

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

(Incorporated in Malaysia)

Financial Year End : 31 March 2018
 Quarter : First Quarter

Quarterly report on results for the 1st quarter ended 31 March 2018. These figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year Quarter 31.03.2018 RM'000	Preceding Year Quarter 31.03.2017 RM'000	% chg	Current Year To Date 31.03.2018 RM'000	Preceding Year To Date 31.03.2017 RM'000	% chg
Revenue	64,366	63,734	1.0%	64,366	63,734	1.0%
Cost Of Sales	(47,354)	(43,926)	7.8%	(47,354)	(43,926)	7.8%
Gross Profit	17,012	19,808	-14.1%	17,012	19,808	-14.1%
Other Income	3,099	2,332	32.9%	3,099	2,332	32.9%
Distribution Costs	(3,079)	(4,120)	-25.3%	(3,079)	(4,120)	-25.3%
Administrative Expenses	(6,088)	(6,011)	1.3%	(6,088)	(6,011)	1.3%
Profit Before Taxation	10,944	12,009	-8.9%	10,944	12,009	-8.9%
Taxation	(2,371)	(3,021)	-21.5%	(2,371)	(3,021)	-21.5%
Profit After Taxation	8,573	8,988	-4.6%	8,573	8,988	-4.6%
Other Comprehensive Income						
<i>Items that are or may be reclassified subsequently to profit or loss</i>						
- Exchange Translation Differences For Foreign Operations	22	2		22	2	
Other Comprehensive Income For The Period	22	2		22	2	
Total Comprehensive Income For The Period	8,595	8,990		8,595	8,990	
Profit For The Period Attributable To: Owners Of The Company	8,573	8,988		8,573	8,988	
Total Comprehensive Income Attributable To: Owners Of The Company	8,595	8,990		8,595	8,990	
Earnings Per Share						
Basic And Diluted Earnings Per Share (Sen)	3.75	3.93		3.75	3.93	

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 31 MARCH 2018**

(These figures have not been audited)

	As At End Of Current Quarter (Unaudited) 31.03.2018 RM'000	As At End of Financial Year (Audited) 31.12.2017 RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	112,848	114,607
	<u>112,848</u>	<u>114,607</u>
Current Assets		
Inventories	37,109	37,182
Trade Receivables	41,834	50,861
Tax Recoverable	909	502
Other Receivables, Deposits & Prepayments	4,353	3,127
Fixed Deposits With Licensed Bank	47,500	72,334
Short Term Deposits	-	500
Cash & Bank Balances	51,234	14,782
	<u>182,939</u>	<u>179,288</u>
TOTAL ASSETS	<u><u>295,787</u></u>	<u><u>293,895</u></u>
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share Capital	130,154	130,154
Revenue Reserves	97,230	119,746
Exchange Translation Reserves	213	191
TOTAL EQUITY	<u>227,597</u>	<u>250,091</u>
Non-Current Liability		
Deferred Tax Liability	8,041	8,314
	<u>8,041</u>	<u>8,314</u>
Current Liabilities		
Trade Payables	19,895	22,446
Other Payables & Accruals	8,224	11,166
Dividend Payable	29,744	-
Tax Payable	2,286	1,878
	<u>60,149</u>	<u>35,490</u>
TOTAL LIABILITIES	<u>68,190</u>	<u>43,804</u>
TOTAL EQUITY AND LIABILITIES	<u><u>295,787</u></u>	<u><u>293,895</u></u>
Net Assets Per Share(RM) Attributable to Owners of the Company	0.99	1.09

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 Earnings	Total
3 months ended 31 March 2017	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2017	114,400	15,754	248	109,100	239,502
Foreign currency translation differences	-	-	2	-	2
Total comprehensive income	-	-	-	8,988	8,988
Interim single-tier dividend of 20% paid on 6 April 2017	-	-	-	(22,880)	(22,880)
Transition to no par value regime ⁽¹⁾	15,754	(15,754)	-	-	-
As at 31 March 2017	130,154	-	250	95,208	225,612
3 months ended 31 March 2018	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 December 2017 as previously reported	130,154	-	191	119,746	250,091
Opening balance adjustments from adoption of MFRS 9	-	-	-	(1,345)	(1,345)
Restated as at 1 January 2018	130,154	-	191	118,401	248,746
Foreign currency translation differences	-	-	22	-	22
Total comprehensive income	-	-	-	8,573	8,573
Interim single-tier dividend of 13 sen paid on 5 April 2018	-	-	-	(29,744)	(29,744)
As at 31 March 2018	130,154	-	213	97,230	227,597

