

# **CCK CONSOLIDATED HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No:199601024340 (396692-T)

**INTERIM FINANCIAL STATEMENTS**  
for the Financial Period Ended 30 June 2020

## CCK CONSOLIDATED HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration No. 199601024340 (396692-T)

Interim Report for the Second Financial Quarter Ended 30 June 2020

### CONDENSED STATEMENTS OF FINANCIAL POSITION

	<b>As at 30.6.2020 RM'000 (Unaudited)</b>	<b>As at 31.12.2019 RM'000 (Audited)</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Investment in an associate	25,927	26,486
Investment properties	17,037	17,085
Property, plant and equipment	190,714	190,403
Goodwill	380	380
Deferred tax assets	1,389	1,389
	<hr/> 235,447	<hr/> 235,743
<b>CURRENT ASSETS</b>		
Inventories	58,234	55,843
Biological assets	13,299	15,324
Trade receivables	43,912	39,678
Other receivables, deposits and prepayments	12,060	11,217
Current tax assets	610	771
Deposits with licensed banks	8,344	4,925
Cash and bank balances	37,893	39,101
	<hr/> 174,352	<hr/> 166,859
<b>TOTAL ASSETS</b>	<hr/> 409,799	<hr/> 402,602
<b>EQUITY AND LIABILITIES</b>		
Share capital	158,969	158,969
Treasury shares	(2,432)	(2,320)
Foreign exchange translation reserve	(2,794)	(3,465)
Retained profits	130,398	122,590
	<hr/> 284,141	<hr/> 275,774
Total Equity Attributable to Owners of the Company	284,141	275,774
Non-controlling interests	395	380
	<hr/> 284,536	<hr/> 276,154
<b>TOTAL EQUITIES</b>	<hr/> 284,536	<hr/> 276,154

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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Interim Report for the Second Financial Quarter Ended 30 June 2020

**CONDENSED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

	<b>As at 30.6.2020 RM'000 (Unaudited)</b>	<b>As at 31.12.2019 RM'000 (Audited)</b>
<b>NON-CURRENT LIABILITIES</b>		
Other payables, deposits and accruals	6,265	6,265
Lease liabilities	10,978	10,978
Bank borrowings	7,308	6,310
Deferred income	19	19
Deferred tax liabilities	9,666	9,661
	<hr/> 34,236	<hr/> 33,233
<b>CURRENT LIABILITIES</b>		
Trade payables	23,470	23,698
Other payables, deposits and accruals	11,958	19,586
Bank borrowings:-		
- bank overdrafts	2,048	815
- other borrowings	47,827	43,963
Lease liabilities	1,826	1,826
Provision for employee benefits	789	776
Current tax liabilities	3,109	2,551
	<hr/> 91,027	<hr/> 93,215
<b>TOTAL LIABILITIES</b>	<hr/> 125,263	<hr/> 126,448
<b>TOTAL EQUITIES&amp; LIABILITIES</b>	<hr/> 409,799	<hr/> 402,602
	<hr/>	<hr/>
Net assets per share (RM)	0.45	0.44

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.

## CCK CONSOLIDATED HOLDINGS BERHAD

Registration No. 199601024340 (396692-T)

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Interim Report for the Second Financial Quarter Ended 30 June 2020

### 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
<b>At 30 June 2020</b>							
<b>Balance at 1.1.2020</b>	158,969	(2,320)	(3,465)	122,590	275,774	380	276,154
Profit after taxation	-	-	-	15,641	15,641	15	15,656
- foreign currency translation difference	-	-	671	-	671	-	671
Total comprehensive income for the financial period	-	-	671	15,641	16,312	15	16,327
Contributions by and distributors to owners of the Company:-							
- Purchase of treasury shares	-	(112)	-	-	(112)	-	(112)
-Dividends:- -by the Company				(7,833)	(7,833)		(7,833)
Total Transactions with owners	-	(112)	-	(7,833)	(7,945)	-	(7,945)
<b>Balance at 30.6.2020</b>	158,969	(2,432)	(2,794)	130,398	284,141	395	284,536

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.

