

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

(Incorporated in Malaysia)

Financial Year End : 31 March 2019
 Quarter : First Quarter

Quarterly report on results for the 1st quarter ended 31 March 2019. These figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year Quarter 31.03.2019 RM'000	Preceding Year Quarter 31.03.2018 RM'000	% chg	Current Year To Date 31.03.2019 RM'000	Preceding Year To Date 31.03.2018 RM'000	% chg
Revenue	65,569	64,366	1.9%	65,569	64,366	1.9%
Cost Of Sales	(47,777)	(47,354)	0.9%	(47,777)	(47,354)	0.9%
Gross Profit	17,792	17,012	4.6%	17,792	17,012	4.6%
Other Income	1,667	3,099	-46.2%	1,667	3,099	-46.2%
Distribution Costs	(3,244)	(3,079)	5.4%	(3,244)	(3,079)	5.4%
Administrative Expenses	(5,436)	(6,088)	-10.7%	(5,436)	(6,088)	-10.7%
Finance Costs	(2)	-		(2)	-	
Profit Before Taxation	10,777	10,944	-1.5%	10,777	10,944	-1.5%
Taxation	(2,359)	(2,371)	-0.5%	(2,359)	(2,371)	-0.5%
Profit After Taxation	8,418	8,573	-1.8%	8,418	8,573	-1.8%
Other Comprehensive Income						
<i>Items that are or may be reclassified subsequently to profit or loss</i>						
- Exchange Translation Differences For Foreign Operations	(14)	22		(14)	22	
Other Comprehensive Income For The Period	(14)	22		(14)	22	
Total Comprehensive Income For The Period	8,404	8,595		8,404	8,595	
Profit For The Period Attributable To: Owners Of The Company	8,418	8,573		8,418	8,573	
Total Comprehensive Income Attributable To: Owners Of The Company	8,404	8,595		8,404	8,595	
Earnings Per Share						
Basic And Diluted Earnings Per Share (Sen)	3.68	3.75		3.68	3.75	

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 2019**

(These figures have not been audited)

	As At End Of Current Month (Unaudited) 31.03.2019 RM'000	As At End of Financial Year (Audited) 31.12.2018 RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	101,499	103,677
Right-Of-Use Asset	462	-
Investment Properties	1,689	1,740
	<u>103,650</u>	<u>105,417</u>
Current Assets		
Inventories	32,321	36,158
Trade Receivables	43,061	43,697
Tax Recoverable	1,591	1,365
Other Receivables, Deposits & Prepayments	8,782	8,165
Fixed Deposits With Licensed Bank	74,949	69,444
Cash & Bank Balances	17,862	17,973
	<u>178,566</u>	<u>176,802</u>
TOTAL ASSETS	<u><u>282,216</u></u>	<u><u>282,219</u></u>
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share Capital	130,154	130,154
Revenue Reserves	114,268	105,855
Exchange Translation Reserves	175	189
Total Equity	<u>244,597</u>	<u>236,198</u>
Non-Current Liability		
Lease Liabilities	223	-
Deferred Tax Liabilities	7,001	7,452
	<u>7,224</u>	<u>7,452</u>
Current Liabilities		
Trade Payables	21,238	27,766
Other Payables & Accruals	6,986	10,274
Lease Liabilities	243	-
Tax Payable	1,928	529
	<u>30,395</u>	<u>38,569</u>
TOTAL LIABILITIES	<u>37,619</u>	<u>46,021</u>
TOTAL EQUITY AND LIABILITIES	<u><u>282,216</u></u>	<u><u>282,219</u></u>
Net Assets Per Share (RM) Attributable to Owners of the Company	1.07	1.03

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

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<---Non Distributable--->	<---Non Distributable--->	<--Distributable-->	
	Share Capital	Exchange Translation Reserve	Retained Earnings	Total
3 months ended 31 March 2018	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 RM0.13 paid on 5 April 2018	-	-	(29,744)	(29,744)
As at 31 March 2018	130,154	213	97,230	227,597
3 months ended 31 March 2019	RM'000	RM'000	RM'000	RM'000
As at 31 December 2018 as previously reported	130,154	189	105,855	236,198
Opening balance adjustments from adoption of MFRS 16	-	-	(5)	(5)
Restated as at 1 January 2019	130,154	189	105,850	236,193
Foreign currency translation differences	-	(14)	-	(14)
Total comprehensive income	-	-	8,418	8,418
As at 31 March 2019	130,154	175	114,268	244,597

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE 3 MONTHS ENDED 31 MARCH 2019
(These figures have not been audited)**

