

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

(Incorporated in Malaysia)

Financial Period End : 30 June 2021
 Quarter : Second Quarter

Quarterly report on results for the 2nd quarter ended 30 June 2021. 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>30.06.2021</u> <u>RM'000</u>	<u>Preceding Year Quarter</u> <u>30.06.2020</u> <u>RM'000</u>	<u>% chg</u>	<u>Current Year To Date</u> <u>30.06.2021</u> <u>RM'000</u>	<u>Preceding Year To Date</u> <u>30.06.2020</u> <u>RM'000</u>	<u>% chg</u>
Revenue	47,481	48,621	-2.3%	101,599	109,646	-7.3%
Cost Of Sales	(36,243)	(37,053)	-2.2%	(76,896)	(85,349)	-9.9%
Gross Profit	11,238	11,568	-2.9%	24,703	24,297	1.7%
Other Income	2,020	1,531	31.9%	4,063	4,662	-12.8%
Net gain on Impairment of Financial Instruments	75	372	-79.8%	32	457	-93.0%
Distribution Costs	(2,622)	(2,396)	9.4%	(5,455)	(5,814)	-6.2%
Administrative Expenses	(5,879)	(5,938)	-1.0%	(11,465)	(11,991)	-4.4%
Finance Costs	(4)	(1)	300.0%	(7)	(4)	75.0%
Profit Before Taxation	4,828	5,136	-6.0%	11,871	11,607	2.3%
Taxation	(1,569)	(1,617)	-3.0%	(2,924)	(2,961)	-1.2%
Profit For the Financial Period	3,259	3,519	-7.4%	8,947	8,646	3.5%
Other Comprehensive Income <i>Items that are or may be reclassified subsequently to profit or loss</i>						
- Exchange Translation Differences For Foreign Operations	(4)	22		-	6	
Other Comprehensive (Loss)/ Income For The Financial Period	(4)	22		-	6	
Total Comprehensive Income For The Financial Period	3,255	3,541		8,947	8,652	
Profit For The Financial Period Attributable To: Owners Of The Company	3,259	3,519		8,947	8,646	
Total Comprehensive Income Attributable To: Owners Of The Company	3,255	3,541		8,947	8,652	
Earnings Per Share Basic And Diluted Earnings Per Ordinary Share (Sen)	1.45	1.54		3.97	3.78	

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 (516019-H)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS OF 30 JUNE 2021****(These figures have not been audited)**

	As At End Of Current Month (Unaudited) 30.06.2021 RM'000	As At End of Financial Year (Audited) 31.12.2020 RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	78,900	84,031
Right-Of-Use Assets	36,661	36,719
Investment Properties	3,436	1,569
	<u>118,997</u>	<u>122,319</u>
Current Assets		
Inventories	34,169	34,551
Trade Receivables	28,761	34,261
Tax Recoverable	2,158	2,220
Other Receivables	4,109	6,095
Fixed Deposits With Licensed Bank	74,824	66,314
Cash & Bank Balances	17,151	10,816
	<u>161,172</u>	<u>154,257</u>
TOTAL ASSETS	<u><u>280,169</u></u>	<u><u>276,576</u></u>
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share Capital	130,154	130,154
Treasury Shares	(6,090)	(3,663)
Revenue Reserves	129,965	120,950
Exchange Translation Reserves	188	188
TOTAL EQUITY	<u>254,217</u>	<u>247,629</u>
Non-Current Liabilities		
Lease Liabilities	144	176
Deferred Tax Liabilities	4,096	4,818
	<u>4,240</u>	<u>4,994</u>
Current Liabilities		
Trade Payables	13,045	15,015
Other Payables	8,255	8,227
Lease Liabilities	412	246
Tax Payable	-	465
	<u>21,712</u>	<u>23,953</u>
TOTAL LIABILITIES	<u>25,952</u>	<u>28,947</u>
TOTAL EQUITY AND LIABILITIES	<u><u>280,169</u></u>	<u><u>276,576</u></u>
Net Assets Per Share (RM) Attributable to Owners of the Company	1.13	1.08