**CCK CONSOLIDATED HOLDINGS BERHAD**

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Interim Report for the Second Financial Quarter Ended 30 June 2020

**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
<b>At 30 June 2019</b>							
<b>Balance at 1.1.2019</b>							
- as previously stated	158,969	(1,614)	(4,482)	97,246	250,119	433	250,552
Profit after taxation	-	-	-	16,272	16,272	20	16,292
Other comprehensive income for the period:-							
- foreign currency translation difference	-	-	773	-	773	-	773
Total comprehensive income for the financial period	-	-	773	16,272	17,045	20	17,065
Contributions by and distributors to owners of the Company:-							
-Purchase of treasury shares	-	(39)	-	-	(39)	-	(39)
Dividends:-							
-by the Company	-	-	-	(7,854)	(7,854)	-	(7,854)
-by subsidiaries to non controlling interest	-	-	-	-	-	(87)	(87)
Total Transactions with owners	-	(39)	-	(7,854)	(7,893)	(87)	(7,980)
<b>Balance at 30.6.2019</b>	158,969	(1,653)	(3,709)	105,664	259,271	366	259,637

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 <b>30.6.2020</b> (Unaudited) RM'000	Preceding year Corresponding Quarter <b>30.6.2019</b> (Unaudited) RM'000	Current Year to-Date <b>30.6.2020</b> (Unaudited) RM'000	Preceding year Corresponding Year to-Date <b>30.6.2019</b> (Unaudited) RM'000
Revenue	153,865	165,362	314,827	320,632
Cost of sales	(122,555)	(132,147)	(252,504)	(256,175)
<b>Gross profit</b>	<b>31,310</b>	<b>33,215</b>	<b>62,323</b>	<b>64,457</b>
Other income	1,537	1,053	2,425	1,756
Administrative expenses	( 6,598)	(7,295)	(12,915)	(14,922)
Other operating expenses	(17,077)	(16,123)	(32,912)	(31,043)
Share of results in an associate	1,247	1,307	2,704	2,392
Finance costs	(765)	(912)	(1,478)	(1,795)
<b>Profit before taxation</b>	<b>9,654</b>	<b>11,245</b>	<b>20,147</b>	<b>20,845</b>
Income tax expense	(2,086)	(2,361)	(4,491)	(4,553)
<b>Profit after taxation</b>	<b>7,568</b>	<b>8,884</b>	<b>15,656</b>	<b>16,292</b>
<b>Other comprehensive income for the financial period:-</b>				
- foreign currency translation difference	4,843	670	671	773
<b>Total comprehensive income for the financial period</b>	<b>12,411</b>	<b>9,554</b>	<b>16,327</b>	<b>17,065</b>
<b>Profit after taxation attributable to:</b>				
- Owners of the Company	7,558	8,876	15,641	16,272
- Non-controlling interests	10	8	15	20
	<b>7,568</b>	<b>8,884</b>	<b>15,656</b>	<b>16,292</b>
<b>Total comprehensive income attributable to:</b>				
- Owners of the Company	12,401	9,547	16,312	17,045
- Non-controlling interests	10	7	15	20
	<b>12,411</b>	<b>9,554</b>	<b>16,327</b>	<b>17,065</b>

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 Second Financial Quarter Ended 30 June 2020

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.6.2020 (Unaudited)	Preceding year Corresponding Quarter 30.6.2019 (Restated)	Current Year to-Date 30.6.2020 (Unaudited)	Preceding year Corresponding Year to-Date 30.6.2019 (Restated)
<b>Earnings per share(Sen):</b>				
- Basic	1.21	1.41	2.50	2.58
- 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.

## CCK CONSOLIDATED HOLDINGS BERHAD

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Interim Report for the Second Financial Quarter Ended 30 June 2020

