

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

(Incorporated in Malaysia)

Financial Period End : 30 September 2020
 Quarter : Third Quarter

Quarterly report on results for the 3rd quarter ended 30 September 2020. These figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<u>INDIVIDUAL QUARTER</u>			<u>CUMULATIVE QUARTER</u>		
	<u>Current Year Quarter</u>	<u>Preceding Year Quarter</u>	<u>% chg</u>	<u>Current Year To Date</u>	<u>Preceding Year To Date</u>	<u>% chg</u>
	<u>30.09.2020</u>	<u>30.09.2019</u>		<u>30.09.2020</u>	<u>30.09.2019</u>	
	<u>RM'000</u>	<u>RM'000</u>		<u>RM'000</u>	<u>RM'000</u>	
Revenue	56,127	59,484	-5.6%	165,773	183,837	-9.8%
Cost Of Sales	<u>(39,835)</u>	<u>(44,405)</u>	-10.3%	<u>(125,184)</u>	<u>(133,197)</u>	-6.0%
Gross Profit	16,292	15,079	8.0%	40,589	50,640	-19.8%
Other Income	1,136	1,937	-41.4%	5,787	5,713	1.3%
Net gain on Impairment of Financial Instruments	55	451	-87.8%	512	1,030	-50.3%
Distribution Costs	(2,566)	(3,105)	-17.4%	(8,380)	(9,395)	-10.8%
Administrative Expenses	(5,282)	(5,848)	-9.7%	(17,262)	(17,277)	-0.1%
Finance Costs	<u>(1)</u>	<u>(3)</u>	-66.7%	<u>(5)</u>	<u>(11)</u>	-54.5%
Profit Before Taxation	9,634	8,511	13.2%	21,241	30,700	-30.8%
Taxation	<u>(2,328)</u>	<u>(1,964)</u>	18.5%	<u>(5,289)</u>	<u>(7,136)</u>	-25.9%
Profit For the Financial Period	7,306	6,547	11.6%	15,952	23,564	-32.3%
Other Comprehensive Income						
<i>Items that are or may be reclassified subsequently to profit or loss</i>						
- Exchange Translation Differences For Foreign Operations	<u>(13)</u>	<u>(1)</u>		<u>(8)</u>	<u>(6)</u>	
Other Comprehensive Loss For The Financial Period	(13)	(1)		(8)	(6)	
Total Comprehensive Income For The Financial Period	<u>7,293</u>	<u>6,546</u>		<u>15,944</u>	<u>23,558</u>	
Profit For The Financial Period Attributable To: Owners Of The Company	<u>7,306</u>	<u>6,547</u>		<u>15,952</u>	<u>23,564</u>	
Total Comprehensive Income Attributable To: Owners Of The Company	<u>7,293</u>	<u>6,546</u>		<u>15,944</u>	<u>23,558</u>	
Earnings Per Share						
Basic And Diluted Earnings Per Ordinary Share (Sen)	<u>3.19</u>	<u>2.86</u>		<u>6.97</u>	<u>10.30</u>	

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 30 SEPTEMBER 2020
(These figures have not been audited)**

	As At End Of Current Month (Unaudited) 30.09.2020 RM'000	As At End of Financial Year (Audited) 31.12.2019 RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	70,549	63,037
Right-Of-Use Assets	37,418	37,796
Investment Properties	1,587	1,638
	<u>109,554</u>	<u>102,471</u>
Current Assets		
Inventories	37,942	35,099
Trade Receivables	35,981	48,743
Tax Recoverable	2,974	1,123
Other Receivables, Deposits & Prepayments	18,898	21,107
Fixed Deposits With Licensed Bank	76,884	73,941
Cash & Bank Balances	15,421	11,388
	<u>188,100</u>	<u>191,401</u>
TOTAL ASSETS	<u>297,654</u>	<u>293,872</u>
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share Capital	130,154	130,154
Treasury Shares	(10)	-
Revenue Reserves	134,652	118,700
Exchange Translation Reserves	181	189
TOTAL EQUITY	<u>264,977</u>	<u>249,043</u>
Non-Current Liabilities		
Lease Liabilities	271	266
Deferred Tax Liabilities	5,065	5,906
	<u>5,336</u>	<u>6,172</u>
Current Liabilities		
Trade Payables	13,727	20,329
Other Payables & Accruals	8,694	10,260
Lease Liabilities	487	452
Tax Payable	3,813	1,773
Bank Borrowing	620	5,843
	<u>27,341</u>	<u>38,657</u>
TOTAL LIABILITIES	<u>32,677</u>	<u>44,829</u>
TOTAL EQUITY AND LIABILITIES	<u>297,654</u>	<u>293,872</u>
Net Assets Per Share (RM) Attributable to Owners of the Company	1.16	1.09

