

COCOALAND HOLDINGS BERHAD (Registration No. 200001013413, Co. No. 516019-H)

(Incorporated in Malaysia)

Financial Year End : 31 March 2020
 Quarter : First Quarter

Quarterly report on results for the 1st quarter ended 31 March 2020. These figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year Quarter	Preceding Year Quarter	% chg	Current Year To Date	Preceding Year To Date	% chg
	31.03.2020	31.03.2019		31.03.2020	31.03.2019	
	RM'000	RM'000		RM'000	RM'000	
Revenue	61,025	65,569	-6.9%	61,025	65,569	-6.9%
Cost Of Sales	(48,296)	(47,777)	1.1%	(48,296)	(47,777)	1.1%
Gross Profit	12,729	17,792	-28.5%	12,729	17,792	-28.5%
Other Income	3,216	1,667	92.9%	3,216	1,667	92.9%
Distribution Costs	(3,418)	(3,244)	5.4%	(3,418)	(3,244)	5.4%
Administrative Expenses	(6,053)	(5,436)	11.4%	(6,053)	(5,436)	11.4%
Finance Costs	(3)	(2)		(3)	(2)	
Profit Before Taxation	6,471	10,777	-40.0%	6,471	10,777	-40.0%
Taxation	(1,344)	(2,359)	-43.0%	(1,344)	(2,359)	-43.0%
Profit For the Financial Period	5,127	8,418	-39.1%	5,127	8,418	-39.1%
Other Comprehensive Income						
<i>Items that are or may be reclassified subsequently to profit or loss</i>						
- Exchange Translation Differences						
For Foreign Operations	(16)	(14)		(16)	(14)	
Other Comprehensive Loss						
For The Financial Period	(16)	(14)		(16)	(14)	
Total Comprehensive Income For The Financial Period	5,111	8,404		5,111	8,404	
Profit For The Financial Period Attributable To: Owners Of The Company	5,127	8,418		5,127	8,418	
Total Comprehensive Income Attributable To: Owners Of The Company	5,111	8,404		5,111	8,404	
Earnings Per Share						
Basic And Diluted Earnings Per Ordinary Share (Sen)	2.24	3.68		2.24	3.68	

Notes :

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

COCOALAND HOLDINGS BERHAD (Registration No. 200001013413, Co. No. 516019-H)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS OF 31 MARCH 2020**

(These figures have not been audited)

	As At End Of Current Month (Unaudited) 31.03.2020 RM'000	As At End of Financial Year (Unaudited) 31.12.2019 RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	100,226	100,124
Right-Of-Use Assets	727	709
Investment Properties	1,621	1,638
	<u>102,574</u>	<u>102,471</u>
Current Assets		
Inventories	40,017	35,099
Trade Receivables	40,183	48,743
Tax Recoverable	2,255	1,130
Other Receivables, Deposits & Prepayments	23,309	15,274
Fixed Deposits With Licensed Bank	64,752	73,946
Cash & Bank Balances	19,928	11,388
	<u>190,444</u>	<u>185,580</u>
TOTAL ASSETS	<u><u>293,018</u></u>	<u><u>288,051</u></u>
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share Capital	130,154	130,154
Revenue Reserves	125,242	120,115
Exchange Translation Reserves	172	188
TOTAL EQUITY	<u>255,568</u>	<u>250,457</u>
Non-Current Liabilities		
Lease Liabilities	290	266
Deferred Tax Liabilities	5,459	5,905
	<u>5,749</u>	<u>6,171</u>
Current Liabilities		
Trade Payables	20,216	20,329
Other Payables & Accruals	8,898	8,869
Lease Liabilities	444	452
Tax Payable	2,143	1,773
	<u>31,701</u>	<u>31,423</u>
TOTAL LIABILITIES	<u>37,450</u>	<u>37,594</u>
TOTAL EQUITY AND LIABILITIES	<u><u>293,018</u></u>	<u><u>288,051</u></u>
Net Assets Per Share (RM) Attributable to Owners of the Company	1.12	1.09

COCOALAND HOLDINGS BERHAD (Registration No. 200001013413, Co. No. 516019-H)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	<-Non Distributable-> Exchange Translation Reserve	<-Distributable--> Retained Earnings	Total
	RM'000	RM'000	RM'000	RM'000
3 months ended 31 March 2019				
As at 1 January 2019 as previously reported	130,154	189	105,855	236,198
Effect of adopting MFRS 16	-	-	(7)	(7)
As at 1 January 2019, as reported	130,154	189	105,848	236,191
Foreign currency translation differences	-	(14)	-	(14)
Profit For the Financial Period	-	-	8,418	8,418
As at 31 March 2019	130,154	175	114,266	244,595
3 months ended 31 March 2020				
As at 1 January 2020	130,154	188	120,115	250,457
Foreign currency translation differences	-	(16)	-	(16)
Profit For the Financial Period	-	-	5,127	5,127
As at 31 March 2020	130,154	172	125,242	255,568