Note

⁽¹⁾ Effective from 31 January 2017, the new Companies Act 2016 abolished the concept of authorised share capital and par value of share capital. Consequently, the balance of share premium account is credited to share capital pursuant to the provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE 3 MONTHS ENDED 31 MARCH 2018
(These figures have not been audited)**

	Cumulative Current Year To Date 31.03.2018 RM'000	Cumulative Preceding Year To Date 31.03.2017 RM'000
Cash Flow From Operating Activities		
Profit Before Taxation	10,944	12,009
Adjustments for:-		
Write-down of inventory	(406)	73
Reversal of impairment loss on trade receivables	(1,565)	(277)
Bad debt written off	-	111
Depreciation of property, plant and equipment	2,699	2,669
Unrealised gain loss on foreign exchange	(101)	(384)
Gain on disposal of property, plant & equipment	(29)	(1)
Property, plant and equipment written off	5	3
Interest income	(783)	(535)
Operating profit before working capital changes	<u>10,764</u>	<u>13,668</u>
Changes in working capital:		
Decrease/ (Increase) in inventories	<u>479</u>	<u>(577)</u>
Decrease in receivables	<u>9,467</u>	<u>10,190</u>
Decrease in payables	<u>(5,493)</u>	<u>(13,444)</u>
	<u>4,453</u>	<u>(3,831)</u>
Cash generated from operations	<u>15,217</u>	<u>9,837</u>
Interest received	<u>783</u>	<u>535</u>
Tax refund	<u>43</u>	<u>92</u>
Tax paid	<u>(2,687)</u>	<u>(2,969)</u>
	<u>(1,861)</u>	<u>(2,342)</u>
Net Cash Generated From Operating Activities	<u>13,356</u>	<u>7,495</u>
Cash Flow From Investing Activities		
Purchase of property, plant and equipment	(947)	(870)
Proceed from disposal of property, plant and equipment	34	1
Increase in fixed deposits with maturity more than three months	(8,063)	(224)
Net Cash Used In Investing Activities	<u>(8,976)</u>	<u>(1,093)</u>
Net Increase in Cash And Cash Equivalents	4,380	6,402
Effect of Exchange Translation Differences on Cash and Cash Equivalents	(1,325)	226
Cash And Cash Equivalents At Beginning Of The Period	87,616	65,444
Cash And Cash Equivalents At End Of The Period *	<u>90,671</u>	<u>72,072</u>
* Cash & cash equivalents consists of:		
Fixed deposits with licensed banks	47,500	29,213
Short term deposits with licensed banks	-	19,923
Cash and bank balances	<u>51,234</u>	<u>23,160</u>
	<u>98,734</u>	<u>72,296</u>
Less: Fixed deposits with maturity more than three months	<u>(8,063)</u>	<u>(224)</u>
	<u>90,671</u>	<u>72,072</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 2017.

The audited financial statements of the Group for the year ended 31 December 2017 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 statements for the year ended 31 December 2017 except for changes arising from the adoption of MFRS 9 “Financial Instruments” as described below:

Adoption of MFRS 9 “Financial Instruments”

MFRS 9 replaces MFRS 139 “Financial Instruments: Recognition and Measurement”. The adoption of MFRS 9 has resulted in changes in the accounting policy for impairment of financial assets.

MFRS 9 introduces an expected credit loss (“ECL”) model on impairment that replaces the incurred loss impairment model used in MFRS 139. The ECL model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Group assesses on a forward-looking basis the ECL’s associated with its financial assets classified at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

On the date of initial application, MFRS 9 affected the Group’s allowance for trade receivables has increased by RM1.3 million as at 1 January 2018 as a result of applying the ECL model. As permitted by the transitional provisions of MFRS 9, the Group has elected not to restate comparative figures and thus this adjustment was recognized in the opening retained earnings of the current period.

