

CCK CONSOLIDATED HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration No:199601024340 (396692-T)

INTERIM FINANCIAL STATEMENTS

for the Financial Period Ended 30 September 2021

CCK CONSOLIDATED HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration No. 199601024340 (396692-T)

Interim Report for the Third Financial Quarter Ended 30 September 2021

CONDENSED STATEMENTS OF FINANCIAL POSITION

	As at 30.9.2021 RM'000 (Unaudited)	As at 31.12.2020 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Investment in an associate	34,041	29,688
Investment properties	16,135	16,213
Property, plant and equipment	202,884	202,960
Goodwill	380	380
Deferred tax assets	1,593	1,593
	<hr/> 255,033	<hr/> 250,834
CURRENT ASSETS		
Inventories	69,400	55,501
Biological assets	12,413	16,308
Trade receivables	35,307	32,633
Other receivables, deposits and prepayments	11,667	10,335
Current tax assets	1,138	1,162
Deposits with licensed banks	5,881	9,266
Cash and bank balances	38,325	49,861
	<hr/> 174,131	<hr/> 175,066
TOTAL ASSETS	<hr/> 429,164	<hr/> 425,900
EQUITY AND LIABILITIES		
Share capital	158,969	158,969
Treasury shares	(2,432)	(2,432)
Foreign exchange translation reserve	(3,443)	(4,666)
Retained profits	154,145	149,061
	<hr/> 307,239	<hr/> 300,932
Total Equity Attributable to Owners of the Company		
Non-controlling interests	92	92
	<hr/> 307,331	<hr/> 301,024
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 2020 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	As at 30.9.2021 RM'000 (Unaudited)	As at 31.12.2020 RM'000 (Audited)
NON-CURRENT LIABILITIES		
Other payables, deposits and accruals	3,434	3,434
Lease liabilities	16,176	16,144
Bank borrowings	8,087	7,548
Deferred income	19	19
Deferred tax liabilities	9,773	9,766
	<hr/> 37,489	<hr/> 36,911
CURRENT LIABILITIES		
Trade payables	29,889	22,835
Other payables, deposits and accruals	11,234	21,983
Bank borrowings:-		
- bank overdrafts	1,649	-
- other borrowings	34,983	36,020
Lease liabilities	2,764	3,133
Provision for employee benefits	886	881
Current tax liabilities	2,939	3,113
	<hr/> 84,344	<hr/> 87,965
TOTAL LIABILITIES	<hr/> 121,833	<hr/> 124,876
TOTAL EQUITIES& LIABILITIES	<hr/> 429,164	<hr/> 425,900
Net assets per share (RM)	<hr/> 0.49	<hr/> 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 2020 and the accompanying explanatory notes attached to the interim financial statements.

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Interim Report for the Third Financial Quarter Ended 30 September 2021

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 30 September 2021							
Balance at 1.1.2021	158,969	(2,432)	(4,666)	149,061	300,932	92	301,024
Profit after taxation	-	-	-	17,617	17,617	-	17,617
- foreign currency translation difference	-	-	1,223	-	1,223	-	1,223
Total comprehensive income for the financial period	-	-	1,223	17,617	18,840	-	18,840
Contributions by and distributors to owners of the Company:-							
- Purchase of treasury shares	-	-	-	-	-	-	-
-Dividends:-				(12,533)	(12,533)		(12,533)
-by the Company							
Total Transactions with owners	-	-	-	(12,533)	(12,533)	-	(12,533)
Balance at 30.9.2021	158,969	(2,432)	(3,443)	154,145	307,239	92	307,331

The Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 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 30 September 2020							
Balance at 1.1.2020							
- as previously stated	158,969	(2,320)	(3,465)	122,590	275,774	380	276,154
Profit after taxation	-	-	-	24,875	24,875	29	24,904
Other comprehensive income for the period:-							
- foreign currency translation difference	-	-	(2,291)	-	(2,291)	-	(2,291)
Total comprehensive income for the financial period	-	-	(2,291)	24,875	22,584	29	22,613
Contributions by and distributors to owners of the Company:-							
-Purchase of treasury shares	-	(112)	-	-	(112)	-	(112)
-Dividends:-							
-by the Company				(10,966)	(10,966)		(10,966)
Total Transactions with owners	-	(112)	-	(10,966)	(11,078)	-	(11,078)
Balance at 30.9.2020	158,969	(2,432)	(5,756)	136,499	287,280	409	287,689

The Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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Interim Report for the Third Financial Quarter Ended 30 September 2021

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.9.2021 (Unaudited) RM'000	Preceding year Corresponding Quarter 30.9.2020 (Unaudited) RM'000	Current Year to-Date 30.9.2021 (Unaudited) RM'000	Preceding year Corresponding Year to-Date 30.9.2020 (Unaudited) RM'000
Revenue	173,239	165,189	503,797	480,016
Cost of sales	(141,006)	(130,856)	(406,804)	(383,360)
Gross profit	32,233	34,333	96,993	96,656
Other income	1,142	1,460	3,454	3,886
Administrative expenses	(4,730)	(5,893)	(16,450)	(18,808)
Other operating expenses	(21,294)	(19,039)	(63,948)	(51,951)
Share of results in an associate	1,167	1,352	4,353	4,056
Finance costs	(425)	(617)	(1,481)	(2,095)
Profit before taxation	8,093	11,596	22,921	31,744
Income tax expense	(1,901)	(2,348)	(5,304)	(6,840)
Profit after taxation	6,192	9,248	17,617	24,904
Other comprehensive income for the financial period:-				
- foreign currency translation difference	1,432	(2,962)	1,223	(2,290)
Total comprehensive income for the financial period	7,624	6,286	18,840	22,614
Profit after taxation attributable to:				
- Owners of the Company	6,192	9,234	17,617	24,875
- Non-controlling interests	-	14	-	29
	6,192	9,248	17,617	24,904
Total comprehensive income attributable to:				
- Owners of the Company	7,624	6,272	18,840	22,585
- Non-controlling interests	-	14	-	29
	7,624	6,286	18,840	22,614

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current	Preceding year	Current	Preceding year
	Year Quarter	Corresponding	Year to-Date	Corresponding
	30.9.2021	Quarter	30.9.2021	Year to-Date
	(Unaudited)	30.9.2020	(Unaudited)	30.9.2020
		(Unaudited)		(Unaudited)
Earnings per share(Sen):				
- Basic	1.00	1.47	2.81	3.97
- 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 2020 and the accompanying explanatory notes attached to the interim financial statements.

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Interim Report for the Third Financial Quarter Ended 30 September 2021

CONDENSED STATEMENTS OF CASH FLOWS

	9-month period ended	
	<u>30.9.2021</u>	<u>30.9.2020</u>
	(Unaudited)	(Unaudited)
	RM'000	RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before taxation	22,921	31,744
Adjustments for non-cash items:-		
Non-cash items	18,135	15,763
Interest expenses	1,481	2,095
Interest income	(380)	(475)
Share of results in an associate	(4,353)	(4,056)
Operating profit before working capital changes	37,804	45,071
Increase in current assets	(17,781)	(1,608)
Decrease in current liabilities	(4,044)	(3,920)
Employee benefits paid	(13)	-
Cash from operations	15,966	39,543
Interest paid	(1,481)	(2,095)
Interest received	380	475
Income tax refunded	-	-
Income tax paid	(5,502)	(6,398)
Net cash from operating activities	9,363	31,525
<u>CASH FLOWS FOR INVESTING ACTIVITIES</u>		
Proceeds from disposal of property, plant and equipment	154	108
Dividend received	-	3,264
Purchase of property, plant and equipment	(13,042)	(17,120)
Net cash for investing activities	(12,888)	(13,748)
Balance carried forward	(3,525)	17,777

The Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED STATEMENTS OF CASH FLOWS (CONT'D)

	9-month period ended	
	<u>30.9.2021</u>	<u>30.9.2020</u>
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Balance brought forward	(3,525)	17,777
<hr/>		
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividend paid	(12,533)	(10,966)
Drawdown from borrowings	5,027	1,694
Proceeds from purchase of treasury shares	-	(112)
Repayment of lease liabilities	(340)	(77)
Repayment of borrowings	(5,525)	(4,752)
<hr/>		
Net cash for financing activities	(13,371)	(14,213)
<hr/>		
Net (decrease)/increase in cash and cash equivalents	(16,896)	3,564
Effect of exchange rate changes on cash and cash equivalents	326	(530)
Cash and cash equivalents at beginning of the financial period	59,127	43,211
<hr/>		
Cash and cash equivalents at end of the financial period	42,557	46,245
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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 2020 and the accompanying explanatory notes attached to the interim financial statements.

