

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

(Incorporated in Malaysia)

Financial Year End : 30 June 2018
 Quarter : Second Quarter

Quarterly report on results for the 2nd quarter ended 30 June 2018. These figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year Quarter 30.06.2018 RM'000	Preceding Year Quarter 30.06.2017 RM'000	% chg	Current Year To Date 30.06.2018 RM'000	Preceding Year To Date 30.06.2017 RM'000	% chg
Revenue	62,610	63,412	-1.3%	126,976	127,146	-0.1%
Cost Of Sales	(47,457)	(45,343)	4.7%	(94,811)	(89,269)	6.2%
Gross Profit	15,153	18,069	-16.1%	32,165	37,877	-15.1%
Other Income	1,722	719	139.5%	4,821	3,051	58.0%
Distribution Costs	(3,750)	(3,252)	15.3%	(6,829)	(7,372)	-7.4%
Administrative Expenses	(5,789)	(5,285)	9.5%	(11,877)	(11,296)	5.1%
Finance Costs	-	-		-	-	
Profit Before Taxation	7,336	10,251	-28.4%	18,280	22,260	-17.9%
Taxation	(1,589)	(2,958)	-46.3%	(3,960)	(5,979)	-33.8%
Profit After Taxation	5,747	7,293	-21.2%	14,320	16,281	-12.0%
Other Comprehensive Income						
<i>Items that are or may be reclassified subsequently to profit or loss</i>						
- Exchange Translation Differences For Foreign Operations	12	(26)		34	(24)	
Other Comprehensive Income For The Period	12	(26)		34	(24)	
Total Comprehensive Income For The Period	5,759	7,267		14,354	16,257	
Profit For The Period Attributable To: Owners Of The Company	5,747	7,293		14,320	16,281	
Total Comprehensive Income Attributable To: Owners Of The Company	5,759	7,267		14,354	16,257	
Earnings Per Share						
Basic And Diluted Earnings Per Share (Sen)	2.51	3.19		6.26	7.12	

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 JUNE 2018**

(These figures have not been audited)

	As At End Of Current Quarter (Unaudited) 30.06.2018 RM'000	As At End of Financial Year (Audited) 31.12.2017 RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	111,245	114,607
	<u>111,245</u>	<u>114,607</u>
Current Assets		
Inventories	36,256	37,182
Trade Receivables	44,540	50,861
Tax Recoverable	701	502
Other Receivables, Deposits & Prepayments	4,491	3,127
Fixed Deposits With Licensed Bank	56,396	72,334
Short Term Deposits	146	500
Cash & Bank Balances	20,154	14,782
	<u>162,684</u>	<u>179,288</u>
TOTAL ASSETS	<u><u>273,929</u></u>	<u><u>293,895</u></u>
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share Capital	130,154	130,154
Revenue Reserves	102,977	119,746
Exchange Translation Reserves	225	191
Total Equity	<u>233,356</u>	<u>250,091</u>
Non-Current Liability		
Deferred Tax Liability	7,820	8,314
	<u>7,820</u>	<u>8,314</u>
Current Liabilities		
Trade Payables	21,909	22,446
Other Payables & Accruals	9,323	11,166
Tax Payable	1,521	1,878
	<u>32,753</u>	<u>35,490</u>
TOTAL LIABILITIES	<u>40,573</u>	<u>43,804</u>
TOTAL EQUITY AND LIABILITIES	<u><u>273,929</u></u>	<u><u>293,895</u></u>
Net Assets Per Share (RM) Attributable to Owners of the Comp:	1.02	1.09

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

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<---Non Distributable--->			<--Distributable-->	
	Share Capital	Share Premium	Exchange Translation Reserve	Retained Earnings	Total
6 months ended 30 June 2017	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2017	114,400	15,754	248	109,100	239,502
Foreign currency translation differences	-	-	(24)	-	(24)
Total comprehensive income	-	-	-	16,281	16,281
Interim single-tier dividend of 20% paid on 6 April 2017	-	-	-	(22,880)	(22,880)
Transition to no par value regime ⁽¹⁾	15,754	(15,754)	-	-	-
As at 30 June 2017	130,154	-	224	102,501	232,879
6 months ended 30 June 2018	RM'000	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	-	-	34	-	34
Total comprehensive income	-	-	-	14,320	14,320
Interim single-tier dividend of 13 sen paid on 5 April 2018	-	-	-	(29,744)	(29,744)
As at 30 June 2018	130,154	-	225	102,977	233,356