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<-----Non Distributable----->			<--Distributable-->	
	Share Capital	Treasury Shares	Exchange Translation Reserve	Retained Earnings	Total
9 months ended 30 September 2019	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2019 as previously reported	130,154	-	189	105,855	236,198
Effect of adopting MFRS 16	-	-	-	(5)	(5)
As at 1 January 2019	130,154	-	189	105,850	236,193
Foreign Currency Translation Differences	-	-	(6)	-	(6)
Profit For the Financial Period	-	-	-	23,564	23,564
As at 30 September 2019	130,154	-	183	129,414	259,751
9 months ended 30 September 2020	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2020	130,154	-	189	118,700	249,043
Foreign Currency Translation Differences	-	-	(8)	-	(8)
Profit For the Financial Period	-	-	-	15,952	15,952
Purchase of Own Shares	-	(10)	-	-	(10)
As at 30 September 2020	130,154	(10)	181	134,652	264,977

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

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2020**
(These figures have not been audited)

	Cumulative Current Year To Date 30.09.2020 RM'000	Cumulative Preceding Year To Date 30.09.2019 RM'000
Cash Flows From Operating Activities		
Profit before taxation	21,241	30,700
Adjustments for:-		
Inventories written down	303	391
Reversal of impairment loss on trade receivables	(518)	(1,035)
Impairment loss on trade receivables	6	5
Bad debts written off	430	452
Depreciation of property, plant and equipment	7,170	7,905
Amortisation of investment property	71	51
Amortisation of right-of-use assets	385	415
Unrealised loss on foreign exchange	146	207
Gain on disposal of property, plant & equipment	(199)	(144)
Property, plant and equipment written off	4	12
Interest expense	5	11
Interest income	(1,641)	(2,518)
Operating profit before working capital changes	<u>27,403</u>	<u>36,452</u>
Changes in working capital:		
(Increase) / Decrease in inventories	<u>(3,146)</u>	<u>2,832</u>
Decrease in receivables	<u>15,337</u>	<u>10,050</u>
Decrease in payables	<u>(8,168)</u>	<u>(12,748)</u>
	<u>4,023</u>	<u>134</u>
Cash generated from operations	<u>31,426</u>	<u>36,586</u>
Interest received	<u>1,641</u>	<u>2,518</u>
Interest paid	<u>(5)</u>	<u>(11)</u>
Tax refund	<u>-</u>	<u>737</u>
Tax paid	<u>(5,942)</u>	<u>(8,671)</u>
	<u>(4,306)</u>	<u>(5,427)</u>
Net Cash Generated From Operating Activities	<u>27,120</u>	<u>31,159</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(20,058)	(3,618)
Proceed from disposal of property, plant and equipment	200	192
(Increase) / Decrease in fixed deposits with maturity more than three months	(24,803)	9,639
Net Cash Generated From / (Used In) Investing Activities	<u>(44,661)</u>	<u>6,213</u>
Cash Flows From Financing Activities		
Repayment of lease liabilities	(387)	(426)
Changes in fixed deposits pledged with licensed bank	5,896	(7,177)
Purchase of own shares	(10)	-
Net Cash Generated From / (Used in) Financing Activities	<u>5,499</u>	<u>(7,603)</u>
Net (Decrease) / Increase in Cash And Cash Equivalents	(12,042)	29,769
Effect of Exchange Translation Differences on Cash and Cash Equivalents	111	(265)
Cash And Cash Equivalents At Beginning Of The Period	<u>68,309</u>	<u>59,109</u>
Cash And Cash Equivalents At End Of The Period *	<u>56,378</u>	<u>88,613</u>
* Cash & cash equivalents consists of:		
Fixed deposits with licensed banks	76,884	80,604
Cash and bank balances	15,421	33,855
	<u>92,305</u>	<u>114,459</u>
Less: Fixed deposits with maturity more than three months	(35,198)	(18,669)
Less: Fixed deposits pledged to licensed bank	(729)	(7,177)
	<u>56,378</u>	<u>88,613</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 financial year ended 31 December 2019.

The audited financial statements of the Group for the financial year ended 31 December 2019 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 financial year ended 31 December 2019.