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Interim Report for the Third Financial Quarter Ended 30 September 2021

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 2020. 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 2020.

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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Interim Report for the Third Financial Quarter Ended 30 September 2021

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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Interim Report for the Third Financial Quarter Ended 30 September 2021

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

3 months period ended 30 September 2021	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	20,911	4,338	363	147,627	-	-	173,239
Inter-segment revenue	51,759	4,476	3	17,975	92	(74,305)	-
Total segment revenue	72,670	8,814	366	165,602	92	(74,305)	173,239
RESULTS							
Segment results	(1,216)	165	(177)	8,836	(257)	-	7,351
Finance costs							(425)
Share of results in an associate							1,166
Profit before taxation							<u>8,092</u>

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

3 months period ended 30 September 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	23,054	3,706	4,957	133,472	-	-	165,189
Inter-segment revenue	45,621	3,249	3	24,552	92	(73,517)	-
Total segment revenue	68,675	6,955	4,960	158,024	92	(73,517)	165,189
RESULTS							
Segment results	1,862	117	799	8,362	(278)	-	10,862
Finance costs							(617)
Share of results in an associate							1,352
Profit before taxation							11,597

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

9 months period ended 30 September 2021	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	64,574	14,320	4,174	420,729	-	-	503,797
Inter-segment revenue	148,445	13,939	8	59,028	275	(221,695)	-
Total segment revenue	213,019	28,259	4,182	479,757	275	(221,695)	503,797
RESULTS							
Segment results	(4,950)	620	136	25,208	(965)	-	20,049
Finance costs							(1,481)
Share of results in an associate							4,353
Profit before taxation							<u>22,921</u>

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

9 months period ended 30 September 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	71,756	12,042	10,709	385,509	-	-	480,016
Inter-segment revenue	143,159	8,744	7	68,680	3,539	(224,129)	-
Total segment revenue	214,915	20,786	10,716	454,189	3,539	(224,129)	480,016
RESULTS							
Segment results	5,460	(406)	1,372	24,211	(854)	-	29,783
Finance costs							(2,095)
Share of results in an associate							4,056
Profit before taxation							31,744

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

ASSETS	Poultry RM'000	Prawn RM'000	Food Service RM'000	Retail RM'000	Corporate RM'000	Consolidated RM'000
30 September 2021						
Segment assets						
Unallocated assets:-	(2,719)	(1,957)	(991)	7,744	(273)	1,804
Investment in an associate						1,166
Goodwill						-
Deferred tax assets						-
Current tax assets						32
Consolidated total assets						<u>3,002</u>
30 September 2020						
Segment assets	(916)	(372)	(193)	(4,867)	1,521	(4,827)
Unallocated assets:-						
Investment in an associate						1,352
Goodwill						-
Deferred tax assets						-
Unallocated assets						-
Consolidated total assets						<u>(3,475)</u>

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

ASSETS	Poultry RM'000	Prawn RM'000	Food Service RM'000	Retail RM'000	Corporate RM'000	Consolidated RM'000
30 September 2021						
Segment assets						
Unallocated assets:-	87,011	21,047	6,844	266,802	10,308	392,012
Investment in an associate						34,041
Goodwill						380
Deferred tax assets						1,593
Current tax assets						1,138
Consolidated total assets						<u>429,164</u>
30 September 2020						
Segment assets	93,323	19,823	11,797	241,023	10,700	376,666
Unallocated assets:-						
Investment in an associate						27,279
Goodwill						380
Deferred tax assets						1,389
Unallocated assets						610
Consolidated total assets						<u>406,324</u>