	Cumulative Current Year To Date 31.03.2019 RM'000	Cumulative Preceding Year To Date 31.03.2018 RM'000
Cash Flow From Operating Activities		
Profit Before Taxation	10,777	10,944
Adjustments for:-		
Inventory written off	-	(406)
Inventories written down	47	-
Reversal of inventory written down	(3)	-
Reversal of impairment loss on trade receivables	(625)	(1,565)
Depreciation of property, plant and equipment	2,593	2,699
Depreciation of investment property	59	-
Depreciation of right-of-use assets	139	-
Unrealised loss / (gain) on foreign exchange	227	(101)
Gain on disposal of property, plant & equipment	-	(29)
Property, plant and equipment written off	9	5
Interest expense	2	-
Interest income	(742)	(783)
Operating profit before working capital changes	<u>12,483</u>	<u>10,764</u>
Changes in working capital:		
Decrease in inventories	3,793	479
Decrease in receivables	417	9,467
Decrease in payables	(9,816)	(5,493)
	<u>(5,606)</u>	<u>4,453</u>
Cash generated from operations	<u>6,877</u>	<u>15,217</u>
Interest received	742	783
Interest paid	(2)	-
Tax refund	514	43
Tax paid	(2,151)	(2,687)
	<u>(897)</u>	<u>(1,861)</u>
Net Cash Generated From Operating Activities	<u>5,980</u>	<u>13,356</u>
Cash Flow From Investing Activities		
Purchase of property, plant and equipment	(431)	(947)
Proceed from disposal of property, plant and equipment	-	34
Increase in fixed deposits with maturity more than three months	(28,505)	(8,063)
Net Cash Used In Investing Activities	<u>(28,936)</u>	<u>(8,976)</u>
Cash Flow From Financing Activities		
Payment of lease liabilities	(143)	-
Net Cash Generated From / (Used In) Financing Activities	<u>(143)</u>	<u>-</u>
Net (Decrease) / Increase in Cash And Cash Equivalents	(23,099)	4,380
Effect of Exchange Translation Differences on Cash and Cash Equivalents	(12)	(1,325)
Cash And Cash Equivalents At Beginning Of The Period	87,417	87,616
Cash And Cash Equivalents At End Of The Period *	<u>64,306</u>	<u>90,671</u>
* Cash & cash equivalents consists of:		
Fixed deposits with licensed banks	74,949	47,500
Cash and bank balances	17,862	51,234
	<u>92,811</u>	<u>98,734</u>
Less: Fixed deposits with maturity more than three months	(28,505)	(8,063)
	<u>64,306</u>	<u>90,671</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 Main Market 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 2018.

The audited financial statements of the Group for the year ended 31 December 2018 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 2018 except for changes arising from the adoption of MFRS 16 *Leases* as described below:

Adoption of MFRS 16 *Leases*

The Group has adopted MFRS 16 *Leases* with effective from 1 January 2019. The standard replaces the MFRS 117 *Leases*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its present obligations to make lease payments.

There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains unchanged to the current standard which continues to be classified as finance or operating lease.

As allowed by the transactional provision, the Group applies modified retrospective approach without any restatement of comparative information and its impact of adopting MFRS 16 was recognised as an adjustment to the opening balance of components at 1 January 2019 as follows.

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2019

Impact of change in accounting policies in Condensed Consolidated Statement of Financial Position as at 1 January 2019

Opening Balance	As previously reported	MFRS 16 adjustment	After adjustment
	RM'000	RM'000	RM'000
Assets			
Right-of-use assets	-	490	490
Liabilities			
Non-current lease liabilities	-	81	81
Current lease liabilities	-	414	414
Equity			
Retained earnings	105,855	(5)	105,850

A2. Qualification of Financial Statements

The auditors' report in respect of the audited financial statements for the financial year ended 31 December 2018 was not subjected to any qualification.

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 of the Group 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 1st Quarter Ended 31 March 2019**A6. Dividend Paid**

There was no dividend paid during the quarter under review (2018: nil)

A7. Debt and Equity Securities

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

A8. Segmental Reporting

Group – by business segment :-

The Group's segmental report for the current financial period ended 31 March 2019 is as below:-

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

1st quarter ended 31 March 2019

Revenue:

External	16,899	48,670	-	-	65,569
Inter-segment	30,734	2,136	-	(32,870)	-
Total revenue	<u>47,633</u>	<u>50,806</u>	-		<u>65,569</u>
Profit before tax	<u>3,995</u>	<u>6,539</u>	<u>(140)</u>	<u>383</u>	<u>10,777</u>

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>64,366</u>
Profit 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 2019

Revenue:

External	16,899	48,670	-	-	65,569
Inter-segment	30,734	2,136	-	(32,870)	-
Total revenue	<u>47,633</u>	<u>50,806</u>	-		<u>65,569</u>
Profit before tax	<u>3,995</u>	<u>6,539</u>	<u>(140)</u>	<u>383</u>	<u>10,777</u>

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2019

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

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>64,366</u>
Profit before tax	(83)	13,825	(183)	(2,615)	10,944

Assets and liabilities as at 31 March 2019

Segment assets	<u>140,778</u>	<u>209,812</u>	<u>141,382</u>	<u>(213,202)</u>	<u>278,770</u>
Segment liabilities	<u>98,937</u>	<u>112,864</u>	<u>566</u>	<u>(178,194)</u>	<u>34,173</u>

Group – 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		Non-current assets	
	for the period ended		as at	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	27,777	28,844	103,571	112,813
Eastern Asia	20,681	19,156	61	29
South East Asia	8,513	8,686	18	6
Middle East	7,147	5,957	-	-
Others	1,451	1,723	-	-
	<u>65,569</u>	<u>64,366</u>	<u>103,650</u>	<u>112,848</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 valuations of property, plant and equipment of the Group have been brought forward without amendments from the financial statements for the year ended 31 December 2018.