### CONDENSED STATEMENTS OF CASH FLOWS

	6-month period ended	
	<u>30.6.2020</u>	<u>30.6.2019</u>
	(Unaudited)	(Unaudited)
	RM'000	RM'000
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Profit before taxation	20,147	20,845
<b>Adjustments for non-cash items:-</b>		
Non-cash items	11,875	8,300
Interest expenses	1,478	1,795
Interest income	(405)	(267)
Share of results in an associate	(2,704)	(2,392)
<b>Operating profit before working capital changes</b>	<b>30,391</b>	<b>28,281</b>
Increase in current assets	(7,290)	(7,620)
Decrease in current liabilities	(7,928)	(6,732)
<b>Cash from operations</b>	<b>15,173</b>	<b>13,929</b>
Interest paid	(1,478)	(1,795)
Interest received	405	267
Income tax refunded	-	59
Income tax paid	(4,094)	(5,067)
<b>Net cash from operating activities</b>	<b>10,006</b>	<b>7,393</b>
<b><u>CASH FLOWS FOR INVESTING ACTIVITIES</u></b>		
Proceeds from disposal of property, plant and equipment	94	72
Dividend received from an associate	3,264	-
Purchase of property, plant and equipment	(9,459)	(11,524)
<b>Net cash for investing activities</b>	<b>(6,101)</b>	<b>(11,452)</b>
Balance carried forward	3,905	(4,059)

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 Second Financial Quarter Ended 30 June 2020

**CONDENSED STATEMENTS OF CASH FLOWS (CONT'D)**

	<b>6-month period ended</b>	
	<b><u>30.6.2020</u></b>	<b><u>30.6.2019</u></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance brought forward	3,905	(4,059)
<hr/>		
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Dividend paid	(7,833)	(7,941)
Drawdown from borrowings	8,080	7,735
Proceeds from purchase of treasury shares	(112)	(39)
Repayment of borrowings	(3,218)	(3,211)
<hr/>		
<b>Net cash for financing activities</b>	<b>(3,083)</b>	<b>(3,456)</b>
<hr/>		
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>822</b>	<b>(7,515)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>156</b>	<b>127</b>
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>43,211</b>	<b>30,081</b>
<hr/>		
<b>Cash and cash equivalents at end of the financial year</b>	<b>44,189</b>	<b>22,693</b>
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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.

## **CCK CONSOLIDATED HOLDINGS BERHAD**

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Interim Report for the Second Financial Quarter Ended 30 June 2020

### **A. EXPLANATORY NOTES PURSUANT TO MFRS 134**

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#### **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**

The Company paid an interim single tier dividend of 1.25 sen per ordinary share in respect of the financial year ended 31 December 2019 during the financial quarter.

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Interim Report for the Second Financial Quarter Ended 30 June 2020

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

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#### **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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Interim Report for the Second Financial Quarter Ended 30 June 2020

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

<b>6 months period ended 30 June 2020</b>	<b>Poultry</b>	<b>Prawn</b>	<b>Food Service</b>	<b>Retail</b>	<b>Corporate</b>	<b>Eliminations</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>REVENUE</b>							
External revenue	48,702	8,336	5,752	252,037	-	-	314,827
Inter-segment revenue	97,538	5,495	4	44,128	3,447	(150,612)	-
<b>Total segment revenue</b>	<b>146,240</b>	<b>13,831</b>	<b>5,756</b>	<b>296,165</b>	<b>3,447</b>	<b>(150,612)</b>	<b>314,827</b>
<b>RESULTS</b>							
Segment results	3,598	(523)	573	15,849	(576)	-	18,921
Finance costs							(1,478)
Share of results in an associate							2,704
Profit before taxation							<u>20,147</u>

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

<b>6 months period ended 30 June 2019</b>	<b>Poultry</b>	<b>Prawn</b>	<b>Food Service</b>	<b>Retail</b>	<b>Corporate</b>	<b>Eliminations</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>REVENUE</b>							
External revenue	47,969	9,231	8,023	255,409	-	-	320,632
Inter-segment revenue	97,991	6,269	7	46,186	183	(150,636)	-
<b>Total segment revenue</b>	<b>145,960</b>	<b>15,500</b>	<b>8,030</b>	<b>301,595</b>	<b>183</b>	<b>(150,636)</b>	<b>320,632</b>
<b>RESULTS</b>							
Segment results	5,452	(415)	574	14,191	446	-	20,248
Finance costs							(1,795)
Share of results in an associate							2,392
Profit before taxation							20,845

## CCK CONSOLIDATED HOLDINGS BERHAD

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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
<b>30 June 2020</b>						
Segment assets						
Unallocated assets:-	94,239	20,195	11,990	245,890	9,179	381,493
Investment in an associate						25,927
Goodwill						380
Deferred tax assets						1,389
Current tax assets						610
Consolidated total assets						<u>409,799</u>
<b>30 June 2019</b>						
Segment assets	97,728	19,008	12,070	217,632	5,625	352,063
Unallocated assets:-						
Investment in an associate						23,626
Goodwill						380
Deferred tax assets						1,378
Unallocated assets						2,265
Consolidated total assets						<u>379,712</u>