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

LIABILITIES	Poultry RM'000	Prawn RM'000	Food Service RM'000	Retail RM'000	Corporate RM'000	Consolidated RM'000
30 September 2021						
Segment liabilities	1,922	(252)	(276)	(5,707)	(1,874)	(6,187)
Unallocated liabilities:-						
Deferred tax liabilities						8
Current tax liabilities						267
Unallocated liabilities and adjustments						1,290
Consolidated total liabilities						<u>(4,622)</u>
30 September 2020						
Segment liabilities	(1,879)	(216)	151	(3,330)	(853)	(6,127)
Unallocated liabilities:-						
Deferred tax liabilities						(23)
Current tax liabilities						29
Unallocated liabilities and adjustments						(507)
Consolidated total liabilities						<u>(6,628)</u>

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

LIABILITIES	Poultry RM'000	Prawn RM'000	Food Service RM'000	Retail RM'000	Corporate RM'000	Consolidated RM'000
30 September 2021						
Segment liabilities	27,728	3,509	528	60,803	19,608	112,176
Unallocated liabilities:-						
Deferred tax liabilities						9,773
Current tax liabilities						2,939
Unallocated liabilities and adjustments						(3,055)
Consolidated total liabilities						<u>121,833</u>
30 September 2020						
Segment liabilities	22,976	2,055	1,814	58,761	24,748	110,354
Unallocated liabilities:-						
Deferred tax liabilities						9,643
Current tax liabilities						3,138
Unallocated liabilities and adjustments						(4,500)
Consolidated total liabilities						<u>118,635</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	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Australia	-	-	298	537
Hong Kong	-	-	-	261
Indonesia	35,290	27,331	99,292	84,375
Japan	1,267	1,445	4,278	5,545
Taiwan	273	-	523	324
Middle East	-	-	-	343
Korea	535	-	997	-
Malaysia	135,874	136,413	398,409	388,631
	173,239	165,189	503,797	480,016

<i>Non-current assets</i>	As at	
	30.9.2021	30.9.2020
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Indonesia	36,829	33,165
Malaysia	216,611	202,805
	253,440	235,970

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 9-month period ended 30 September 2021, the Group acquired assets at a total cost of RM13 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	
	30.9.2021 (Unaudited) RM'000	30.9.2020 (Unaudited) RM'000	30.9.2021 (Unaudited) RM'000	30.9.2020 (Unaudited) RM'000
Purchase of products	31,312	24,484	91,579	75,428
Sale of products	-	102	-	647
Advisory income	-	-	-	-
Freight charges	394	333	1,156	1,124

A15. CASH AND CASH EQUIVALENTS

	As at	
	30.9.2021 (Unaudited) RM'000	30.9.2020 (Unaudited) RM'000
Cash and bank balances	38,325	43,860
Deposits with licensed banks	5,881	3,449
Bank overdrafts, secured	(1,649)	(1,064)
	42,557	46,245

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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 September 2021 against 3 months ended 30 September 2020.

	←--Individual Quarter -->			
	Current Year Quarter 30.9.2021 (Unaudited) RM'000	Preceding Year Quarter 30.9.2020 (Unaudited) RM'000	Variances	
			RM'000	%
Revenue	173,239	165,189	8,050	5
Gross profits	32,233	34,333	(2,100)	(6)
Profit before taxation	8,093	11,596	(3,503)	(30)
Profit after taxation	6,192	9,248	(3,056)	(33)
Profit after taxation attributable to owners of the Company	6,192	9,234	(3,042)	(33)

Revenue

Group revenue for the quarter under review ("Q3FY2021") increased by 5% to RM173.2 million from the corresponding quarter last year ("Q3FY2020"). The uptick in revenue despite the challenging environment was driven by the robust performance of the retail segment. This effectively offset the Covid-19 induced decline in the poultry and food service segments.

Specifically, the retail segment posted a revenue increase of 10.6% in Q3FY2021. This was largely brought about by the contributions from two (2) CCKLocal supermarkets (in Kuching and Kota Kinabalu, respectively) and five (5) CCK Fresh Mart retail stores which were opened in the past twelve (12) months.

In Q3FY2021, one additional CCK Fresh Mart retail store was opened in Kota Kinabalu, Sabah.