A10. Subsequent Events

There were no material events subsequent to the reporting period up to 14 May 2019 (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 quarter under review.

A12. Contingent Liabilities or Contingent Assets

There were no changes in other contingent liabilities or contingent assets since the last audited consolidated statement of financial position as at 31 December 2018.

A13. Capital Commitments

The outstanding amount of capital commitments as at 31 March 2019 are as follows:-

	RM'000
Property, plant and equipment :- - Approved and contracted for	11,097

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2019

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	1,786	2,894
- Purchase of ingredients*	1,537	1,936

** 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 2018.

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

B1. Review of Performance

The Group registered higher revenue of RM65.6 million, a marginal increase of RM1.2 million or 1.9% as compared to RM64.4 million in the preceding year's corresponding period. This was mainly attributable to higher demand for gummy, snack, and Coco-Pie products from domestic and overseas market. However, the sluggish performance of beverage segment of Contract Manufacturing Business partially offset the improving revenue of the Group.

The Group registered a lower pre-tax profit of RM10.8 million as compared to same corresponding period of preceding year of RM10.9 million, a decrease of 0.9%. The decline was mainly attributable to greater marketing expenditure even though with higher profit margin earned from product sales mixed.

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

Manufacturing segment

Lower revenue in this segment was mainly attributable to sluggish demand for our Contract Manufacturing Business of beverage products. The decline was partially offset by growing demand for gummy and hard candy. Higher pre-tax profit compared to the same period of preceding year due to higher profit margin earned from product sales mixed, and lower labour overheads resulting from cost rationalisation.

Trading segment

Higher revenue in this segment was predominantly attributable to rising demand for own brand gummy, snack and Coco-Pie products from both domestic and overseas market. Decline in pre-tax profit was principally due to higher product exhibition and promotion expenses in tandem with lower reversal on impairment loss on trade receivables.

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2019

B2. Comparison with Immediate Preceding Quarter's Results

	Current Year Quarter RM'000	Immediate Preceding Quarter RM'000	Difference %
Revenue	65,569	61,344	+6.89%
Gross Profit	17,792	17,185	+3.53%
Profit Before Taxation	10,777	12,545	-14.09%
Profit After Tax	8,418	9,645	-12.72%
Profit Attributable to Owners of The Company	8,418	9,645	-12.72%

The Group recorded higher revenue of RM65.6 million for current quarter, increase by 6.9% from the immediate preceding quarter. This was mainly due to rising demand for gummy and chocolate products in domestic market.

Lower pre-tax profit of RM10.8 million for the current quarter, a decline of 14.1% against the pre-tax profit of immediate preceding quarter. The decrease was mainly attributable to higher product exhibition and promotion expenses and lower gain on foreign currency exchange.

B3. Commentary On Prospects

The domestic business environment is expected to remain challenging given the intensifying competition among industry players, higher operating costs and material price due to depreciation of Ringgit Malaysia relative to US Dollars.

Due to the uncertainty of the business sentiments, the Group will continue to remain vigilant by strengthening marketing strategies and improving internal operational efficiency across the business to generate the sustainable growth. Meanwhile, the Group also focuses on expanding the global reach of our products in overseas market.

B4. Profit Forecast or Profit Guarantee

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

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2019**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	2,810	2,644	2,810	2,644
• Under/ (Over) provision in prior year	-	-	-	-
Deferred taxation:				
• Transferred to/(from) deferred taxation	(451)	(273)	(451)	(273)
	<u>2,359</u>	<u>2,371</u>	<u>2,359</u>	<u>2,371</u>

B6. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 14 May 2019 which is not earlier than 7 days from 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:-

	<u>As At</u> <u>31.03.2019</u> RM'000	<u>As At</u> <u>31.03.2018</u> 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 2018: nil).

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2019**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)	8,418	8,573	8,418	8,573
Weighted average number of ordinary shares of RM0.50 each ('000)	228,800	228,800	228,800	228,800
Basic earnings per share (sen)	3.68	3.75	3.68	3.75
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. Profit before tax is stated after charging/(crediting) :-

	Current Year Quarter RM'000	Preceding Year Quarter RM'000
Interest income	(742)	(783)
Interest expense	2	-
Inventories written down	47	-
Reversal of inventory written down	(3)	-
Depreciation of property, plant and equipment	2,593	2,699
Depreciation of investment property	59	-
Depreciation of right-of-use assets	139	-
Gain on disposal of property, plant and equipment	-	(29)
Property, plant and equipment written off	9	5
Reversal of impairment loss on trade receivables	(625)	(1,565)
(Gain)/ Loss on foreign exchange		
- realized	(279)	573
- unrealized	227	(101)

By Order Of The Board

Tai Chun Wah

Executive Director

Dated: 21 May 2019