

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

(Incorporated in Malaysia)

Financial Year End : 30 September 2019
 Quarter : Third Quarter

Quarterly report on results for the 3rd quarter ended 30 September 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 30.09.2019 RM'000	Preceding Year Quarter 30.09.2018 RM'000	% chg	Current Year To Date 30.09.2019 RM'000	Preceding Year To Date 30.09.2018 RM'000	% chg
Revenue	59,484	65,499	-9.2%	183,837	192,475	-4.5%
Cost Of Sales	(44,405)	(47,056)	-5.6%	(133,197)	(141,867)	-6.1%
Gross Profit	15,079	18,443	-18.2%	50,640	50,608	0.1%
Other Income	2,393	(136)	-1859.6%	6,748	4,959	36.1%
Distribution Costs	(3,105)	(4,836)	-35.8%	(9,395)	(11,665)	-19.5%
Administrative Expenses	(5,853)	(4,533)	29.1%	(17,282)	(16,249)	6.4%
Finance Costs	(3)	-		(11)	-	
Profit Before Taxation	8,511	8,938	-4.8%	30,700	27,653	11.0%
Taxation	(1,964)	(1,977)	-0.7%	(7,136)	(6,372)	12.0%
Profit After Taxation	6,547	6,961	-6.0%	23,564	21,281	10.7%
Other Comprehensive Income <i>Items that are or may be reclassified subsequently to profit or loss</i>						
- Exchange Translation Differences For Foreign Operations	(1)	7		(6)	41	
Other Comprehensive Income For The Period	(1)	7		(6)	41	
Total Comprehensive Income For The Period	6,546	6,968		23,558	21,322	
Profit For The Period Attributable To: Owners Of The Company	6,547	6,961		23,564	21,281	
Total Comprehensive Income Attributable To: Owners Of The Company	6,546	6,968		23,558	21,322	
Earnings Per Share Basic And Diluted Earnings Per Share (Sen)	2.86	3.04		10.30	9.30	

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 2019**

(These figures have not been audited)

	As At End Of Current Month (Unaudited) 30.09.2019 RM'000	As At End of Financial Year (Audited) 31.12.2018 RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	99,213	103,677
Right-Of-Use Asset	270	-
Investment Properties	1,655	1,740
	<u>101,138</u>	<u>105,417</u>
Current Assets		
Inventories	32,906	36,158
Trade Receivables	34,756	43,697
Tax Recoverable	2,206	1,365
Other Receivables, Deposits & Prepayments	7,875	8,165
Fixed Deposits With Licensed Bank	80,604	69,444
Cash & Bank Balances	33,855	17,973
	<u>192,202</u>	<u>176,802</u>
TOTAL ASSETS	<u>293,340</u>	<u>282,219</u>
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share Capital	130,154	130,154
Revenue Reserves	129,414	105,855
Exchange Translation Reserves	183	189
Total Equity	<u>259,751</u>	<u>236,198</u>
Non-Current Liability		
Lease Liabilities	7	-
Deferred Tax Liabilities	6,314	7,452
	<u>6,321</u>	<u>7,452</u>
Current Liabilities		
Trade Payables	19,300	27,766
Other Payables & Accruals	5,990	10,274
Lease Liabilities	268	-
Tax Payable	1,710	529
	<u>27,268</u>	<u>38,569</u>
TOTAL LIABILITIES	<u>33,589</u>	<u>46,021</u>
TOTAL EQUITY AND LIABILITIES	<u>293,340</u>	<u>282,219</u>
Net Assets Per Share (RM) Attributable to Owners of the Company	1.14	1.03

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

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<-Non Distributable->	<-Distributable-->		
	Share Capital	Exchange Translation Reserve	Retained Earnings	Total
9 months ended 30 September 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	-	41	-	41
Total comprehensive income	-	-	21,281	21,281
Interim single-tier dividend of RM0.13 paid on 5 April 2018	-	-	(29,744)	(29,744)
As at 30 September 2018	130,154	232	109,938	240,324
9 months ended 30 September 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	-	(6)	-	(6)
Total comprehensive income	-	-	23,564	23,564
As at 30 September 2019	130,154	183	129,414	259,751

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2019
(These figures have not been audited)**