The Group's retail network in Malaysia ended the quarter with the following –

	Q3 2020	Q3 2021
CCKLocal Supermarkets	1	2
CCK Fresh Mart retail stores	57	61
CCK wholesale stores	6	6
Total touch points	64	69

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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 (CONT'D)

a) Analysis of the results for the 3-months ended 30 September 2021 against 3 months ended 30 September 2020. (cont'd)

In addition to the growth in the Group's domestic retail operations, revenue from our Indonesian operations improved by 29.1% to RM35.3 million in Q3FY2021 from RM27.3 million in Q3FY2020. The growth was largely due to an overall increase in sales and production capacity of sausages from a new factory and logistics centre in Pontianak, Indonesia. The new facilities were commissioned in January 2021 and replaced an existing site which was unable to cater for increasing sausage production requirements.

The poultry segment continued to experience soft demand due to Covid-19 from institutional clients as Q3FY2021 revenue stood at RM20.9 million. This remained largely unchanged from Q3FY2020. Poultry sales via our own retail stores (intersegment sales) remained robust, tracking the performance of the retail segment.

The prawn segment's revenue increased by 17.1% to RM4.3 million in Q3FY2021, this uptick was on the back of a Covid-19 induced depression in global pricing and demand for prawns that severely affected this segment in Q2FY2020. Ongoing efforts to acquire new customers bore fruit as the segment benefitted from additional exports to South Korea and Australia as well as higher domestic sales.

The food service segment continued to be hampered by the closure of boarding schools in Sarawak. This is reflected in the minimal contribution to Group revenue in Q3FY2021.

Profit before tax

Profit before tax ("PBT") decreased by 30.2% to RM8.1 million due to an overall decline in gross profit margins to 18.6% in Q3FY2021 from 20.8% in Q3FY2020.

Profitability was largely affected by the ongoing hike in feed prices as a result of increasing costs of raw materials since January 2021. This has had an adverse impact on the Group's gross profit margins and the performance of the poultry segment; which reported a loss of approximately RM1.2 million.

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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 (CONT'D)

a) Analysis of the results for the 3-months ended 30 September 2021 against 3 months ended 30 September 2020. (cont'd)

Despite the increasingly challenging operating environment, the retail segment continued to underpin the Group's overall performance, delivering a profit of RM8.8 million. This 5.7% uptick in profitability versus Q3FY2020 was largely due to the success of the Group's CCKLocal and CCK Fresh Mart expansion in the last twelve (12) months and a robust performance in the Indonesian operations.

Operating expenses increased 11.8% due to the commissioning of new facilities in Pontianak, Indonesia and opening of new CCKLocal and CCK Fresh Mart outlets in the past twelve (12) months.

Share of results in our associate company, Gold Coin (Sarawak) Sdn Bhd, amounted to RM1.2 million in Q3FY2021. This cushioned some of the direct negative impact of the hike in feed prices affecting the poultry segment.

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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 (CONT'D)

b) Analysis of the results for the 9-months ended 30 September 2021 against 9 months ended 30 September 2020.

	←-----Cumulative Quarter-----→			
	Current Year	Preceding		
	Quarter	Year		
	30.9.2021	Quarter		
	(Unaudited)	30.9.2020		
	RM'000	(Unaudited)	Variances	
		RM'000	RM'000	%
Revenue	503,797	480,016	23,781	5
Gross profits	96,993	96,656	337	-
Profit before taxation	22,921	31,744	(8,823)	(28)
Profit after taxation	17,617	24,904	(7,287)	(29)
Profit after taxation attributable to owners of the Company	17,617	24,875	(7,258)	(29)

Revenue

Group revenue for the 9-month period ended 30 September 2021 ("9MFY2021") increased by 5.0% against the corresponding period last year ("9MFY2020").

Revenue growth in 9MFY2021 was largely driven by the performance of the retail segment, which achieved an 9.1% increase in segment revenue. The robust performance of the retail segment was driven by the expansion of the Malaysian retail network and Indonesian operations. Revenue contribution from the Group's Indonesian operations (which are classified under the retail segment) increased to 19.7% in 9MFY2021 from 17.6% in 9MFY2020. This was brought about by an overall increase in production and sales volumes of sausages, nuggets and other processed products. Additionally, Pontianak's new facility that was commissioned in January 2021 has increased production capacity.

