

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

(Incorporated in Malaysia)

Financial Year End : 30 June 2022
 Quarter : Second Quarter

Quarterly report on results for the 2nd quarter ended 30 June 2022. These figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year	Preceding Year	% chg	Current Year	Preceding Year	% chg
	Quarter	Quarter		To Date	To Date	
	30.6.2022	30.6.2021		30.6.2022	30.6.2021	
	RM'000	RM'000		RM'000	RM'000	
Revenue	56,474	47,481	18.9%	122,218	101,599	20.3%
Cost Of Sales	(43,075)	(36,243)	18.9%	(89,231)	(76,896)	16.0%
Gross Profit	13,399	11,238	19.2%	32,987	24,703	33.5%
Other Income	2,423	2,020	20.0%	4,317	4,063	6.3%
Net (Loss) / Income on Impairment of Financial Instruments	(2)	75	-102.7%	(17)	32	-153.1%
Distribution Costs	(3,591)	(2,622)	37.0%	(6,252)	(5,455)	14.6%
Administrative Expenses	(5,425)	(5,879)	-7.7%	(10,462)	(11,465)	-8.7%
Finance Cost	(2)	(4)	-50.0%	(5)	(7)	-28.6%
Profit Before Taxation	6,802	4,828	40.9%	20,568	11,871	73.3%
Taxation	(2,148)	(1,569)	36.9%	(5,369)	(2,924)	83.6%
Profit For the Financial Period	4,654	3,259	42.8%	15,199	8,947	69.9%
Other Comprehensive Income / (Loss) <i>Items that are or may be reclassified subsequently to profit or loss</i>						
- Exchange Translation Differences For Foreign Operations	(3)	(4)		4	-	
Other Comprehensive Income / (Loss) For The Financial Period	(3)	(4)		4	-	
Total Comprehensive Income For The Financial Period	4,651	3,255		15,203	8,947	
Profit For The Financial Period Attributable To: Owners Of The Company	4,654	3,259		15,199	8,947	
Total Comprehensive Income Attributable To: Owners Of The Company	4,651	3,255		15,203	8,947	
Earnings Per Share Basic And Diluted Earnings Per Ordinary Share (Sen)	1.03	0.72		3.38	1.99	

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 STATEMENTS OF FINANCIAL POSITION**AS AT 30 JUNE 2022**

(These figures have not been audited)

	As At End Of Current Month (Unaudited) 30.6.2022 RM'000	As At End of Financial Year (Audited) 31.12.2021 RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	78,950	78,886
Right-Of-Use Assets	34,045	34,605
Investment Properties	1,866	1,884
	<u>114,861</u>	<u>115,375</u>
Current Assets		
Assets Held For Sale	1,501	1,501
Inventories	42,922	39,480
Trade Receivables	36,695	35,868
Tax Recoverable	286	248
Other Receivables	3,212	6,078
Fixed Deposits With Licensed Bank	79,249	64,578
Cash & Bank Balances	17,288	16,038
	<u>181,153</u>	<u>163,791</u>
TOTAL ASSETS	<u>296,014</u>	<u>279,166</u>
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share Capital	130,154	130,154
Treasury Shares	(6,145)	(7,348)
Revenue Reserves	135,102	120,351
Exchange Translation Reserves	168	164
TOTAL EQUITY	<u>259,279</u>	<u>243,321</u>
Non-Current Liabilities		
Lease Liabilities	100	296
Deferred Tax Liabilities	3,645	4,045
	<u>3,745</u>	<u>4,341</u>
Current Liabilities		
Trade Payables	17,512	20,004
Other Payables	10,537	9,429
Lease Liabilities	497	501
Tax Payable	4,444	1,570
	<u>32,990</u>	<u>31,504</u>
TOTAL LIABILITIES	<u>36,735</u>	<u>35,845</u>
TOTAL EQUITY AND LIABILITIES	<u>296,014</u>	<u>279,166</u>
Net Assets Per Share (RM) Attributable to Owners of the Company	0.58	0.54