A2. Qualification of Financial Statements

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

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2018**A3. Seasonal or Cyclical Factors**

The Group's business operation results for the current quarter under review 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.

A6. Dividend Paid

There was no dividend paid during the quarter under review (2017: nil)

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

Group – by business segment :-

The Group's segmental report for the current financial period ended 31 March 2018 is as below:-

Manufacturing	Trading	Investment Holding	Elimination	Total
RM'000	RM'000	RM'000	RM'000	RM'000

1st quarter ended 31 March 2018

Revenue:

External	18,602	45,764	-	-	64,366
Inter-segment	30,217	2,793	-	(33,010)	-
Total revenue	48,819	48,557	-		64,366
Profit/(Loss) before tax	(83)	13,825	(183)	(2,615)	10,944

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2018

Manufacturing	Trading	Investment Holding	Elimination	Total
RM'000	RM'000	RM'000	RM'000	RM'000

1st quarter ended 31 March 2017

Revenue:

External	21,041	42,693	-	-	63,734
Inter-segment	25,859	309	20,000	(46,168)	-
Total revenue	<u>46,900</u>	<u>43,002</u>	<u>20,000</u>		<u>63,734</u>
Profit/(Loss) before tax	<u>1,345</u>	<u>10,789</u>	<u>19,811</u>	<u>(19,936)</u>	<u>12,009</u>

Cumulative 1st quarter ended 31 March 2018

Revenue:

External	18,602	45,764	-	-	64,366
Inter-segment	30,217	2,793	-	(33,010)	-
Total revenue	<u>48,819</u>	<u>48,557</u>	<u>-</u>		<u>64,366</u>
Profit/ (Loss) before tax	<u>(83)</u>	<u>13,825</u>	<u>(183)</u>	<u>(2,615)</u>	<u>10,944</u>

Cumulative 1st quarter ended 31 March 2017

Revenue:

External	21,041	42,693	-	-	63,734
Inter-segment	25,859	309	20,000	(46,168)	-
Total revenue	<u>46,900</u>	<u>43,002</u>	<u>20,000</u>		<u>63,734</u>
Profit before tax	<u>1,345</u>	<u>10,789</u>	<u>19,811</u>	<u>(19,936)</u>	<u>12,009</u>

Assets and liabilities as at 31 March 2018

Segment assets	<u>158,661</u>	<u>238,212</u>	<u>173,518</u>	<u>(274,604)</u>	<u>295,787</u>
Segment liabilities	<u>130,193</u>	<u>139,588</u>	<u>30,292</u>	<u>(231,883)</u>	<u>68,190</u>

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2018Group – by geographical segments

In preparing information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment non-current assets are based on geographical location of the assets.

	Revenue for the period ended		Non-current assets as at	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	RM'000	RM'000	RM'000	RM'000
Malaysia	28,844	30,815	112,813	117,748
Eastern Asia	19,156	16,684	29	28
South East Asia	8,686	8,517	6	4
Middle East	5,957	6,616	-	-
Others	1,723	1,102	-	-
	<u>64,366</u>	<u>63,734</u>	<u>112,848</u>	<u>117,780</u>

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 have been brought forward without amendment from the financial statements for the year ended 31 December 2017.

A10. Subsequent Events

There were no material events subsequent to the reporting period up to 18 May 2018 (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 except below:

On 27 February 2018, the Company announced that one of its wholly owned subsidiaries, M.I.T.E Food Enterprise Sdn Bhd (“MITE”) commenced liquidation by way of Members’ Voluntary Winding-up. MITE ceased operations since 2015 and remains dormant since then. The members’ voluntary winding up of MITE will not have any material impact on the earnings and net assets of Cocoaland Group for the FYE 31 December 2018.

The completion of the Members’ Voluntary Winding Up is pending as at to date.

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2018**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.

A12. Contingent Liabilities or Contingent Assets

There were no changes in other contingent liabilities or contingent assets since the last annual statement of financial position as at 31 December 2017.

A13. Capital Commitments

The outstanding amount of capital commitments as at 31 March 2018 are as follows:-

	RM'000
Property, plant and equipment :- - Approved and contracted for	901

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*	2,894 1,936	2,736 1,569

** 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 30 May 2017.

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

Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2018

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

B1. Review of Performance

For the first quarter ended 31 March 2018 under review, the Group registered higher revenue of RM 64.3 million, an increase of RM 0.6 million as compared to RM 63.7 million in the preceding year's corresponding period. The sales growth was primarily driven by strong demand for our gummy and snack products from overseas market.