The prawn segment revenue grew by 18.9% in 9MFY2021. This was due to ongoing efforts made to boost exports sales to new customers in Korea and Taiwan in addition to our traditional markets in Australia and Japan. Sales to local customers through our CCK retail network in Sarawak also improved.

The strong performances from the above segments mitigated the Covid-19 induced decline in the poultry and food service segments. The poultry segment continued to be affected by lower institutional sales whilst the food service segment was hampered by the ongoing closure of boarding schools in Sarawak.

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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 (CONT'D)

b) Analysis of the results for the 9-months ended 30 September 2021 against 9 months ended 30 September 2020. (cont'd)

Profit before tax

The Group's PBT for the 9MFY2021 declined by 27.8% to RM22.9 million. Gross profit margin declined to 19.3% from 20.1% in 9MFY2020. The significant decline in profitability and margin compression can be attributed to a significant increase in feed prices affecting the poultry segment and an overall increase in operating expenses due to the ongoing expansion of our Malaysian retail network and Indonesian operations.

The hike in feed prices resulting from the global increase in prices of soy and corn had a direct negative impact on the poultry segment, which reported a loss of RM5.0 million in 9MFY2021.

Other operating expenses increased by 23.1% due to the costs associated with the commissioning of the new Pontianak facilities in January 2021 and flowthrough effects from the opening of two (2) CCKLocal supermarkets and (5) CCK Fresh Mart retail outlets in the past twelve (12) months.

Finance costs declined by 29.3% from 9MFY2020 due to a cut in the OPR by Bank Negara Malaysia to a low of 1.75% in June 2021.

The prawn segment returned to profitability in 9MFY2021, overturning a loss incurred during 9MFY2020. This turnaround is due to ongoing efforts to acquire new customers, resulting in additional exports to South Korea and Australia as well as higher domestic sales.

Share of results in our associate company, Gold Coin Sarawak Sdn Bhd, increased by 7.3% to RM4.4 million. This cushioned some of the direct negative impact of the hike in feed prices affecting the poultry segment.

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

B2. COMPARISON WITH THE IMMEDIATE PRECEDING QUARTER'S RESULTS

	←-----Individual Quarter-----→			
	Current Year Quarter 30.9.2021 (Unaudited) RM'000	Immediate Preceding Quarter 30.6.2021 (Unaudited) RM'000	Variances	
			RM'000	%
Revenue	173,239	166,889	6,350	4
Gross profits	32,233	31,784	449	1
Profit before taxation	8,093	6,932	1,161	17
Profit after taxation	6,192	5,363	829	15
Profit after taxation attributable to owners of the Company	6,192	5,363	829	15

Revenue

Revenue increased 3.8% to RM173.2 million from the immediate preceding quarter ("Q2FY2021"). The improvement was largely driven by the performance of retail segment, which grew 6.7%. This was due to new Fresh Mart outlets and supermarkets which were opened in the past twelve (12) months. Additionally, the robust performance of the retail segment also due to the Indonesian operations (which are classified under the retail segment). Indonesian operations was boosted by an overall increase in production and sales volumes of sausages, nuggets and other processed products.

The strong performance from the retail segment mitigated the decline in the poultry, prawn and food service segments. The poultry segment continued to be affected by subdued institutional sales whilst the food service segment was hampered by the ongoing closure of boarding schools in Sarawak. The prawn segment was negatively affected by a fluctuation in pricing for Japan bound exports.

Profit before tax

PBT increased by 16.7% to RM8.1 million despite a downtick in gross profit margins to 18.6% in Q3FY2021 (Q2FY2021:19.0%).

Profitability was largely driven by an outperformance from the retail segment and a reduction in losses from the poultry segment. The retail segment benefitted from contributions from new Fresh Mart outlets, supermarkets, and a strong performance from Indonesian operations. Indonesian operations were boosted by an overall increase in production and sales volumes of sausages, nuggets and other processed products.

A strong showing from the retail segment reduced the negative effects of the ongoing hike in feed prices affecting the poultry segment. The hike in feed price was due to the strengthening of the US dollar coupled with an overall increase in prices of raw materials. This effectively increased the segment's cost of sales and had a negative effect on profitability. Additionally, costs of imported beef, lamb, fish and other frozen products also increased as a result of the strengthening of the US dollar.

