

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)

(Incorporated in Malaysia)

Financial Year End : 30 September 2015

Quarter : Third Quarter

Quarterly report on results for the 3rd quarter ended 30 September 2015. These figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>Current Year Quarter 30.09.2015 RM'000</u>	<u>Preceding Year Quarter 30.09.2014 RM'000</u>	<u>Current Year To Date 30.09.2015 RM'000</u>	<u>Preceding Year To Date 30.09.2014 RM'000</u>
Revenue	58,916	63,782	188,326	188,110
Cost Of Sales	(42,232)	(47,539)	(133,285)	(145,135)
Gross Profit	16,684	16,243	55,041	42,975
Other Income	3,089	42	5,121	996
Distribution Costs	(3,682)	(4,999)	(13,423)	(13,305)
Administrative Expenses	(6,857)	(4,576)	(16,475)	(13,084)
Finance Costs	-	-	-	-
Profit Before Taxation	9,234	6,710	30,264	17,582
Income Tax Expenses	(2,664)	(2,490)	(8,134)	(5,510)
Profit After Taxation	6,570	4,220	22,130	12,072
Other Comprehensive Income				
- Exchange Translation	32	4	135	5
Total Comprehensive Income	6,602	4,224	22,265	12,077
Profit Attributable To:				
- Equity Holders Of The Company	6,570	4,220	22,130	12,072
Total Comprehensive Income Attributable To:				
- Equity Holders Of The Company	6,602	4,224	22,265	12,077
Earnings Per Share Attributable To Equity Holders Of The Parent				
: Basic Earnings Per Share (Sen)	3.83	2.46	12.90	7.03

Notes :

The Condensed Financial Statements should be read in conjunction with the accompanying explanatory notes attached to the financial statements.

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS OF 30 SEPTEMBER 2015**

(These figures have not been audited)

	As At End Of Current Quarter (Unaudited) 30.9.2015 RM'000	As At Preceding Financial Year (Audited) 31.12.2014 RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	133,049	139,137
Investment	1	1
	<u>133,050</u>	<u>139,138</u>
Current Assets		
Inventories	36,215	38,165
Trade Receivables	38,269	51,359
Tax Recoverable	716	575
Other Receivables, Deposit & Prepayment	2,752	1,103
Fixed Deposit With Licensed Bank	205	205
Short Term Deposit	67,593	16,065
Cash & Bank Balances	3,468	15,024
	<u>149,218</u>	<u>122,496</u>
TOTAL ASSETS	<u><u>282,268</u></u>	<u><u>261,634</u></u>
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Parent		
Share Capital	85,800	85,800
Share Premium	44,355	44,355
Revenue Reserves	105,903	88,063
Exchange Translation Reserves	248	113
Total Equity	<u>236,306</u>	<u>218,331</u>
Non-Current Liabilities		
Deferred Tax Liabilities	9,167	7,640
	<u>9,167</u>	<u>7,640</u>
Current Liabilities		
Trade Payables	24,130	22,711
Other Creditors & Accruals	8,542	10,527
Current Income Tax Liabilities	4,123	2,425
	<u>36,795</u>	<u>35,663</u>
TOTAL LIABILITIES	<u>45,962</u>	<u>43,303</u>
TOTAL EQUITY AND LIABILITIES	<u><u>282,268</u></u>	<u><u>261,634</u></u>
Net Assets (NA) Per Share (RM)	1.38	1.27

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<---Non Distributable--->			<--Distributable-->	
	Share Capital	Share Premium	Exchange Translation Reserve	Retained Profit	Total
9 months ended 30 September 2014	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2014	85,800	44,355	110	77,299	207,564
Foreign currency translation differences			5	-	5
Total comprehensive income	-	-	-	12,072	12,072
Interim single-tier dividend of 3% paid on 15 April 2014	-	-	-	(2,574)	(2,574)
As at 30 September 2014	85,800	44,355	115	86,797	217,067
9 months ended 30 September 2015	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2015	85,800	44,355	113	88,063	218,331
Foreign currency translation differences			135	-	135
Total comprehensive income	-	-	-	22,130	22,130
Interim single-tier dividend of 5% paid on 3 April 2015	-	-	-	(4,290)	(4,290)
As at 30 September 2015	85,800	44,355	248	105,903	236,306

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2015
(These figures have not been audited)**