COCOALAND HOLDINGS BERHAD (Registration No. 200001013413, Co. No. 516019-H)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 3 MONTHS ENDED 31 MARCH 2020
(These figures have not been audited)**

	Cumulative Current Year To Date 31.03.2020 RM'000	Cumulative Preceding Year To Date 31.03.2019 RM'000
Cash Flows From Operating Activities		
Profit before taxation	6,471	10,777
Adjustments for:-		
Inventories written down	27	47
Reversal of inventories written down	(14)	(3)
Reversal of impairment loss on trade receivables	(96)	(625)
Impairment loss on trade receivables	11	-
Depreciation of property, plant and equipment	3,047	2,593
Depreciation of investment property	16	59
Depreciation of right-of-use assets	124	139
Unrealised loss / (gain) on foreign exchange	(790)	227
Gain on disposal of property, plant & equipment	(198)	-
Property, plant and equipment written off	1	9
Interest paid	2	2
Interest received	(663)	(742)
Operating profit before working capital changes	<u>7,938</u>	<u>12,483</u>
Changes in working capital:		
(Increase) / Decrease in inventories	(4,931)	3,793
Decrease in receivables	1,400	417
Decrease in payables	(84)	(9,816)
	<u>(3,615)</u>	<u>(5,606)</u>
Cash generated from operations	<u>4,323</u>	<u>6,877</u>
Interest received	663	742
Interest paid	(2)	(2)
Tax refund	-	514
Tax paid	(2,546)	(2,151)
	<u>(1,885)</u>	<u>(897)</u>
Net Cash Generated From Operating Activities	<u>2,438</u>	<u>5,980</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(9,782)	(431)
Proceed from disposal of property, plant and equipment	200	-
Increase in fixed deposits with maturity more than three months	(10,309)	(28,505)
Net Cash Used In Investing Activities	<u>(19,891)</u>	<u>(28,936)</u>
Cash Flows From Financing Activities		
Repayment of lease liabilities	(129)	(143)
Decrease in fixed deposits pledged with licensed bank	3,611	-
Net Cash Generated From / (Used in) Financing Activities	<u>3,482</u>	<u>(143)</u>
Net Decrease in Cash And Cash Equivalents	(13,971)	(23,099)
Effect of Exchange Translation Differences on Cash and Cash Equivalents	(7)	(12)
Cash And Cash Equivalents At Beginning Of The Period	74,939	87,417
Cash And Cash Equivalents At End Of The Period *	<u><u>60,961</u></u>	<u><u>64,306</u></u>
* Cash & cash equivalents consists of:		
Fixed deposits with licensed banks	64,752	74,949
Cash and bank balances	19,928	17,862
	<u>84,680</u>	<u>92,811</u>
Less: Fixed deposits with maturity more than three months	(20,705)	(28,505)
Less: Fixed deposits pledged to licensed bank	(3,014)	-
	<u><u>60,961</u></u>	<u><u>64,306</u></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.

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	-	710	710
Liabilities			
Non-current lease liabilities	-	266	266
Current lease liabilities	-	451	451
Equity			
Retained earnings	105,855	(7)	105,848

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 (Registration No. 200001013413 (516019-H))Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2020**A6. Dividend Paid**

There was no dividend paid during the quarter under review (2019: 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 2020 is as below:-

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

1st quarter ended 31 March 2020

Revenue:

External	21,947	39,078	-	-	61,025
Inter-segment	23,206	683	-	(23,889)	-
Total revenue	45,153	39,761	-		61,025
Profit before tax	2,651	3,783	(183)	220	6,471

1st quarter ended 31 March 2019

Revenue:

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

COCOALAND HOLDINGS BERHAD (Registration No. 200001013413 (516019-H))

Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2020

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

Cumulative 1st quarter ended 31 March 2020

Revenue:

External	21,947	39,078	-	-	61,025
Inter-segment	23,206	683	-	(23,889)	-
Total revenue	45,153	39,761	-		61,025
Profit before tax	2,651	3,783	(183)	220	6,471

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	47,633	50,806	-		65,569
Profit before tax	3,995	6,539	(140)	383	10,777

Assets and liabilities as at 31 March 2020

Segment assets	168,615	136,169	142,352	(154,118)	293,018
Segment liabilities	109,765	46,598	623	(119,536)	37,450

Group – by geographical segment:-

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 ending		as at	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	RM'000	RM'000	RM'000	RM'000
Malaysia	27,893	27,777	102,510	103,571
Eastern Asia	15,849	20,681	64	61
South East Asia	9,267	8,513	-	18
Middle East	7,055	7,147	-	-
Others	961	1,451	-	-
	61,025	65,569	102,574	103,650

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 20 May 2020 (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 statements 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 2020 are as follows:-

	RM'000
Property, plant and equipment :-	
- Approved and contracted for	10,249
- Authorized but not contracted for	7,737

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	2,074	1,786
- Purchase of ingredients*	1,254	1,537

** 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

The Group registered lower revenue of RM61.0 million, a decrease of RM4.5 million or 6.9% as compared to RM65.5 million in the preceding year's corresponding period. The declined performance was mainly attributable to declining demand for own brand gummy from overseas market especially China and South Korea due to the outbreak of Covid-19 pandemic. However, the decrease was partially offset by rising demand for gummy of Contract Manufacturing Business and own brand snack product.