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<-----Non Distributable----->			<--Distributable-->	
	Share Capital	Treasury Shares	Exchange Translation Reserve	Retained Earnings	Total
6 months ended 30 June 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	-	-	6	-	6
Profit For the Financial Period	-	-	-	8,646	8,646
Total comprehensive income for the period	-	-	6	8,646	8,652
As at 30 June 2020	130,154	-	195	127,346	257,695
	RM'000	RM'000	RM'000	RM'000	RM'000
6 months ended 30 June 2021					
As at 1 January 2021	130,154	(3,663)	188	120,950	247,629
Foreign Currency Translation Differences	-	-	-	-	-
Profit For the Financial Period	-	-	-	8,947	8,947
Purchase of Treasury Shares	-	(2,427)	-	-	(2,427)
Disposal of Treasury Shares	-	-	-	68	68
Total comprehensive income for the period	-	(2,427)	-	9,015	6,588
As at 30 June 2021	130,154	(6,090)	188	129,965	254,217

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 6 MONTHS ENDED 30 JUNE 2021
(These figures have not been audited)**

	Cumulative Current Year To Date 30.06.2021 RM'000	Cumulative Preceding Year To Date 30.06.2020 RM'000
Cash Flows From Operating Activities		
Profit before taxation	11,871	11,607
Adjustments for:-		
Inventories written down	145	269
Reversal of impairment loss on trade receivables	(32)	(468)
Impairment loss on trade receivables	-	11
Bad debts written off	-	407
Depreciation of property, plant and equipment	4,916	5,280
Amortisation of investment property	51	40
Amortisation of right-of-use assets	259	255
Unrealised (gain) / loss on foreign exchange	(35)	252
Gain on disposal of property, plant & equipment	-	(199)
Property, plant and equipment written off	11	1
Loss on de-recognition of a subsidiary	10	-
Interest expense	7	4
Interest income	(751)	(1,199)
Operating profit before working capital changes	16,452	16,260
Changes in working capital:		
Decrease / (Increase) in inventories	237	(7,478)
Decrease in receivables	11,368	14,795
Decrease in payables	(1,907)	(5,214)
	9,698	2,103
Cash generated from operations	26,150	18,363
Interest received	751	1,199
Interest paid	(7)	(4)
Tax refund	-	-
Tax paid	(4,062)	(5,425)
	(3,318)	(4,230)
Net Cash Generated From Operating Activities	22,832	14,133
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(4,168)	(18,436)
Proceed from disposal of property, plant and equipment	-	200
Increase in fixed deposits with maturity more than three months	(4,280)	(20,432)
Net Cash Used In Investing Activities	(8,448)	(38,668)
Cash Flows From Financing Activities		
Payment of lease liabilities	(268)	(258)
Changes in fixed deposits pledged with licensed bank	-	4,629
Purchase of treasury shares	(3,718)	-
Net Cash (Used in) / From Financing Activities	(3,986)	4,371
Net Increase / (Decrease) in Cash And Cash Equivalents	10,398	(20,164)
Effect of Exchange Translation Differences on Cash and Cash Equivalents	166	(334)
Cash And Cash Equivalents At Beginning Of The Period	48,932	68,309
Cash And Cash Equivalents At End Of The Period *	59,496	47,811
* Cash & cash equivalents consists of:		
Fixed deposits with licensed banks	74,824	61,868
Cash and bank balances	17,151	18,766
	91,975	80,634
Less: Fixed deposits with maturity more than three months	(32,479)	(30,827)
Less: Fixed deposits pledged to licensed bank	-	(1,996)
	59,496	47,811

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 2020.

The audited financial statements of the Group for the financial year ended 31 December 2020 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 2020.

A2. Qualification of Financial Statements

The auditors’ report in respect of the audited financial statements for the financial year ended 31 December 2020 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.

A6. Dividend Paid

There was no dividend paid during the quarter under review (2020: nil)

A7. Changes in Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities.