	Cumulative Current Year To Date 30.09.2015 RM'000	Cumulative Preceding Year To Date 30.09.2014 RM'000
Cash Flow From Operating Activities		
Profit Before Income Taxation	30,264	17,582
Adjustments for:-		
Impairment of slow moving inventories no longer required	421	-
Impairment of receivables no longer required	(1,321)	(1,110)
Impairment of receivables	4,143	1,880
Bad debt written off	19	-
Depreciation of property, plant and equipment	7,865	8,000
Unrealised loss/(gain) on foreign exchange	54	(432)
Loss on disposal of property, plant & equipment	42	(10)
Property, plant and equipment written off	15	23
Interest income	(1,011)	(186)
Operating profit before working capital changes	<u>40,491</u>	<u>25,747</u>
Decrease / (Increase) in inventories	1,529	(4,994)
Decrease / (Increase) in receivables	8,546	(6,821)
Decrease in payables	(566)	(4,796)
Cash generated from operations	<u>50,000</u>	<u>9,136</u>
Interest received	1,011	186
Tax paid	(5,075)	(4,652)
Dividends paid	(4,290)	(2,574)
Net Cash Generated From Operating Activities	<u>41,646</u>	<u>2,096</u>
Cash Flow From Investing Activities		
Purchase of property, plant and equipment	(1,866)	(2,148)
Proceeds from disposal of property, plant and equipment	34	30
Net Cash Used In Investing Activities	<u>(1,832)</u>	<u>(2,118)</u>
Cash Flow From Financing Activities		
Net Cash Generated From / (Used In) Financing Activities	<u>-</u>	<u>-</u>
Net Change in Cash And Cash Equivalents	39,814	(22)
Effects of Exchange Rate changes	158	13
Cash And Cash Equivalents At Beginning Of The Period	<u>31,294</u>	<u>23,882</u>
Cash And Cash Equivalents At End Of The Period *	<u>71,266</u>	<u>23,873</u>
* Cash & cash equivalents consists of:		
Fixed deposit with licensed banks	205	56
Short term deposits with licensed banks	67,593	14,825
Cash and bank balances	3,468	8,992
	<u>71,266</u>	<u>23,873</u>

Part A: Explanatory Notes In Compliance With Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting in Malaysia

A1. Accounting Policies and Basis Of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting in Malaysia issued by the Malaysian Accounting Standards Board and with paragraph 9.22 and Appendix 9B of the of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The interim financial statements should be read in conjunction with the Group’s audited financial statements for year ended 31 December 2014.

The audited financial statements of the Group for the year ended 31 December 2014 were prepared in accordance with MFRS.

There are no new MFRSs or interpretations that are effective for the first time in this quarter that would be expected to have a material effect of the Group.

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statement for the year ended 31 December 2014.

A2. Qualification of Financial Statements

The audited report of the preceding annual financial statements was not subjected to any qualification.

A3. Seasonal or Cyclical Factors

The Group’s business operation results were not materially affected by any seasonal or cyclical factors.

A4. Nature and Amount of Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter under review.

A5. Nature and Amount of Changes in Estimates

There were no changes in the estimates of amounts reported that have a material effect in the current quarter.

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 3rd Quarter Ended 30 September 2015**A6. Dividend Paid****For the financial period ended 30 September 2015**

- (i) The third interim single tier dividend of 5.0% or 2.50 sen per ordinary share, on 171,600,000 ordinary shares, amounting to RM4.290 million in respect of the financial year ended 31 December 2014, was paid on 3 April 2015.

For the financial period ended 30 September 2014

- (i) The third interim single tier dividend of 3.0% or 1.50 sen per ordinary share, on 171,600,000 ordinary shares, amounting to RM2.574 million in respect of the financial year ended 31 December 2013, was paid on 15 April 2014.

A7. Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the current financial quarter.

A8. Segmental Reporting

The Group's segmental report for the current financial period ended 30 September 2015 is as below:-

	Individual 3rd Quarter		Cumulative 3rd Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	RM'000	RM'000	RM'000	RM'000
Group – by business segment :-				
Net revenue				
Manufacturing	45,670	53,300	148,587	156,375
Trading	37,175	36,416	123,442	116,161
Investment holding	50,000	11,000	50,000	11,000
Less: Inter-segment revenue	(73,929)	(36,934)	(133,703)	(95,426)
Total consolidated revenue	58,916	63,782	188,326	188,110
Segment result				
Manufacturing	450	2,601	7,852	5,292
Trading	9,149	3,968	23,341	12,622
Investment holding	49,681	10,875	49,303	10,572
Less: Elimination	(50,046)	(10,734)	(50,232)	(10,904)
Total consolidated profit before tax	9,234	6,710	30,264	17,582