Pre-tax profit of RM6.5 million, 39.8% lower than RM10.8 million achieved in the corresponding period of previous year. The decrease was mainly attributable to higher factory labour overhead and higher advertising expenditure in tandem with the declining revenue.

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

Manufacturing segment

Higher revenue was predominantly due to rising gummy demand of Contract Manufacturing Business. The improving revenue was partially offset by declining demand for hard candy from overseas market. Lower pre-tax profit as compared to the same period of preceding year was mainly due to higher factory labour overhead and advertising expenditure.

Trading segment

Lower revenue was predominantly due to the lower demand from overseas market especially for own brand gummy. Lower pre-tax profit was principally attributable to higher advertising and promotion expense incurred in tandem with lower revenue earned.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Year Quarter RM'000	Immediate Preceding Quarter RM'000	Difference %
Revenue	61,025	70,229	-13.1%
Gross Profit	12,729	23,336	-45.4%
Profit Before Tax	6,471	18,023	-64.1%
Profit After Tax	5,127	13,581	-62.2%
Profit Attributable to Owners of The Company	5,127	13,581	-62.2%

The Group recorded lower revenue of RM61.0 million for current quarter, a decrease of 13.1% from the immediate preceding quarter. The decrease was mainly attributable to lower demand for own brand gummy from overseas market due to Covid-19 pandemic and higher festive season sales recorded in immediate preceding quarter.

Lower pre-tax profit of RM6.5 million for the current quarter, a decrease of 64.1% against immediate preceding quarter. The decrease was mainly due to lower revenue earned couple with higher labour and factory overhead cost incurred.

B3. Commentary On Prospects

With the global outbreak of COVID-19 pandemic, economic activities in domestic and overseas markets have been adversely affected by the lockdowns. Amid the pandemic, all plants under the Group continues to operate with compliance of stringent Standard Operating Procedures, resources are deployed to minimise the risk of contagion thus ensure safe working conditions. During this period, the Group will also work closely with our suppliers and trading partners to ensure minimal disruption of materials and products supplies.

Due to the uncertain impact of the COVID-19 pandemic on the world and domestic economic environment, the Board is currently unable to ascertain the financial impact of the COVID-19 pandemic to the Group until such time that the overall impact of the COVID-19 pandemic becomes clearer. Nevertheless, the Group will continue to maintain and improve product quality, innovating products portfolio, reducing costs and broadening the distributor network to safeguard revenue and addressing the needs of consumers.

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</u> <u>Quarter</u> <u>RM'000</u>	<u>Preceding Year</u> <u>Quarter</u> <u>RM'000</u>	<u>Current Year</u> <u>To Date</u> <u>RM'000</u>	<u>Preceding Year</u> <u>To Date</u> <u>RM'000</u>
Income tax:				
• Current period estimate	1,791	2,810	1,791	2,810
• Under/ (Over) provision in prior year	-	-	-	-
Deferred taxation:				
• Transferred from deferred taxation	(447)	(451)	(447)	(451)
	<u>1,344</u>	<u>2,359</u>	<u>1,344</u>	<u>2,359</u>

B6. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 20 May 2020 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>31.03.2020</u> <u>RM'000</u>	<u>As At</u> <u>31.03.2019</u> <u>RM'000</u>
TOTAL BORROWING	-	-

B8. Material Litigation

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

COCOALAND HOLDINGS BERHAD (Registration No. 200001013413 (516019-H))Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2020

B9. Dividend Payable

No interim dividend has been declared for the current quarter under review (31 March 2019: 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>	
	<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)	5,127	8,418	5,127	8,418
Weighted average number of ordinary shares of RM0.50 each ('000)	228,800	228,800	228,800	228,800
Basic earnings per share (sen)	2.24	3.68	2.24	3.68
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 (Registration No. 200001013413 (516019-H))

Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2020

B11. Profit before tax is stated after charging/(crediting) :-

	Current Year Quarter RM'000	Preceding Year Quarter RM'000
Interest income	(663)	(742)
Interest expense	2	2
Inventories written down	27	47
Reversal of inventories written down	(14)	(3)
Depreciation of property, plant and equipment	3,047	2,593
Depreciation of investment property	16	59
Depreciation of right-of-use assets	124	139
Gain on disposal of property, plant and equipment	(198)	-
Property, plant and equipment written off	1	9
Impairment loss on trade receivables	11	-
Reversal of impairment loss on trade receivables	(96)	(625)
(Gain)/ Loss on foreign exchange		
- realized	(684)	(279)
- unrealized	(790)	227

By Order Of The Board

Tai Chun Wah
Executive Director
Dated: 27 May 2020