As at 30 June 2021, the number of treasury shares held was 3,545,900 ordinary shares which remained unchanged as at 31 March 2021.

A8. Segmental Reporting

Group – by business segment:-

The Group's segmental report for the current financial period ended 30 June 2021 is as below:-

	Manufacturing	Trading	Investment Holding	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2nd quarter ended 30 June 2021</u>					
Revenue:					
External	16,697	30,784	-	-	47,481
Inter-segment	21,973	1,173	-	(23,146)	-
Total revenue	<u>38,670</u>	<u>31,957</u>	<u>-</u>		<u>47,481</u>
Profit before tax	<u>2,691</u>	<u>2,702</u>	<u>(313)</u>	<u>(252)</u>	<u>4,828</u>
<u>2nd quarter ended 30 June 2020</u>					
Revenue:					
External	22,474	26,147	-	-	48,621
Inter-segment	17,126	699	-	(17,825)	-
Total revenue	<u>39,600</u>	<u>26,846</u>	<u>-</u>		<u>48,621</u>
Profit before tax	<u>4,361</u>	<u>1,027</u>	<u>(172)</u>	<u>(80)</u>	<u>5,136</u>

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

Cumulative 2nd quarter ended 30 June 2021

Revenue:

External	32,403	69,196	-	-	101,599
Inter-segment	45,454	3,310	-	(48,764)	-
Total revenue	<u>77,857</u>	<u>72,506</u>	-		<u>101,599</u>
Profit before tax	<u>5,674</u>	<u>6,718</u>	<u>(535)</u>	<u>14</u>	<u>11,871</u>

Cumulative 2nd quarter ended 30 June 2020

Revenue:

External	44,421	65,225	-	-	109,646
Inter-segment	40,332	1,382	-	(41,714)	-
Total revenue	<u>84,753</u>	<u>66,607</u>	-		<u>109,646</u>
Profit before tax	<u>7,012</u>	<u>4,810</u>	<u>(355)</u>	<u>140</u>	<u>11,607</u>

Assets and liabilities as at 30 June 2021

Segment assets	<u>159,246</u>	<u>154,049</u>	<u>137,116</u>	<u>(170,242)</u>	<u>280,169</u>
Segment liabilities	<u>85,798</u>	<u>74,740</u>	<u>787</u>	<u>(135,373)</u>	<u>25,952</u>

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	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
Malaysia	48,936	48,417	118,861	110,147
Eastern Asia	23,452	30,302	136	42
South East Asia	17,218	16,708	-	-
Middle East	10,434	12,271	-	-
Others	1,559	1,948	-	-
	<u>101,599</u>	<u>109,646</u>	<u>118,997</u>	<u>110,189</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 audited financial statements for the financial year ended 31 December 2020.

A10. Subsequent Events

There were no material events subsequent to the reporting period up to 18 August 2021 (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 material changes in contingent liabilities or contingent assets arising since the last audited consolidated statement of financial position as at 31 December 2020.

A13. Capital Commitments

Capital commitments of the Group in respect of property, plant and equipment as at 30 June 2021 are as follows:-

	RM'000
Property, plant and equipment :-	
- Approved and contracted for	3,229
- Authorized but not contracted for	3,642

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	1,570	1,937
- Purchase of ingredients*	1,122	1,030

** 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

The Group registered lower revenue of RM 101.6 million, a contraction of RM 8.0 million or 7.3% if compared to RM 109.6 million recorded in the preceding year's corresponding period. The revenue in the current quarter was recorded at RM 47.5 million, a decrease of 2.3% from RM 48.6 million in the preceding quarter last year.

The declining revenue mainly attributable to the softer demand for gummy and hard candy of Contract Manufacturing Business especially in China and the Philippines. Subdued demand for snack confectionery exported to Saudi Arabia is also another factor. The decline in revenue was partially offset by rising demand of in-house gummy in Vietnam, Hong Kong, Taiwan, China and Malaysia.