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 3rd Quarter Ended 30 September 2015

	As At Current Year Quarter RM'000	As At Preceding Year Quarter RM'000
<u>Group – by business segment :-</u>		
<u>Segment assets</u>		
Manufacturing	202,661	219,293
Trading	116,004	88,074
Investment holding	184,562	142,257
Less: Elimination	(220,959)	(191,751)
Consolidated total assets	282,268	257,873
<u>Segment liabilities</u>		
Manufacturing	185,281	161,565
Trading	39,522	29,252
Investment holding	381	351
Less: Elimination	(179,222)	(150,362)
Consolidated total liabilities	45,962	40,806

Segmental reporting by geographical location has not been prepared as the Group's operations are substantially carried out in Malaysia.

A9. Valuations of Property, Plant and Equipment

The property, plant and equipment except for freehold land are stated at cost/valuation less accumulated depreciation and impairment losses. There was no revaluation of property, plant and equipment for the current quarter and financial year to date.

The valuation of property, plant and equipment of the Group has been brought forward without amendment from the financial statements for the year ended 31 December 2014.

A10. Subsequent Material Events

There were no material events subsequent to the reporting period up to 20 November 2015 (latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) which have not been reflected in the financial statement for the quarter under review.

A11. Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current financial quarter under review.

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 3rd Quarter Ended 30 September 2015**A12. Contingent Liabilities or Contingent Assets**

There were no changes in other contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2014.

A13. Capital Commitments

The outstanding amount of capital commitments as at 30 September 2015 are as follows:-

	RM'000
Property, plant and equipment :- - Approved and contracted for	879

A14. Significant Related Party Transactions

The Group has the following significant transactions with the related parties during the periods:-

	Current Year Quarter RM'000	Preceding Year Quarter RM'000
Prepare, package, pack and deliver Fraser and Neave Limited group of companies' products :- - Sales - Purchase of ingredients*	4,608 2,494	4,681 1,938

* The purchase of ingredients are exclusively used for the preparing of the Fraser and Neave Limited group of companies products.

The above transactions had been entered into in the ordinary course of business on normal commercial terms with Fraser and Neave Limited group of companies. These transactions are within the ambit of the mandate approved by the shareholders of the Company on 27 May 2015.

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)

Quarterly Unaudited Results Of The Group For The 3rd Quarter Ended 30 September 2015

Part B: Additional Explanatory Notes In Compliance With Listing Requirements Of The Bursa Malaysia Securities Berhad

B1. Review of Performance

For the nine months period ended 30 September 2015, the Group registered a total revenue of RM188.3 million, an increase of RM0.2 million as compared to RM188.1 million in the preceding year corresponding quarter. This was mainly attributable to the increase in demand from the export of gummy and snack product even though the demand of beverage product from Contract Manufacturing Business decreased.

The Group delivered profit before tax for the cumulative quarter at RM30.2 million, an upsurge of 72% against the previous corresponding period. This was mainly due to higher profit margin sales mix as well as gain in foreign currencies exchange.

The performance of the major segments of the Group is summarized as follows:-

Manufacturing segment

Manufacturing segment achieved lower revenue mainly due to decrease in trading volume from its Contract Manufacturing Business of beverage production line. However, profit before tax was higher which was largely attributable to lower advertisement expense and freight charges incurred.

Trading segment

Trading segment achieved higher revenue mainly due to higher demand of gummy in both local and export markets especially from China. Higher profit before tax which was largely attributable to higher interest received as well as higher gain in foreign currencies exchange.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Year Quarter RM'000	Immediate Preceding Quarter RM'000	Difference %
Revenue	58,916	61,668	-4.5%
Profit before taxation	9,234	10,421	-11.3%

Group's revenue of RM58.9 million for the current quarter recorded a reduction of 4.5%. A decrease over the immediate preceding quarter was due to trading volume of beverage product from Contract Manufacturing Business remained soft.

Profit before taxation of the current quarter showed a decrease of 11.3% over immediate preceding quarter, which was in line with lower revenue and also because of higher spending in marketing expense.

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 3rd Quarter Ended 30 September 2015**B3. Commentary On Prospects**

The Board anticipates the competitive environment will remain intense although the strengthening US Dollar serves as an advantage to the Group, its impact will not be permanent.

In spite of unfavorable economic outlook, the Board will carry on to promote and distribute its products through existing local and overseas distributors, and emphasize on overhead cost rationalization program.