	Cumulative Current Year To Date 30.09.2019 RM'000	Cumulative Preceding Year To Date 30.09.2018 RM'000
Cash Flow From Operating Activities		
Profit Before Taxation	30,700	27,653
Adjustments for:-		
Inventories written down	391	-
Reversal of inventory written down	-	(967)
Reversal of impairment loss on trade receivables	(1,035)	(388)
Impairment loss on trade receivables	5	-
Bad debt written off	452	-
Depreciation of property, plant and equipment	7,905	8,361
Depreciation of investment property	51	-
Depreciation of right-of-use assets	415	-
Unrealised loss / (gain) on foreign exchange	207	(389)
Gain on disposal of property, plant & equipment	(144)	(173)
Property, plant and equipment written off	12	15
Interest expense	11	-
Interest income	(2,518)	(1,982)
Operating profit before working capital changes	<u>36,452</u>	<u>32,130</u>
Changes in working capital:		
Decrease in inventories	2,832	5,471
Decrease in receivables	10,050	2,180
(Decrease) in payables	(12,748)	(2,801)
	<u>134</u>	<u>4,850</u>
Cash generated from operations	<u>36,586</u>	<u>36,980</u>
Interest received	2,518	1,982
Interest paid	(11)	-
Tax refund	737	42
Tax paid	(8,671)	(9,829)
Dividend paid	-	(29,744)
	<u>(5,427)</u>	<u>(37,549)</u>
Net Cash Generated From / (Used In) Operating Activities	<u>31,159</u>	<u>(569)</u>
Cash Flow From Investing Activities		
Purchase of property, plant and equipment	(3,618)	(3,051)
Proceed from disposal of property, plant and equipment	192	188
Increase in fixed deposits with maturity more than three months	(18,669)	(18,209)
Net Cash Used In Investing Activities	<u>(22,095)</u>	<u>(21,072)</u>
Cash Flow From Financing Activities		
Payment of lease liabilities	(426)	-
Net Cash Used In Financing Activities	<u>(426)</u>	<u>-</u>
Net Increase / (Decrease) in Cash And Cash Equivalents	8,638	(21,641)
Effect of Exchange Translation Differences on Cash and Cash Equivalents	(265)	(1,304)
Cash And Cash Equivalents At Beginning Of The Period	87,417	87,616
Cash And Cash Equivalents At End Of The Period *	<u>95,790</u>	<u>64,671</u>
* Cash & cash equivalents consists of:		
Fixed deposits with licensed banks	80,604	63,347
Cash and bank balances	33,855	19,533
	<u>114,459</u>	<u>82,880</u>
Less: Fixed deposits with maturity more than three months	(18,669)	(18,209)
	<u>95,790</u>	<u>64,671</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 3rd Quarter Ended 30 September 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 3rd Quarter Ended 30 September 2019**A6. Dividend Paid****For the financial period ended 30 September 2019**

(i) There was no dividend paid during the quarter under review.

For the financial period ended 30 September 2018

(i) The first interim single-tier dividend of 13.00 sen per ordinary share, on 228,800,000 ordinary shares, amounting to RM29.744 million in respect of the financial year ended 31 December 2017, was paid on 5 April 2018.

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 ReportingGroup – by business segment :-

The Group's segmental report for the current financial period ended 30 September 2019 is as below:-

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

3rd quarter ended 30 September 2019

Revenue:

External	15,714	43,770	-	-	59,484
Inter-segment	28,431	1,217	-	(29,648)	-
Total revenue	44,145	44,987	-		59,484
Profit before tax	2,223	6,386	(224)	126	8,511

3rd quarter ended 30 September 2018

Revenue:

External	18,941	46,558	-	-	65,499
Inter-segment	35,158	1,372	-	(36,530)	-
Total revenue	54,099	47,930	-		65,499
Profit before tax	3,650	5,218	(145)	215	8,938

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 3rd Quarter Ended 30 September 2019

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

Cumulative 3rd quarter ended 30 September 2019

Revenue:

External	50,637	133,200	-	-	183,837
Inter-segment	86,362	4,530	-	(90,892)	-
Total revenue	<u>136,999</u>	<u>137,730</u>	<u>-</u>		<u>183,837</u>
Profit before tax	<u>12,494</u>	<u>18,239</u>	<u>(604)</u>	<u>571</u>	<u>30,700</u>

Cumulative 3rd quarter ended 30 September 2018

Revenue:

External	59,852	132,623	-	-	192,475
Inter-segment	93,320	4,572	-	(97,892)	-
Total revenue	<u>153,172</u>	<u>137,195</u>	<u>-</u>		<u>192,475</u>
Profit before tax	<u>5,673</u>	<u>24,879</u>	<u>(566)</u>	<u>(2,333)</u>	<u>27,653</u>

Assets and liabilities as at 30 September 2019

Segment assets	<u>142,210</u>	<u>216,948</u>	<u>140,711</u>	<u>(206,529)</u>	<u>293,340</u>
Segment liabilities	<u>94,009</u>	<u>110,929</u>	<u>359</u>	<u>(171,708)</u>	<u>33,589</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	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	82,146	91,209	101,027	109,235
Eastern Asia	47,295	50,621	104	27
South East Asia	30,158	28,222	7	5
Middle East	20,309	18,052	-	-
Others	3,929	4,371	-	-
	<u>183,837</u>	<u>192,475</u>	<u>101,138</u>	<u>109,267</u>

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

Quarterly Unaudited Results Of The Group For The 3rd Quarter Ended 30 September 2019