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Interim Report for the Second Financial Quarter Ended 30 June 2020

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

<b>LIABILITIES</b>	<b>Poultry RM'000</b>	<b>Prawn RM'000</b>	<b>Food Service RM'000</b>	<b>Retail RM'000</b>	<b>Corporate RM'000</b>	<b>Consolidated RM'000</b>
<b>30 June 2020</b>						
Segment liabilities	24,855	2,271	1,663	62,091	25,601	116,481
Unallocated liabilities:-						
Deferred tax liabilities						9,666
Current tax liabilities						3,109
Unallocated liabilities and adjustments						(3,993)
Consolidated total liabilities						<u>125,263</u>
<b>30 June 2019</b>						
Segment liabilities	30,296	2,828	2,680	46,153	30,335	112,292
Unallocated liabilities:-						
Deferred tax liabilities						10,195
Current tax liabilities						2,496
Unallocated liabilities and adjustments						(4,908)
Consolidated total liabilities						<u>120,075</u>

## CCK CONSOLIDATED HOLDINGS BERHAD

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Interim Report for the Second Financial Quarter Ended 30 June 2020

### 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>	<b>3-month ended</b>		<b>Cumulative Quarter</b>	
	<b>30.6.2020</b>	<b>30.6.2019</b>	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Australia	-	239	537	1,126
Hong Kong	-	297	261	621
Indonesia	31,740	27,089	57,044	51,971
Japan	1,677	665	4,100	2,464
Taiwan	324	-	324	-
Korea	-	173	-	173
Middle East	(8)	-	343	-
Malaysia	120,131	136,712	252,218	263,962
Vietnam	-	187	-	315
	<b>153,864</b>	<b>165,362</b>	<b>314,827</b>	<b>320,632</b>

<i>Non-current assets</i>	<b>As at</b>	
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RM'000</b>	<b>RM'000</b>
Indonesia	35,803	32,095
Malaysia	198,255	184,927
	<b>234,058</b>	<b>217,022</b>

#### MAJOR CUSTOMERS

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



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Interim Report for the Second Financial Quarter Ended 30 June 2020

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

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#### **A9. PROPERTY, PLANT AND EQUIPMENT**

##### **a) Acquisition and Disposals**

During the 6-month period ended 30 June 2020, the Group acquired assets at a total cost of RM9.4 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)

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#### 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	
	30.6.2020 (Unaudited) RM'000	30.6.2019 (Restated) RM'000	30.6.2020 (Unaudited) RM'000	30.6.2019 (Restated) RM'000
Purchase of products	25,091	30,641	50,944	62,338
Sale of products	-	247	545	307
Rental paid	-	15	-	15
Advisory income	-	-	-	2
Freight charges	340	-	791	1

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#### A15. CASH AND CASH EQUIVALENTS

	As at	
	30.6.2020 (Unaudited) RM'000	30.6.2019 (Unaudited) RM'000
Cash and bank balances	37,893	20,205
Deposits with licensed banks	8,344	6,597
Bank overdrafts, secured	(2,048)	(4,109)
	<hr/>	<hr/>
	44,189	22,693

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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

##### a) Analysis of the results for the 3-months ended 30 June 2020 against 3-months ended 30 June 2019

	←--Individual Quarter--→		Variances	
	Current Year Quarter 30.6.2020 (Unaudited) RM'000	Preceding Year Quarter 30.6.2019 (Unaudited) RM'000		
Revenue	153,865	165,362	(11,497)	(7)
Gross profits	31,310	33,215	(1,905)	(6)
Profit before taxation	9,654	11,245	(1,591)	(14)
Profit after taxation	7,568	8,884	(1,316)	(15)
Profit after taxation attributable to owners of the Company	7,558	8,876	(1,318)	(15)

#### Revenue

The Group's revenue for the 3-months ended 30 June 2020 decreased by 7% when compared to the same period last year. The Covid-19 pandemic and the resultant Movement Control Order (MCO) impacted the full 3 months of the 2<sup>nd</sup> quarter.