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<-----Non Distributable----->			<--Distributable-->	
	Share Capital	Treasury Shares	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
6 months ended 30 June 2021	RM'000	RM'000	RM'000	RM'000	RM'000
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
Total comprehensive income for the period	-	-	-	8,947	8,947
Transactions with owners:					
Shares Repurchased	-	(2,427)	-	-	(2,427)
Reissued for the Vesting of Share under Share Grant Scheme	-	-	-	68	68
Total transactions with owners of the Company	-	(2,427)	-	68	(2,359)
At 30 June 2021	130,154	(6,090)	188	129,965	254,217
6 months ended 30 June 2022	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	130,154	(7,348)	164	120,351	243,321
Foreign Currency Translation Differences	-	-	4	-	4
Profit For the Financial Period	-	-	-	15,199	15,199
Total comprehensive income for the period	-	-	4	15,199	15,203
Transactions with owners:					
Disposal of Treasury Shares	-	1,203	-	-	1,203
Reissued for the Vesting of Share under Share Grant Scheme	-	-	-	(448)	(448)
Total transactions with owners of the Company	-	1,203	-	(448)	755
A 30 June 2022	130,154	(6,145)	168	135,102	259,279

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 6 MONTHS ENDED 30 JUNE 2022
(These figures have not been audited)**

	Cumulative Current Year To Date 30.6.2022 RM'000	Cumulative Preceding Year To Date 30.6.2021 RM'000
Cash Flows From Operating Activities		
Profit before taxation	20,568	11,871
Adjustments for:-		
Inventories written down	88	145
Reversal of impairment loss on trade receivables	-	(32)
Impairment loss on trade receivables	17	-
Depreciation of property, plant and equipment	4,512	4,916
Depreciation of investment property	17	51
Depreciation of right-of-use assets	279	259
Unrealised gain on foreign exchange	(166)	(35)
Property, plant and equipment written off	5	11
Loss on liquidation of a subsidiary company	-	10
Interest expense	5	7
Interest income	(830)	(751)
Operating profit before working capital changes	24,495	16,452
Changes in working capital:		
(Increase) / Decrease in inventories	(3,442)	237
Decrease in receivables	2,001	11,368
Decrease in payables	(1,384)	(1,907)
	(2,825)	9,698
Cash generated from operations	21,670	26,150
Interest received	830	751
Interest paid	(5)	(7)
Tax refund	500	-
Tax paid	(3,431)	(4,062)
	(2,106)	(3,318)
Net Cash Generated From Operating Activities	19,564	22,832
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(3,524)	(4,168)
Increase in fixed deposits with maturity more than three months	(140)	(4,280)
Net Cash Used In Investing Activities	(3,664)	(8,448)
Cash Flows From Financing Activities		
Payment of lease liabilities	(285)	(268)
Purchase of treasury shares	-	(3,718)
Net Cash Used In Financing Activities	(285)	(3,986)
Net Increase in Cash And Cash Equivalents	15,615	10,398
Effect of Exchange Translation Differences on Cash and Cash Equivalents	167	166
Cash And Cash Equivalents At Beginning Of The Period	66,627	48,932
Cash And Cash Equivalents At End Of The Period *	82,409	59,496
* Cash & cash equivalents consists of:		
Fixed deposits with licensed banks	79,249	74,824
Cash and bank balances	17,288	17,151
	96,537	91,975
Less: Fixed deposits with maturity more than three months	(14,128)	(32,479)
	82,409	59,496

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 2021.

The audited financial statements of the Group for the financial year ended 31 December 2021 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 2021.

A2. Qualification of Financial Statements

The auditors’ report in respect of the audited financial statements for the financial year ended 31 December 2021 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 (2021: nil).

A7. Changes in Debt and Equity Securities

There were no other 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 did not repurchase ordinary shares of its issued share capital from the open market. However, the Company awarded a total of 698,800 ordinary shares of the Company under the Share Grant Scheme (“SGS”) to the eligible employees of the Group in transfer price of RM1.0805 per ordinary share on 24 January 2022.

As at 30 June 2022, the number of treasury shares held was 7,746,000 ordinary shares.

A8. Segmental Reporting

Group – by business segment:-

The Group’s segmental report for the current financial period ended 30 June 2022 is as below:-

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

2nd quarter ended 30 June 2022

Revenue:

External	19,204	37,270	-	-	56,474
Inter-segment	23,810	1,751	-	(25,561)	-
Total revenue	43,014	39,021	-	-	56,474
Profit before tax	365	7,115	(630)	(48)	6,802

2nd quarter ended 30 June 2021

Revenue:

External	16,697	30,784	-	-	47,481
Inter-segment	21,973	1,173	-	(23,146)	-
Total revenue	38,670	31,957	-	-	47,481
Profit before tax	2,691	2,702	(313)	(252)	4,828