Besides, the Board will continue to devote efforts in research and development of new products so as to keep up with new customers' taste,

Based on the above, the Board believes that the Group can overcome the challenges in the market and remain positive for the coming period.

B4. Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast or profit estimate previously in any public document.

B5. Income Tax

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Year Quarter</u> RM'000	<u>Preceding Year Quarter</u> RM'000	<u>Current Year To Date</u> RM'000	<u>Preceding Year To Date</u> RM'000
Income tax:				
• Current period estimate	2,558	2,521	6,768	5,042
• Prior year	(161)	-	(161)	-
Deferred taxation :				
• Transferred to deferred taxation	267	(31)	1,527	468
	<u>2,664</u>	<u>2,490</u>	<u>8,134</u>	<u>5,510</u>

B6. Status of Corporate Proposals

On 24 August 2015, Kenanga Investment Bank Berhad had, on behalf of the Board of Directors of Cocoaland, announced that the Company proposed to undertake the following:

- i) Proposed bonus issue of 57.2 million new ordinary shares of RM0.50 each in Cocoaland (“**Cocoaland Shares**”) (“**Bonus Shares**”) on the basis of one (1) Bonus Share for every three (3) existing Cocoaland Shares held (“**Proposed Bonus Issue**”);
- ii) Proposed increase in the authorised share capital of Cocoaland from RM100 million comprising 200 million Cocoaland Shares to RM200 million comprising 400 million Cocoaland Shares; and
- iii) Proposed amendment to the Memorandum of Association of Cocoaland.

The Proposed Bonus Issue has been completed on 13 November 2015, following the listing of and quotation for 57.2 million new Cocoaland Shares on the Main Market of Bursa Malaysia Securities Berhad on even date.

B7. Group Borrowings

The Group’s borrowings (all denominated in Ringgit Malaysia) as at the end of the reporting quarter are as follows:-

	As At 30.9.2015 RM’000	As At 30.9.2014 RM’000
TOTAL BORROWING	-	-

B8. Material Litigation

There was no material litigation at the date of this quarterly report.

B9. Dividend Payable

The Board has declared a second interim single-tier dividend of 5% or 2.5 sen per ordinary share (30 September 2014: 5%) on 228,800,000 ordinary shares, amounting to RM5,720,000 in respect of the financial year ending 31 December 2015, which will be paid on 30 December 2015. The entitlement date for the above-mentioned interim dividend is on 11 December 2015.

The total dividend of the current year is 50% or 25.0 sen per ordinary share.

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 3rd Quarter Ended 30 September 2015**B10. Earnings per share**

The earnings per share for the quarter and cumulative year to date are computed as follows:-

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Year Quarter</u>	<u>Preceding Year Quarter</u>	<u>Current Year To Date</u>	<u>Preceding Year To Date</u>
Profit for the period (RM'000)	6,570	4,220	22,130	12,072
Weighted average number of ordinary shares of RM0.50 each ('000)	171,600	171,600	171,600	171,600
Basic earnings per share (sen)	3.83	2.46	12.90	7.03
Diluted earnings per share (sen)*	N.A.	N.A.	N.A	N.A

* *The Group has no potential ordinary shares in issue, therefore diluted earnings per share has not been presented.*

B11. Supplementary Information on the breakdown of realised and unrealised profits or losses

The following analysis of realized and unrealized retained profits is prepared pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Securities Berhad Listing Requirements and in accordance with the Guidance on Special Matter No.1 – Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

	As at 30.9.2015 RM'000	As at 31.12 2014 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	145,497	126,123
- Unrealised	(10,333)	(9,031)
Less: Consolidation adjustments	(29,261)	(29,029)
<u>Retained profit as per financial statement</u>	<u>105,903</u>	<u>88,063</u>

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)

Quarterly Unaudited Results Of The Group For The 3rd Quarter Ended 30 September 2015

B12. Profit before tax is stated after charging/(crediting) :-

	Current Year Quarter RM'000	Preceding Year Quarter RM'000
Interest income	(536)	(79)
Depreciation of property, plant and equipment	2,677	2,711
Property, plant and equipment written off	1	16
Loss on disposal of property, plant and equipment	42	9
Impairment of receivables	2,703	845
Impairment of receivables no longer required	(373)	(407)
Bad debt recovered	-	-
Bad debt written off	-	-
Loss/(gain) on foreign exchange		
- realized	(1,606)	690
- unrealized	(312)	(474)

By Order Of The Board

Tai Chun Wah

Executive Director

Dated: 25 November 2015