Note

⁽¹⁾ Effective from 31 January 2017, the new Companies Act 2016 abolished the concept of authorised share capital and par value of share capital. Consequently, the balance of share premium account is credited to share capital pursuant to the provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE 6 MONTHS ENDED 30 JUNE 2018
(These figures have not been audited)**

	Cumulative Current Year To Date 30.06.2018 RM'000	Cumulative Preceding Year To Date 30.06.2017 RM'000
Cash Flow From Operating Activities		
Profit Before Taxation	18,280	22,260
Adjustments for:-		
Write-down of inventory	-	26
Reversal of inventory write-down	(802)	(283)
Reversal of impairment loss on trade receivables	(1,241)	(260)
Impairment loss on trade receivables	63	33
Bad debt written off	-	111
Depreciation of property, plant and equipment	5,476	5,398
Unrealised (gain) on foreign exchange	(1,185)	(261)
Gain on disposal of property, plant & equipment	(114)	(54)
Property, plant and equipment written off	6	3
Interest income	(1,339)	(978)
Operating profit before working capital changes	<u>19,144</u>	<u>25,995</u>
Changes in working capital:		
Decrease in inventories	1,728	3,269
Decrease in receivables	7,320	13,976
(Decrease) in payables	(2,380)	(14,394)
	<u>6,668</u>	<u>2,851</u>
Cash generated from operations	<u>25,812</u>	<u>28,846</u>
Interest received	1,339	978
Tax refund	41	114
Tax paid	(5,051)	(5,477)
Dividend paid	(29,744)	(22,880)
	<u>(33,415)</u>	<u>(27,265)</u>
Net Cash Generated From Operating Activities	<u>(7,603)</u>	<u>1,581</u>
Cash Flow From Investing Activities		
Purchase of property, plant and equipment	(2,123)	(2,791)
Proceed from disposal of property, plant and equipment	117	56
Increase in fixed deposits with maturity more than three months	(8,063)	(224)
Net Cash Used In Investing Activities	<u>(10,069)</u>	<u>(2,959)</u>
Cash Flow From Financing Activities		
Net Cash Generated From / (Used In) Financing Activities	<u>-</u>	<u>-</u>
Net (Decrease) in Cash And Cash Equivalents	(17,672)	(1,378)
Effect of Exchange Translation Differences on Cash and Cash Equivalents	(1,311)	269
Cash And Cash Equivalents At Beginning Of The Period	87,616	65,443
Cash And Cash Equivalents At End Of The Period *	<u><u>68,633</u></u>	<u><u>64,334</u></u>
* Cash & cash equivalents consists of:		
Fixed deposits with licensed banks	56,396	48,499
Short term deposits with licensed banks	146	4,568
Cash and bank balances	20,154	11,491
	<u>76,696</u>	<u>64,558</u>
Less: Fixed deposits with maturity more than three months	(8,063)	(224)
	<u><u>68,633</u></u>	<u><u>64,334</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 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 2017.

The audited financial statements of the Group for the year ended 31 December 2017 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 2017 except for changes arising from the adoption of MFRS 9 “Financial Instruments” as described below:

Adoption of MFRS 9 “Financial Instruments”

MFRS 9 replaces MFRS 139 “Financial Instruments: Recognition and Measurement”. The adoption of MFRS 9 has resulted in changes in the accounting policy for impairment of financial assets.

MFRS 9 introduces an expected credit loss (“ECL”) model on impairment that replaces the incurred loss impairment model used in MFRS 139. The ECL model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Group assesses on a forward-looking basis the ECL’s associated with its financial assets classified at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

On the date of initial application, MFRS 9 affected the Group’s allowance for trade receivables has increased by RM1.3 million as at 1 January 2018 as a result of applying the ECL model. As permitted by the transitional provisions of MFRS 9, the Group has elected not to restate comparative figures and thus this adjustment was recognized in the opening retained earnings of the current period.