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

Quarterly Unaudited Results Of The Group For The 2nd Quarter Ended 30 June 2022

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

Cumulative 2nd quarter ended 30 June 2022

Revenue:					
External	39,089	83,129	-	-	122,218
Inter-segment	49,549	3,204	-	(52,753)	-
Total revenue	<u>88,638</u>	<u>86,333</u>	-		<u>122,218</u>
Profit before tax	<u>4,898</u>	<u>16,250</u>	<u>(801)</u>	<u>221</u>	<u>20,568</u>

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>

Assets and liabilities as at 30 June 2022

Segment assets	<u>170,857</u>	<u>164,662</u>	<u>132,396</u>	<u>(171,901)</u>	<u>296,014</u>
Segment liabilities	<u>88,068</u>	<u>90,831</u>	<u>281</u>	<u>(142,445)</u>	<u>36,735</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 ended		as at	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	RM'000	RM'000	RM'000	RM'000
Malaysia	64,681	48,936	114,816	118,861
Eastern Asia	26,845	23,452	45	136
South East Asia	18,591	17,218	-	-
Middle East	10,305	10,434	-	-
Others	1,796	1,559	-	-
	<u>122,218</u>	<u>101,599</u>	<u>114,861</u>	<u>118,997</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 2021

A10. Subsequent Events

There were no other material events subsequent to the reporting period up to 24 August 2022 (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 2021.

A13. Capital Commitments

Capital commitments of the Group in respect of property, plant and equipment as at 30 June 2022 are as follows:-

	RM'000
Property, plant and equipment :-	
- Approved and contracted for	4,404
- Authorized but not contracted for	5,012

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	1,635	1,570
- Purchase of ingredients*	719	1,122

** 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 16 June 2022.

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

B1. Review of Performance

The Group registered a total revenue of RM 122.2 million for the first six months as compared to RM 101.6 million recorded in the preceding year's corresponding period. The Group's flagship product, gummy continued to show encouraging revenue performance both from housed brand and Contract Manufacturing Business in Malaysia and overseas. Besides, the increase was also contributed by stronger demand of chocolate and hard candy products.

The revenue in the current quarter was recorded at RM 56.5 million, a rise of 18.9% from RM47.5 million in the corresponding quarter last year. Malaysian government imposed different stages of Movement Control Order ("MCO") from January 2021 till June 2021 had resulted lower revenue achieved during the corresponding quarter last year.

Corresponding to the increase in revenue, the first six months Group's profit before taxation has improved to RM 20.6 million as compared to RM 11.9 million registered in the preceding year's corresponding period. The improved profit before taxation for the current year under review was mainly due to the rising revenue and favourable gain in foreign currencies exchange despite facing the challenge in material price, energy costs, freight charges and salaries incurred.

The profit before taxation in the current quarter increased by 40.9% or from RM 4.8 million to RM 6.8 million achieved in the same corresponding quarter last year. The improved profit before taxation in the current quarter was principally attributable to better margin from sales mix and gain in foreign currencies exchange.

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

Manufacturing segment

The rising revenue from manufacturing segment for the first six months of current financial period was mainly attributable to higher demand of fortified gummy and hard candy products from Contract Manufacturing Business. Declining profit before taxation was mainly attributable to cost pressure in material, energy and salaries.

Trading segment

The rising revenue from trading segment for the first six months of current financial period was mainly due to steady consumption of house brand gummy and chocolate products in domestic market. Higher profit before taxation was mainly due to higher revenue contributed despite higher freight charges incurred.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Year Quarter RM'000	Immediate Preceding Quarter RM'000	Difference %
Revenue	56,474	65,744	(14.1%)
Gross Profit	13,399	19,588	(31.6%)
Profit Before Tax	6,802	13,766	(50.6%)
Profit After Tax	4,654	10,545	(55.9%)
Profit Attributable to Owners of The Company	4,654	10,545	(55.9%)

The Group's revenue for the current quarter declined by RM9.3 million versus the immediate preceding quarter, was mainly attributable to softer demand for gummy both from house brand and Contract Manufacturing Business. The decline was in part due to lower demand of snack products in Saudi Arabia.

The profit before tax contracted by RM7.0 million versus the immediate preceding quarter, was mainly attributable to higher promotion and exhibition expenditure, energy costs and salaries incurred.

B3. Commentary On Prospects

In line with the reopening of international border after 1 April 2022 and easing of restriction, the Group's revenue and earnings are expected to improve gradually backed by a normalization in global demand.