A2. Qualification of Financial Statements

The auditors’ report in respect of the audited financial statements for the financial year ended 31 December 2019 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 3rd Quarter Ended 30 September 2020**A6. Dividend Paid**

There was no dividend paid during the quarter under review (2019: nil)

A7. Changes in Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities except for the following:-

During the current financial quarter and period to date, the Company repurchased 6,000 ordinary shares of its issued share capital from the open market, at an average of RM1.68 per share. The total consideration paid for the share buy-back, including transaction costs amounted to RM10,109.53 and was financed by internally generated funds. The shares purchased are held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

As at 30 September 2020, the number of treasury shares held was 6,000 ordinary shares.

A8. Segmental Reporting

Group – by business segment:-

The Group's segmental report for the current financial period ended 30 September 2020 is as below:-

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

3rd quarter ended 30 September 2020

Revenue:

External	20,310	35,817	-	-	56,127
Inter-segment	22,977	861	-	(23,838)	-
Total revenue	43,287	36,678	-		56,127
Profit before tax	7,174	2,535	(274)	199	9,634

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

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

Quarterly Unaudited Results Of The Group For The 3rd Quarter Ended 30 September 2020

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

Cumulative 3rd quarter ended 30 September 2020

Revenue:

External	64,731	101,042	-	-	165,773
Inter-segment	63,309	2,243	-	(65,552)	-
Total revenue	128,040	103,285	-		165,773
Profit before tax	14,186	7,345	(629)	339	21,241

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	136,999	137,730	-		183,837
Profit before tax	12,494	18,239	(604)	571	30,700

Assets and liabilities as at 30 September 2020

Segment assets	168,596	197,974	142,158	(211,074)	297,654
Segment liabilities	101,901	106,503	885	(176,612)	32,677

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 ended		as at	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
Malaysia	77,189	82,146	109,359	101,027
Eastern Asia	37,193	47,295	195	104
South East Asia	26,542	30,158	-	7
Middle East	21,951	20,309	-	-
Others	2,898	3,929	-	-
	165,773	183,837	109,554	101,138

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 audited financial statements for the financial year ended 31 December 2019.

A10. Subsequent Events

There were no material events subsequent to the reporting period up to 18 November 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 except as disclosed below:

From 1 October 2020, the Company had completed the purchase of its issued ordinary shares from the open market on the respective dates as below and the shares purchased are held as treasury shares in accordance with Section 127(16) of the Companies Act 2016:

Date	Number of shares	Date	Number of shares
01.10.2020	20,000	02.11.2020	52,000
02.10.2020	50,000	03.11.2020	30,300
05.10.2020	30,000	04.11.2020	109,000
06.10.2020	60,000	05.11.2020	88,600
07.10.2020	20,000	06.11.2020	30,000
08.10.2020	80,000	09.11.2020	257,500
12.10.2020	16,300	10.11.2020	9,000
13.10.2020	60,000	13.11.2020	186,200
14.10.2020	110,000	16.11.2020	43,100
15.10.2020	2,000	18.11.2020	34,000
19.10.2020	60,000		
20.10.2020	900		
21.10.2020	97,800		
22.10.2020	3,000		
23.10.2020	30,000		
26.10.2020	30,000		
27.10.2020	30,000		
30.10.2020	34,300		
		Sub total	1,574,000
		Add: From 1.07.2020 to 30.09.2020	6,000
		Total	1,580,000

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 material changes in contingent liabilities or contingent assets arising since the last audited consolidated statement of financial position as at 31 December 2019.

A13. Capital Commitments

Capital commitments of the Group in respect of property, plant and equipment as at 30 September 2020 are as follows:-

	RM'000
Property, plant and equipment :-	
- Approved and contracted for	5,204
- Authorized but not contracted for	3,753

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	2,087	2,196
- Purchase of ingredients*	541	1,462

** 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 18 September 2020.

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 RM 165.8 million, a contraction of RM 18 million or 9.8% if compared to RM 183.8 million recorded in the preceding financial period. The revenue in the current quarter was recorded at RM 56.1 million, a decline of 5.6% from RM 59.5 million in the preceding quarter last year. The lackluster revenue was predominantly due to the soft demand for in-house gummy from abroad especially Vietnam, China, South Korea and Hong Kong.

The Covid-19 pandemic outbreak has caused the decelerating consumption for non-essential products. At this backdrop, higher revenue was achieved from in-house wafer and cocopie products in domestic market due to the shift of consumption behavior toward biscuit confectionery under the new normal. On the other hand, the contract manufacturing business continued to perform well in gummy segment which partially offset the declining group revenue.