A2. Qualification of Financial Statements

The audited report of the preceding annual financial statements 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 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

For the financial period ended 30 June 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.

For the financial period ended 30 June 2017

- (ii) The first interim single-tier dividend of 10.00 sen per ordinary share, on 228,800,000 ordinary shares, amounting to RM22.880 million in respect of the financial year ended 31 December 2016, was paid on 6 April 2017.

A7. Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the current financial quarter.

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 2nd Quarter Ended 30 June 2018**A8. Segmental Reporting**

Group – by business segment :-

The Group's segmental report for the current financial period ended 30 June 2018 is as below:-

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

2nd quarter ended 30 June 2018

Revenue:

External	22,309	40,301	-	-	62,610
Inter-segment	27,945	407	-	(28,352)	-
Total revenue	<u>50,254</u>	<u>40,708</u>	-		<u>62,610</u>
Profit/(Loss) before tax	<u>1,236</u>	<u>5,836</u>	<u>(238)</u>	<u>502</u>	<u>7,336</u>

2nd quarter ended 30 June 2017

Revenue:

External	21,164	42,248	-	-	63,412
Inter-segment	27,118	249	-	(27,367)	-
Total revenue	<u>48,282</u>	<u>42,497</u>	-		<u>63,412</u>
Profit/(Loss) before tax	<u>1,896</u>	<u>8,501</u>	<u>(194)</u>	<u>48</u>	<u>10,251</u>

Cumulative 2nd quarter ended 30 June 2018

Revenue:

External	40,911	86,065	-	-	126,976
Inter-segment	58,162	3,200	-	(61,362)	-
Total revenue	<u>99,073</u>	<u>89,265</u>	-		<u>126,976</u>
Profit/ (Loss) before tax	<u>1,153</u>	<u>19,661</u>	<u>(421)</u>	<u>(2,113)</u>	<u>18,280</u>

Cumulative 2nd quarter ended 30 June 2017

Revenue:

External	42,205	84,941	-	-	127,146
Inter-segment	52,977	558	20,000	(73,535)	-
Total revenue	<u>95,182</u>	<u>85,499</u>	<u>20,000</u>		<u>127,146</u>
Profit before tax	<u>3,241</u>	<u>19,290</u>	<u>19,617</u>	<u>(19,888)</u>	<u>22,260</u>

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 2nd Quarter Ended 30 June 2018**Assets and liabilities as at 30 June 2018**

Segment assets	160,148	211,223	143,674	(241,116)	273,929
Segment liabilities	130,882	107,901	686	(198,896)	40,573

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 for the period ended		Non-current assets as at	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
Malaysia	58,071	58,752	111,212	116,934
Eastern Asia	35,300	33,264	28	27
South East Asia	18,752	19,285	5	8
Middle East	11,891	13,199	-	-
Others	2,962	2,646	-	-
	<u>126,976</u>	<u>127,146</u>	<u>111,245</u>	<u>116,969</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 valuation of property, plant and equipment of the Group has been brought forward without amendment from the financial statements for the year ended 31 December 2017.

A10. Subsequent Events

There were no material events subsequent to the reporting period up to 23 August 2018 (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 financial quarter under review.

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 2nd Quarter Ended 30 June 2018**A12. Contingent Liabilities or Contingent Assets**

There were no changes in other contingent liabilities or contingent assets since the last annual statement of financial position as at 31 December 2017.

A13. Capital Commitments

The outstanding amount of capital commitments as at 30 June 2018 are as follows:-

	RM'000
Property, plant and equipment :- - Approved and contracted for	795

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 - Purchase of ingredients*	2,699 1,042	4,453 1,768

* 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 30 May 2018.

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

Quarterly Unaudited Results Of The Group For The 2nd Quarter Ended 30 June 2018

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

B1. Review of Performance

For the first 6 months under review, the Group reported a revenue of RM 126.9 million, a marginally decrease of RM 0.2 million or 0.16% as compared to RM 127.1 million in the preceding year's corresponding period. The lower sales were substantially due to sluggish demand for beverage products of Contract Manufacturing Business, along with softer demand for cocopie from overseas market. However, the rising demand for gummy and hard candy products had partially off set the Group's declining revenue.