Profit before tax of RM 10.9 million was recorded for the current quarter, 9.2% lower than RM 12.0 million for the same period of preceding year. The decline was mainly attributable to rising material and labour costs together with higher foreign exchange losses.

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

Manufacturing segment

Manufacturing segment contributed lower revenue which was mainly attributable to lacklustre performance from Contract Manufacturing Business of beverage products. Lower profit before tax as compared to the same period of preceding year was mainly due to rising material and labour costs.

Trading segment

Trading segment's improved revenue was mainly attributable to strong demand for our gummy products in China and Hong Kong. The improved profit before tax was primarily contributed by higher reversal of impairment loss from trade receivables and increase in fixed deposit interest earned from a local bank as compared to the same quarter of preceding year.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Year Quarter RM'000	Immediate Preceding Quarter RM'000	Difference %
Revenue	64,366	76,310	-15.65%
Gross Profit	17,012	22,844	-25.53%
Profit Before Taxation	10,944	14,282	-23.37%
Profit After Tax	8,573	10,095	-15.08%
Profit Attributable to Ordinary Equity Holders of the Parent holders Of the parent	8,573	10,095	-15.08%

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2018

The Group recorded revenue of RM 64.3 million for the current quarter, a decline of 15.65% from the immediate preceding quarter which was due to year-end festival season in 4th quarter last year.

Profit before tax of the current quarter decreased by 23.37% to RM 10.9 million as compared to the immediate preceding quarter was principally attributable to the rising material and labour costs in tandem with decline in revenue.

B3. Commentary On Prospects

The domestic market is expected to remain challenging due to the intensifying competition, rising material prices and rising labour costs due to levy policy. The uncertain global geopolitical developments are another major concern whereby it will indirectly influence the existing business environment of export market.

Nevertheless, the Group will continue to be vigilant and take pivotal actions to remain competitive by improving operational efficiency and implementing cost savings initiatives. At the same time, the Group also strives to expand its business overseas for further revenue growth by penetrating existing customers' base.

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter RM'000	Preceding Year Quarter RM'000	Current Year To Date RM'000	Preceding Year To Date RM'000
Income tax:				
• Current period estimate	2,644	3,083	2,644	3,083
• Prior year	-	-	-	-
Deferred taxation:				
• Transferred to/(from) deferred taxation	(273)	(62)	(273)	(62)
	2,371	3,021	2,371	3,021

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2018**B6. Status of Corporate Proposals**

There were no corporate proposals announced but not completed as at 18 May 2018 which is not earlier than 7 days form the date of issue of this quarterly report.

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 31.03.2018 RM'000	As At 31.03.2017 RM'000
TOTAL BORROWING	-	-

B8. Material Litigation

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

B9. Dividend Payable

No interim dividend has been declared for the current quarter under review (31 March 2017: nil).

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>	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
Profit for the period (RM'000)	8,573	8,988	8,573	8,988
Weighted average number of ordinary shares of RM0.50 each ('000)	228,800	228,800	228,800	228,800
Basic earnings per share (sen)	3.75	3.93	3.75	3.93
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.*

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2018**B11. Supplementary Information on the breakdown of realised and unrealised profits or losses**

The following analysis of realised and unrealised 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 31.03.2018 RM'000	As at 31.12 2017 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	136,909	156,877
- Unrealised	(8,142)	(8,206)
Less: Consolidation adjustments	(31,537)	(28,925)
Retained profit as per financial statements	97,230	119,746

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

	Current Year Quarter RM'000	Preceding Year Quarter RM'000
Interest income	(783)	(535)
Depreciation of property, plant and equipment	2,699	2,669
Gain on disposal of property, plant and equipment	(29)	(1)
Property, plant and equipment written off	5	3
Bad debt written off	-	111
Reversal of Impairment loss on trade receivables	(1,565)	(277)
Loss/(gain) on foreign exchange		
- realized	573	(107)
- unrealized	(101)	(384)

By Order Of The Board

Tai Chun Wah

Executive Director

Dated: 24 May 2018