result of cost control measures across all segments.

The share of results in our associate increased by 34% from RM1.0 million in 2019 to RM1.45 million in 2020.

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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 31.3.2020 (Unaudited) RM'000	Immediate Preceding Quarter 31.12.2019 (Unaudited) RM'000	Variances	
			RM'000	%
Revenue	160,963	173,332	(12,369)	(7)
Gross profits	31,013	37,039	(6,026)	(16)
Profit before taxation	10,492	12,799	(2,307)	(18)
Profit after taxation	8,088	9,674	(1,586)	(16)
Profit after taxation attributable to owners of the Company	8,083	9,662	(1,579)	(16)

Revenue

Revenue for the 1st quarter of 2020 declined by 7% from RM173.332 million in the last quarter of 2019 to RM160.963 million.

Our business was affected with the onset of the pandemic in the first quarter of this year. Many of our food and beverage customers (eg. Hotels, restaurants, coffee shops, school hostels etc) were closed or operated on a limited scale allowing only deliveries and take-aways. Retail stores in housing areas performed well as household consumers stocked up on their daily necessities.

Revenue contribution from our Indonesian operations remained at 16% in both quarters. Unlike Malaysia, there were no nationwide lockdowns in Indonesia.

The prawn segment's revenue declined by 12.7% this quarter when compared to the preceding quarter due to an absence of a harvesting cycle of prawns this quarter.

Profit before tax

The Group's gross profit margin declined from 21.37% in December 2019 to 19.27% in March 2020. The weakening of the USD/MYR by approximately 0.4% this quarter when compared to the last quarter affected the costs of imported coldstorage items like beef, lamb and fish. Feed costs increased as a result of the weak USD/MYR as well as higher cost of raw materials.

Correspondingly, the Group's net profit before tax decreased by 18% from RM12.799 million to RM10.492 million. The absence of the earlier mentioned harvest of a prawn cycle was a contributory factor in the decline in the Group's results. The prawn segment's results decreased by 106% compared to the preceding quarter.

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

B3. FUTURE PROSPECTS

Barring any further unforeseen circumstances, the Group plans to proceed with the opening of its first supermarket, CCK Local, in Kuching in the 3rd quarter of 2020. This will be followed by the Group's second supermarket in Kota Kinabalu, in the 4th quarter of 2020. In addition, the Group also plans to open 3 new CCK Fresh Mart stores in East Malaysia.

The relaxation of MCO regulations and the implementation of restrictions on social events and food and beverage outlets will have some impact on our business. The Board of Directors is cautious but optimistic with regards the Group's performance for the rest of the financial year.

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.

B5. INCOME TAX EXPENSE

	3-month ended		Cumulative Quarter	
	31.3.2020 (Unaudited) RM'000	31.3.2019 (Unaudited) RM'000	31.3.2020 (Unaudited) RM'000	31.3.2019 (Unaudited) RM'000
Current tax	2,404	2,192	2,404	2,192
Effective tax rate	23%	23%	23%	23%

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.

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	
	31.3.2020 (Unaudited) RM'000	31.3.2019 (Unaudited) RM'000	31.3.2020 (Unaudited) RM'000	31.3.2019 (Unaudited) RM'000
Current:-				
- bank overdrafts	1,718	247	-	-
- banker's acceptance	24,819	26,394	-	-
- revolving credit	16,500	22,500	-	-
- term loans	-	-	-	-
	43,037	49,141	-	-
Non-current:-				
-hire purchase	-	213	-	-
- term loans	7,418	4,082	-	-
	50,455	53,436	-	-

The foreign denominated borrowings of the Group is Indonesian Rupiah ("RP") and it has been translated at rate of RP0.000263 (31.12.2019: RP0.000295)

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.

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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	
	31.3.2020 (Unaudited)	31.3.2019 (Unaudited)	31.3.2020 (Unaudited)	31.3.2019 (Unaudited)
Profit attributable to owners of the Company (RM'000)	8,083	7,396	8,083	7,396
Weighted average number of ordinary shares at 1 January ('000)	630,718	315,359	630,718	315,359
Effect of treasury shares held	(3,761)	(24)	(3,761)	(24)
Effect of share split – subdivision of 1 into 2 ordinary shares	-	315,359	-	315,359
Weighted average number of ordinary shares at 31 March ('000)	626,957	630,694	626,957	630,694
Basic earnings per share (Sen)	1.29	1.17	1.29	1.17

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	
	31.3.2020 (Unaudited) RM'000	31.3.2019 (Unaudited) RM'000	31.3.2020 (Unaudited) RM'000	31.3.2019 (Unaudited) RM'000
After charging/(crediting)-				
Allowance for impairment losses on receivables	49	138	49	138
Allowance for impairment losses on receivables no longer required	(10)	(11)	(10)	(11)
Depreciation and amortisation	4,748	4,896	4,748	4,896
Loss/(gain) on fair value changes in biological assets	123	(2,259)	123	(2,259)
Loss on disposal of property, plant and equipment	4	94	4	94
Loss/(gain) on foreign exchange:-				
- realised	-	18	-	18
- unrealised	18	(4)	18	(4)
Interest expense	714	883	714	883
Interest income	(89)	(113)	(89)	(113)

B12. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 December 2019 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 29 June 2020.