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 19 November 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 30 September 2019 are as follows:-

	RM'000
Property, plant and equipment :-	
- Approved and contracted for	14,129
- Authorized but not contracted for	22,041

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 3rd Quarter Ended 30 September 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	2,196	2,003
- Purchase of ingredients*	1,462	1,766

** 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 29 May 2019.

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

B1. Review of Performance

For the first nine months under review, the Group registered lower revenue of RM183.8 million, a decrease of RM8.7 million or 4.5% as compared to RM192.5 million in the preceding year's corresponding period. The lackluster performance was mainly attributable to sluggish demand from beverage segment of Contract Manufacturing Business due to the two manufacturing contracts expired end of last year. However, the growing demand for gummy and snack products especially from China, Vietnam and middle east countries had partially offset the Group's declining revenue.

The Group registered a higher pre-tax profit of RM30.7 million, 11.0% higher than RM27.7 million achieved in the previous corresponding period. The increase was mainly attributable to saving in factory labour cost as the effect of cost rationalization strategy along with lower products' advertisement, exhibition and promotion expenses.

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 performance of our Contract Manufacturing Business of beverage segment. The decline in revenue was partially offset by rising demand for gummy product from overseas market. Higher pre-tax profit as compared to the same period of preceding year was mainly due to higher profit margin earned from product sales mixed and savings in factory labour.

Trading segment

Higher revenue in this segment was predominantly attributable to higher demand from overseas especially for gummy and snack products. The increase was partly offset by lower revenue in domestic market due to weaker purchasing power in the current market sentiment. Lower pre-tax profit was principally due to the adverse impact of Sales and Service Tax (SST) on purchases along with lower gain on foreign currencies exchange.

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 3rd Quarter Ended 30 September 2019

B2. Comparison with Immediate Preceding Quarter's Results

	Current Year Quarter RM'000	Immediate Preceding Quarter RM'000	Difference %
Revenue	59,484	58,784	+1.2%
Gross Profit	15,079	17,769	-15.1%
Profit Before Tax	8,511	11,412	-25.4%
Profit After Tax	6,547	8,599	-23.9%
Profit Attributable to Owners of The Company	6,547	8,599	-23.9%

The Group recorded higher revenue of RM59.5 million for current quarter, marginally increase by 1.2% from the immediate preceding quarter. The increase was predominantly due to higher demand for hard candy product from both local and overseas market.

Lower pre-tax profit of RM8.5 million for the current quarter, a decrease of 25.4% against preceding quarter. The decrease was mainly attributable to higher material and production overhead costs coupled with higher bad debt written-off.

B3. Commentary On Prospects

In the light of the intensifying geopolitical tensions and slowing of global economic growth, these will affect the market sentiments and the value of currencies which directly impacted the Group's fundamentals. The Group remains vigilant on the outlook of remaining period of 2019.

In response to these uncertainties, the Group will continuously enhance its operational efficiency through cost rationalization strategy. The Group is also committed to leverage its strength to penetrate its existing market and develop new market by focusing on advertising and promotion activities, customer relationship building and product innovation programs.

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 3rd Quarter Ended 30 September 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	2,396	2,287	8,359	7,176
• Under/ (Over) provision in prior year	(85)	(155)	(85)	(155)
Deferred taxation:				
• Transferred to/(from) deferred taxation	(347)	(155)	(1,138)	(649)
	1,964	1,977	7,136	6,372

B6. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 19 November 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>30.09.2019</u> RM'000	<u>As At</u> <u>30.09.2018</u> 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 first interim single-tier dividend of 10.0 sen per ordinary share (30 September 2018: 6.0 sen) on 228,800,000 ordinary shares, amounting to RM22.88 million in respect of the financial year ending 31 December 2019, which will be paid on 24 December 2019. The entitlement date for the above-mentioned interim dividend is on 11 December 2019. The total dividend of the current year is 10.0 sen per ordinary share.

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 3rd Quarter Ended 30 September 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)	6,547	6,961	23,564	21,281
Weighted average number of ordinary shares of RM0.50 each ('000)	228,800	228,800	228,800	228,800
Basic earnings per share (sen)	2.86	3.04	10.30	9.30
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	(896)	(643)
Interest expense	3	-
Inventories written down	160	-
Depreciation of property, plant and equipment	2,701	2,885
Depreciation of investment property	17	-
Depreciation of right-of-use assets	137	-
Gain on disposal of property, plant and equipment	(15)	(59)
Property, plant and equipment written off	1	9
Impairment loss on trade receivables	5	790
Reversal of impairment loss on trade receivables	(456)	-
Bad debt written off	452	
(Gain)/ Loss on foreign exchange		
- realized	(206)	(1,542)
- unrealized	53	796

By Order Of The Board

Tai Chun Wah

Executive Director

Dated: 26 November 2019