Our retail operations in Malaysia was affected by the closure or limited operations of many of our food and beverage customers. However, the Indonesian operations increased their group revenue contribution from 16.38% in 2019 to 20.60% in 2020. Unlike Malaysia, there was no nationwide lockdown in Indonesia.

The food service segment was materially affected by the closure of all schools (day and residential schools) by a decrease in revenue of RM3.2 million. This segment supplies food and provides catering services to contractors of government school food programmes.

The prawn segment's revenue declined by 47% (RM1.6 million) as the export market for prawns was weak with low global pricing for prawns.

#### Profit before tax

Consequently, the Group's profit before tax declined by 14% (RM1.6 million) as opposed to the same quarter last year, in spite the challenging business environment. The Group maintained its gross profit margin at 20%.

Share of results in our associate decreased by 4.6% as our associate's performance was also affected by the pandemic.

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

**B1. REVIEW OF OPERATING PERFORMANCE (CONT'D)**

**b) Analysis of the results for the 6-months ended 30 June 2020 against 6-months ended 30 June 2019**

	←--Cumulative Quarter--→		Variances	
	Current Year Quarter 30.6.2020 (Unaudited) RM'000	Preceding Year Quarter 30.6.2019 (Unaudited) RM'000		
Revenue	314,827	320,632	(5,805)	(2)
Gross profits	62,323	64,457	(2,134)	(3)
Profit before taxation	20,147	20,845	(698)	(3)
Profit after taxation	15,656	16,292	(636)	(4)
Profit after taxation attributable to owners of the Company	15,641	16,272	(631)	(4)

**Analysis of the results for the 6-months ended 30 June 2020 against 6-months ended 30 June 2019**

Revenue

For the second quarter ended 30 June 2020, the Group recorded a revenue of RM314.8 million, representing a decrease of approximately 2% over the same period last year whereby the revenue was recorded at RM320.6 million. The 6-months ended 30 June 2020 included 3 ½ months of restricted movement under the Movement Control Order (MCO).

Our retail segment showed a decline in revenue of RM3.3 million or 1.32% compared to the same period last year. Our extensive network of retail stores throughout East Malaysia was able to sustain its performance despite many of our food and beverage customers having to cease operations or operate on a limited scale.

The food service segment was impacted by the closure of schools with a decrease in revenue of RM2.2 million or 28% compared to last year.

Revenue contribution from our Indonesian operations improved to 18.12% for the 6 months ended 30 June 2020, as compared to 16.20% for the same period in 2019.

The Group ended the second quarter with 62 stores, as opposed to 59 stores in the second quarter of 2019.

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

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#### **B1. REVIEW OF OPERATING PERFORMANCE (CONT'D)**

##### **b) Analysis of the results for the 6-months ended 30 June 2020 against 6-months ended 30 June 2019 (cont'd)**

###### Profit before tax

For the six months ended 30 June 2020, the Group's profit before tax decreased by 3% from RM20.8 million in 2019 to RM20.1 million in 2020. The strengthening of the US Dollar against the Malaysian Ringgit by 3% impacted our gross margin. The gross margin for the period was 19.8% as opposed to 20.1% in 2019. One of the major impacts of the strengthening of the USD/MYR was on the cost of feed.

Share of results in our associate increased by 13% for the six months ended 30 June 2020 when comparing to the same period last year.

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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 30.6.2020 (Unaudited) RM'000	Immediate Preceding Quarter 31.3.2020 (Unaudited) RM'000	Variances	
			RM'000	%
Revenue	153,865	160,963	(7,098)	(4)
Gross profits	31,310	31,013	297	1
Profit before taxation	9,654	10,492	(838)	(8)
Profit after taxation	7,568	8,088	(520)	(6)
Profit after taxation attributable to owners of the Company	7,558	8,083	(525)	(6)

#### Revenue

The Group's revenue for the second quarter decreased by 4% from the first quarter of the year. The second quarter saw the full impact of the Movement Control Order (MCO) on all 3 months of the said reporting period.

For the retail segment in Malaysia, many of our food and beverage customers either ceased operations for the period or operated on a limited scale for take-outs and deliveries. It was noted retail stores in residential areas performed comparatively better than those in business areas as households stocked up on their daily food supplies.