For the first nine months under review, the Group recorded a pre-tax profit of RM 21.2 million, a decline of 30.8% if compared to RM 30.7 million achieved in the preceding financial period which was in line with the declining revenue in the Group. However, the pre-tax profit in the current quarter improved by 13.2% to RM 9.6 million against the same period last year. This was mainly attributable to reduction of bad debt written off, lower advertisement and promotion expenditure as well as freight charges.

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

Manufacturing segment

The manufacturing segment achieved a higher revenue for the first nine months under review. The positive revenue growth was mainly due to higher demand of gummy from the contract manufacturing business.

Higher cumulative quarter pre-tax profit as compared to the identical period of preceding year was mainly due to the improvement in production efficiency and cost effectiveness.

Trading segment

During the Covid-19 pandemic outbreak, visiting rate of retail venue has been visibly deteriorated globally. It ultimately affected the trading segment's revenue earned even though the higher demand of wafer and cocopie products from domestic market during the first nine months under review.

The decline of year-to-date period of pre-tax profit was primarily attributable to the declining demand from overseas and domestic markets despite of lower promotional expenditure and freight charges.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Year Quarter RM'000	Immediate Preceding Quarter RM'000	Difference %
Revenue	56,127	48,621	+15.4%
Gross Profit	16,292	11,568	+40.8%
Profit Before Tax	9,634	5,136	+87.6%
Profit After Tax	7,306	3,519	+107.6%
Profit Attributable to Owners of The Company	7,306	3,519	+107.6%

Higher revenue of RM56.1 million for current quarter, an increase of 15.4% from the immediate preceding quarter amidst sign of recovery in the local and export markets as businesses and economic activities stabilized to a new normal.

The Group's pre-tax profit showed an increase of 87.6% over the immediate preceding quarter which was line with the revenue improvement, higher production efficiency and cost effectiveness.

B3. Commentary On Prospects

The Group remains cautious as domestic economic environment and consumption sentiment continue to remain uncertain. Few countries like China and Vietnam avoided recession successfully after the stringent lockdown and fiscal stimulus and assistance. The Group is cautiously optimistic to the revenue performance from these main overseas market.

In the face of external volatility and adversity, 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 to ensure its business sustainability.

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 (Registration No. 200001013413 (516019-H))Quarterly Unaudited Results Of The Group For The 3rd Quarter Ended 30 September 2020**B5. Income Tax**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	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	2,420	2,396	6,130	8,359
• Under/ (Over) provision in prior year	-	(85)	-	(85)
Deferred taxation:				
• Transferred from deferred taxation	(92)	(347)	(841)	(1,138)
	2,328	1,964	5,289	7,136

B6. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 18 November 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:-

	As At 30.09.2020 RM'000	As At 30.09.2019 RM'000
<u>Secured</u>		
Current Liabilities:		
Letter of credit	620	-

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 8.0 sen per ordinary share (30 September 2019: 10.0 sen) of the financial year ending 31 December 2020. The first interim dividend will be paid on 24 December 2020. The entitlement date for the above-mentioned interim dividend is on 11 December 2020. The total dividend of the current year is 8.0 sen per ordinary share (2019: 10.0 sen).

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)	7,306	6,547	15,952	23,564
Weighted average number of ordinary shares of RM0.50 each ('000)	228,799	228,800	228,799	228,800
Basic earnings per share (sen)	3.19	2.86	6.97	10.30
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.*

COCOALAND HOLDINGS BERHAD (Registration No. 200001013413 (516019-H))Quarterly Unaudited Results Of The Group For The 3rd Quarter Ended 30 September 2020

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

	Current Year Quarter RM'000	Preceding Year Quarter RM'000
Interest income	(442)	(896)
Interest expense	1	3
Inventories written down	34	160
Depreciation of property, plant and equipment	1,890	2,701
Amortisation of investment property	31	17
Amortisation of right-of-use assets	130	137
Gain on disposal of property, plant and equipment	-	(15)
Property, plant and equipment written off	3	1
Net (gain) / loss on impairment of financial instruments		
- Impairment loss on trade receivables	(5)	5
- Reversal of impairment loss on trade receivables	(50)	(456)
Bad debt written off from trade receivables	23	452
(Gain)/ Loss on foreign exchange		
- Realized	69	(206)
- Unrealized	(106)	53

By Order Of The Board

Dated: 24 November 2020