Nevertheless, the Group is still cautiously concerned over the current economic environment given global inflationary risk which may adversely influence the future prospect amid product margin's compression from higher material price, energy costs, freight charges and salaries.

Despite growing concern about the inflated operating costs, the Group will cater more demand by introducing new flavour and extending its existing product range especially after commercialisation of new gummy production line in the forthcoming quarters.

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 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	2,292	2,208	5,773	3,646
• Over provision in prior year	(4)	-	(4)	-
Deferred taxation:				
• Transferred from deferred taxation	(140)	(639)	(400)	(722)
	<u>2,148</u>	<u>1,569</u>	<u>5,369</u>	<u>2,924</u>

B6. Status of Corporate Proposals

On 3 June 2022, the Board of Directors (“Board”) announced receipt of a proposal letter dated 3 June 2022 issued by Fraser & Neave Holdings Bhd (“F&NHB”) in respect of the proposed acquisition by F&NHB of the entire equity interest in Cocoaland Holdings Berhad (“Company”) not already owned by F&NHB to be undertaken by the Company by way of members’ scheme arrangement pursuant to section 366 of the Companies Act 2016 (“Act”) (“Scheme”) (“Proposed Privatisation”).

In consideration of the acquisition by F&NHB and the transfer of the shares to the nominated party, Awana Citra Sdn.Bhd. pursuant to the Scheme, F&N shall pay the offer price of RM1.50 for each share.

On 13 June 2022, the Board appointed Malacca Securities Sdn. Bhd. as the independent adviser (“Independent Adviser”) to advise the non-interested directors and all the shareholders of the Company other than F&NHB (“Scheme Shareholders”) on the Proposed Privatisation.

On 15 June 2022, on behalf of the Board, AmInvestment Bank announced that the Board (save for the interested directors), after having considered the preliminary views of the Independent Adviser and the terms and conditions of the Proposed Privatisation, had decided to present the Scheme to Scheme Shareholders for consideration at the court convened shareholders’ meeting of the Company to be convened pursuant to an order of the High Court of Malaya (“High Court”) under section 366 of the Act for the purpose of the Scheme (“Court Convened Meeting”).

On 20 June 2022, on behalf of the Board, AmInvestment Bank announced that the Company submitted the draft Explanatory Statement to the Securities Commission Malaysia (“SC”) for their comments.

On 7 July 2022, on behalf of the Board of Cocoaland, AmInvestment Bank announced that the High Court granted Cocoaland an order pursuant to section 366 of the Act (“Order”) to convene a Court Convened Meeting within 90 days from the date of the Order, for the purpose of considering and if thought fit, approving the Scheme.

On 19 July 2022, on behalf of the Board, AmInvestment Bank announced that the SC had via its letter dated 18 July 2022, notified that it has no further comments on the Explanatory Statement. The SC has also approved the waiver application for the payment to be made within 10 days from the entitlement date.

On 20 July 2022, the Company had despatched the Notice of Court Convened Meeting and the Explanatory Statement in relation to the Proposed Privatisation to its shareholders.

On 18 August 2022, the Board announced that the Scheme Shareholders had approved the Proposed Privatisation as set out in the Notice of Court Convened Meeting dated 20 July 2022 at the Court Convened Meeting of the Company held on 18 August 2022.

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 30.06.2022 RM’000	As At 30.06.2021 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 (30 June 2021: 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>	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
Profit for the period (RM'000)	4,654	3,259	15,199	8,947
Weighted average number of ordinary shares ('000) #	449,854	450,571	449,854	450,571
Basic earnings per share (sen)	1.03	0.72	3.38	1.99
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.

Inclusion the effect on Bonus Issue of 228,800,000 ordinary shares which was allotted on 8 October 2021.

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

	Current Year Quarter RM'000	Preceding Year Quarter RM'000
Interest income	(459)	(394)
Interest expense	4	4
Inventories written down	-	145
Reversal of Inventories written down	(90)	-
Depreciation of property, plant and equipment	2,259	2,719
Depreciation of investment property	8	25
Depreciation of right-of-use assets	139	130
Property, plant and equipment written off	5	-
Net loss / (gain) on impairment of financial instruments		
- Impairment loss on trade receivables	14	-
- Reversal of impairment loss on trade receivables	(12)	(75)
(Gain) / loss on foreign exchange		
- Realized	(1,195)	(1,680)
- Unrealized	(71)	1,106

By Order Of The Board

Dated: 30 August 2022