Revenue contribution from our Indonesian operations improved from 16% in the first quarter to 20% in the second quarter.

The prawn segment's exports for the second quarter decreased by 44.19% when compared to the export sales in the first quarter. Our traditional markets, Japan and Australia, have been hit hard by the pandemic and export sales have been sluggish.

The Group ended the first and second quarters with 62 stores.

#### Profit before tax

Consequently, the Group's profit before tax in the second quarter declined by 8%, comparing to the first quarter of the year. Despite the decline in revenue, the Group's gross profit margin increased from 19.26% in the first quarter to 20.30% in the second quarter. This was attributable to better margins from the retail segment and also from our Indonesian operations.

Other income increased in the second quarter by 73% as some subsidiaries have received 3 months wage subsidies from PERKESO's Wage Subsidy Programme.

The share of results from our associate declined by 14% from the first quarter.

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

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#### B3. FUTURE PROSPECTS

The Group's first supermarket, branded under "CCKLocal" will be opened in Kuching in the third quarter. The Group's second supermarket is scheduled to commence operations in the fourth quarter, in Kota Kinabalu. With the opening of the supermarkets, the Group will have 2 retail brands ie CCKLocal supermarkets and CCK Fresh Mart retail stores.

In addition to the supermarkets, the Group plans to open 2 retail stores in the last remaining quarters of the financial year.

Many restrictions have been lifted or eased during the current Recovery Movement Control Order (RMCO). The Board of Directors is cautiously 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	
	30.6.2020 (Unaudited) RM'000	30.6.2019 (Unaudited) RM'000	30.6.2020 (Unaudited) RM'000	30.6.2019 (Unaudited) RM'000
Current tax	2,086	2,361	4,491	4,553
Effective tax rate	22%	21%	22%	22%

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	
	30.6.2020 (Unaudited) RM'000	30.6.2019 (Unaudited) RM'000	30.6.2020 (Unaudited) RM'000	30.6.2019 (Unaudited) RM'000
<b>Current:-</b>				
- bank overdrafts	2,048	4,109	-	-
- banker's acceptance	32,827	33,228	-	-
- revolving credit	15,000	21,000	-	-
	49,875	58,337	-	-
<b>Non-current:-</b>				
-hire purchase	-	187	-	-
- term loans	7,308	4,003	-	-
	7,308	4,190	-	-
	<b>57,183</b>	<b>62,527</b>	-	-

The foreign denominated borrowings of the Group is Indonesian Rupiah ("RP") and it has been translated at rate of RP0.000300 (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	
	30.6.2020 (Unaudited)	30.6.2019 (Unaudited)	30.6.2020 (Unaudited)	30.6.2019 (Unaudited)
Profit attributable to owners of the Company (RM'000)	7,558	8,876	15,641	16,272
Weighted average number of ordinary shares at 1 January ('000)	630,718	315,359	630,718	315,359
Effect of treasury shares held	(3,842)	(24)	(3,842)	(24)
Effect of share split – subdivision of 1 into 2 ordinary shares	-	315,359	-	315,359
Weighted average number of ordinary shares at 30 June ('000)	626,876	630,694	626,876	630,694
Basic earnings per share (Sen)	1.21	1.41	2.50	2.58

**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)

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#### B11. PROFIT BEFORE TAX

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

	3-month ended		Cumulative Quarter	
	30.6.2020 (Unaudited) RM'000	30.6.2019 (Unaudited) RM'000	30.6.2020 (Unaudited) RM'000	30.6.2019 (Unaudited) RM'000
<b>After charging/(crediting)-</b>				
Allowance for impairment losses on receivables	35	99	84	237
Allowance for impairment losses on receivables no longer required	1	(15)	(9)	(26)
Bad debt written off	-	10	-	10
Bad debt recovered	-	(1)	-	(1)
Depreciation and amortisation	5,012	4,949	9,760	9,845
Loss on fair value changes in biological assets	1,901	425	2,024	(1,834)
(Gain)/loss on disposal of property, plant and equipment	(6)	(21)	(2)	73
(Gain)/loss on foreign exchange:-				
- realised	-	(18)	-	-
- unrealised	-	-	18	(4)
Interest expense	764	912	1,478	1,795
Interest income	(316)	(154)	(405)	(267)

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#### 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 24 August 2020.