The Group recorded profit before taxation of RM 11.9 million, a rise of 2.3% if compared to RM 11.6 million achieved in the preceding year's corresponding period. The profit before taxation in the current quarter was declined by 6.0% or from RM 5.1 million to RM 4.8 million achieved in the same corresponding quarter last year.

The rise in the pre-tax profit for the current financial year period was mainly attributable to lower factory labour cost, energy costs as well as advertisement and promotional expenditures after a series of cost rationalization implementation.

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

Manufacturing segment

The decline in revenue recorded for the current financial year period was mainly attributable to lower demand of fortified gummy from Contract Manufacturing Business. Lower pre-tax profit in the current financial year aligned with the contraction of the group revenue despite lower factory labour costs, electricity as well as fuel costs.

Trading segment

The pre-tax profit for the current financial year period improved which was in line with the higher revenue especially from overseas market in spite of higher freight and forwarding charges incurred.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Year Quarter RM'000	Immediate Preceding Quarter RM'000	Difference %
Revenue	47,481	54,118	-12.3%
Gross Profit	11,238	13,465	-16.5%
Profit Before Tax	4,828	7,043	-31.4%
Profit After Tax	3,259	5,688	-42.7%
Profit Attributable to Owners of The Company	3,259	5,688	-42.7%

Lower revenue of RM47.5 million for the current quarter, a decline of 12.3% from the immediate preceding quarter was mainly attributable to softer demand for in-house gummy, chocolate and Choco Pie products. The declining group revenue was partially offset by rising demand for gummy from Contract Manufacturing Business in domestic market.

The Group's pre-tax profit registered a decrease of 31.4% over the immediate preceding quarter, which was principally due to rising material costs in tandem with the declining group revenue.

B3. Commentary On Prospects

All our 3 factories in Malaysia, being in the essential category under the Ministry of International Trade and Industries (MITI) have been operating at a capped 60% headcount capacity since the start of the National Recovery Plan (NRP) or Full Movement Control Order (FMCO) on 1 June 2021.

The prospect for the second half year 2021 remains pretty much determined by Covid-19 situation. The Management foresee that the disruption will remain with us as a key operational challenge for most of the third quarter. In line with the resurgence of Covid-19 infected cases, the Group will continue to monitor closely the development of pandemic and to ensure that the operation functions smoothly and at the same time safeguards employees from the risk of the pandemic. The Group remains vigilant and looks forward to regain the momentum from the pre-pandemic baseline by penetrating the existing markets, broadening the distribution networks as well as continuing cost rationalisation measures.

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	2,208	1,919	3,646	3,709
• Under/ (Over) provision in prior year	-	-	-	-
Deferred taxation:				
• Transferred from deferred taxation	(639)	(302)	(722)	(748)
	<u>1,569</u>	<u>1,617</u>	<u>2,924</u>	<u>2,961</u>

B6. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 18 August 2021 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 30.06.2021 RM'000	As At 30.06.2020 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 June 2020: nil) of the financial year ending 31 December 2021. The first interim dividend will be paid on 24 September 2021. The entitlement date for the above-mentioned interim dividend is on 10 September 2021. The total dividend of the current year is 10.0 sen per ordinary share (2020: 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)	3,259	3,519	8,947	8,646
Weighted average number of ordinary shares of RM0.50 each ('000)	225,254	228,800	225,254	228,800
Basic earnings per share (sen)	1.45	1.54	3.97	3.78
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	(394)	(536)
Interest expense	4	2
Inventories written down	145	242
Depreciation of property, plant and equipment	2,719	2,233
Amortisation of investment property	25	24
Amortisation of right-of-use assets	130	131
Gain on disposal of property, plant and equipment	-	(1)
Net gain on impairment of financial instruments		
- Reversal of impairment loss on trade receivables	(75)	(372)
Bad debt written off from trade receivables	-	407
(Gain) / loss on foreign exchange		
- Realized	(1,680)	(1,845)
- Unrealized	1,106	1,042

By Order Of The Board

Dated: 24 August 2021