The Group registered a profit before tax of RM 18.2 million for the first cumulative 2 quarters which represents 18.0% decrease from the RM 22.2 million achieved in the previous corresponding period. The decline were mainly attributable to the strengthening of our Ringgit Malaysia against major foreign currencies, rising labour costs coupled with higher product exhibition and promotion expenditure.

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

Manufacturing segment

Lower revenue was recorded by manufacturing segment mainly attributable to declining sales of beverage products in its Contract Manufacturing Business during the first 6 months under review. The decrease in profit before tax was mainly due to rising production labour and fuel costs incurred.

Trading segment

The increase in demand for the export segment, especially the gummy product had contributed to higher revenue. The profit before tax had slightly improved in trading segment which mainly attributable to lower sales commission paid.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Year Quarter RM'000	Immediate Preceding Quarter RM'000	Difference %
Revenue	62,610	64,366	-2.73%
Gross Profit	15,153	17,012	-10.93%
Profit Before Taxation	7,336	10,944	-32.97%
Profit After Tax	5,747	8,573	-32.96%
Profit Attributable to Ordinary Equity Holders of the Parent holders Of the parent	5,747	8,573	-32.96%

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 2nd Quarter Ended 30 June 2018

The Group registered a marginally lower revenue of RM 62.6 million for the current quarter, a decline of 2.73% from the immediate preceding quarter. This was mainly driven by decline in demand from gummy products.

Profit before tax of the current quarter decreased by 32.97% to RM 7.3 million as compared to the immediate preceding quarter was principally attributable to the increase in factory overhead and product exhibition and promotional expenditure.

B3. Commentary On Prospects

The Group is of the view that overall business environment is expected to remain challenging as a result of low consumer sentiment due to various domestic and global uncertainties. Rising materials and production costs as well as the volatility of Ringgit Malaysia against foreign currencies are some of the factors that the Group is concerned about.

Nevertheless, the Group will undertake proactive actions to remain competitive through product innovation and enhance on operational efficiency. At the same time, the Group will continue to broaden the existing distributor network to safeguard the Group's revenue and profitability.

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
	RM'000	RM'000	RM'000	RM'000
Income tax:				
• Current period estimate	1,810	2,983	4,454	6,066
• Prior year	-	-	-	-
Deferred taxation:				
• Transferred to/(from) deferred taxation	(221)	(25)	(494)	(87)
	1,589	2,958	3,960	5,979

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 2nd Quarter Ended 30 June 2018**B6. Status of Corporate Proposals**

There were no corporate proposals announced but not completed as at 23 August 2018 which is not earlier than 7 days form 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 30.06.2018 RM'000	As At 30.06.2017 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 2017: 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>	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
Profit for the period (RM'000)	5,747	7,293	14,320	16,281
Weighted average number of ordinary shares of RM0.50 each ('000)	228,800	228,800	228,800	228,800
Basic earnings per share (sen)	2.51	3.19	6.26	7.12
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 (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 2nd Quarter Ended 30 June 2018**B11. Supplementary Information on the breakdown of realised and unrealised profits or losses**

The following analysis of realised and unrealised retained profits is prepared pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Securities Berhad Listing Requirements and in accordance with the Guidance on Special Matter No.1 – Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

	As at 30.06.2018 RM'000	As at 31.12.2017 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	143,018	156,877
- Unrealised	(9,005)	(8,206)
Less: Consolidation adjustments	(31,036)	(28,925)
Retained profit as per financial statements	102,977	119,746

B12. Profit before tax is stated after charging/(crediting) :-

	Current Year Quarter RM'000	Preceding Year Quarter RM'000
Interest income	(556)	(443)
Depreciation of property, plant and equipment	2,777	2,729
Gain on disposal of property, plant and equipment	(85)	(53)
Property, plant and equipment written off	1	-
Impairment loss on trade receivables	63	33
Reversal of Impairment loss on trade receivables	324	-
Loss/(gain) on foreign exchange		
- realized	19	420
- unrealized	(1,084)	123

By Order Of The Board

Tai Chun Wah

Executive Director

Dated: 30 August 2018