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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 (CONT'D)

Share of results in our associate company, Gold Coin (Sarawak) Sdn Bhd, amounted to RM1.2 million in Q3FY2021. Despite declining 35.3% against Q2FY2021 due to a sharp upward movement in raw material prices, this still cushioned some of the direct negative impact of the hike in feed prices affecting the poultry segment.

B3. FUTURE PROSPECTS

Vaccination rates in Sarawak have now exceeded 80% of the eligible adult population with some selected groups having been administered booster shots. This is expected to have a positive effect on consumer sentiment whilst the uplifting of curbs on travel movements and dining out is likely to benefit the food and beverage industry.

That being said, a resurgence of high daily numbers of positive Covid-19 cases in Sarawak could see the reimposition of movement controls and restrictions on dining out. This would negatively affect business and overall consumer sentiment.

Additionally, the strengthening of the US dollar and hike in global prices of corn and soy continues to be a cause of concern as this will affect the cost structures of both the retail and poultry segments.

Taking into account the above, the Board is cautious regards the last quarter of the year. The Board and Management teams are constantly striving to mitigate the risks in this challenging and fast changing environment brought about by the Covid-19 pandemic.

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

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	
	30.9.2021 (Unaudited) RM'000	30.9.2020 (Unaudited) RM'000	30.9.2021 (Unaudited) RM'000	30.9.2020 (Unaudited) RM'000
Current tax	1,901	2,348	5,304	6,840
Effective tax rate	23%	20%	23%	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.

B7. GROUP BORROWINGS

Details of the secured Group borrowings are as follows:-

	RM Denomination		Foreign Denomination	
	As at 30.9.2021 (Unaudited) RM'000	As at 30.9.2020 (Unaudited) RM'000	As at 30.9.2021 (Unaudited) RM'000	As at 30.9.2020 (Unaudited) RM'000
Current:-				
- bank overdrafts	1,649	1,064	-	-
- banker's acceptance	27,483	25,554	-	-
- revolving credit	7,500	13,500	-	-
	36,632	40,118	-	-
Non-current:-				
- term loans	8,087	8,085	-	-
	44,719	48,203	-	-

The foreign denominated borrowings of the Group is Indonesian Rupiah ("RP") and it has been translated at rate of RP0.000293 (31.12.2020: RP0.000287)

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

B8. MATERIAL LITIGATION

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

B9. DIVIDEND PAYABLE

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

B10. EARNINGS PER SHARE

Basic:-

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

	3-month ended		Cumulative quarter	
	30.9.2021 (Unaudited)	30.9.2020 (Unaudited)	30.9.2021 (Unaudited)	30.9.2020 (Unaudited)
Profit attributable to owners of the Company (RM'000)	6,192	9,234	17,617	24,875
Weighted average number of ordinary shares at 1 January ('000)	630,718	630,718	630,718	630,718
Effect of treasury shares held	(4,073)	(3,923)	(4,073)	(3,923)
Weighted average number of ordinary shares at 30 September ('000)	626,645	626,795	626,645	626,795
Basic earnings per share (Sen)	1.00	1.47	2.81	3.97

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

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

B11. PROFIT BEFORE TAX

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

	3-month ended		Cumulative Quarter	
	30.9.2021 (Unaudited) RM'000	30.9.2020 (Unaudited) RM'000	30.9.2021 (Unaudited) RM'000	30.9.2020 (Unaudited) RM'000
After charging/(crediting)-				
Allowance for impairment losses on receivables	104	65	290	149
Allowance for impairment losses on receivables no longer required	(5)	(5)	(32)	(14)
Bad debt written off	19	-	19	-
Depreciation and amortisation	4,759	4,788	14,110	14,548
Loss/(gain) on fair value changes in biological assets	1,707	(982)	3,895	1,042
(Gain)/loss on disposal of property, plant and equipment	(4)	22	(153)	20
Loss/(gain) on foreign exchange:-				
- realised	-	-	-	-
- unrealised	-	-	(7)	18
Property, plant and equipment written off	-	-	13	-
Interest expense	425	617	1,481	2,095
Interest income	(44)	(70)	(380)	(475)

B12. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 December 2020 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 November 2021.