

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

(Incorporated in Malaysia)

Financial Year End : 31 March 2017

Quarter : First Quarter

Quarterly report on results for the 1st quarter ended 31 March 2017. These figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>Current Year Quarter 31.03.2017</u>	<u>Preceding Year Quarter 31.03.2016</u>	<u>Current Year To Date 31.03.2017</u>	<u>Preceding Year To Date 31.03.2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	63,734	62,531	63,734	62,531
Cost Of Sales	(43,926)	(45,296)	(43,926)	(45,296)
Gross Profit	19,808	17,235	19,808	17,235
Other Income	2,332	2,017	2,332	2,017
Distribution Costs	(4,120)	(3,996)	(4,120)	(3,996)
Administrative Expenses	(6,011)	(4,928)	(6,011)	(4,928)
Finance Costs	-	-	-	-
Profit Before Taxation	12,009	10,328	12,009	10,328
Taxation	(3,021)	(2,460)	(3,021)	(2,460)
Profit After Taxation	8,988	7,868	8,988	7,868
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
- Exchange Translation Differences For Foreign Operations	2	6	2	6
Other Comprehensive Income For The Period	2	6	2	6
Total Comprehensive Income For The Period	8,990	7,874	8,990	7,874
Profit For The Period Attributable To: Owners Of The Company	8,988	7,868	8,988	7,868
Total Comprehensive Income Attributable To: Owners Of The Company	8,990	7,874	8,990	7,874
Earnings Per Share				
Basic And Diluted Earnings Per Share (Sen)	3.93	3.44	3.93	3.44

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 31 MARCH 2017**

(These figures have not been audited)

	As At End Of Current Quarter (Unaudited) 31.3.2017 RM'000	As At End of Financial Year (Audited) 31.12.2016 RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	117,780	119,580
Other Investments	1	1
	<u>117,781</u>	<u>119,581</u>
Current Assets		
Inventories	45,134	44,557
Trade Receivables	44,662	55,580
Tax Recoverable	119	202
Other Receivables, Deposits & Prepayments	4,799	3,798
Fixed Deposits With Licensed Bank	29,213	49,051
Short Term Deposits	19,923	2,791
Cash & Bank Balances	23,160	13,602
	<u>167,010</u>	<u>169,581</u>
TOTAL ASSETS	<u>284,791</u>	<u>289,162</u>
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share Capital	114,400	114,400
Share Premium	15,754	15,754
Revenue Reserves	95,208	109,100
Exchange Translation Reserves	250	248
Total Equity	<u>225,612</u>	<u>239,502</u>
Non-Current Liability		
Deferred Tax Liability	8,478	8,540
	<u>8,478</u>	<u>8,540</u>
Current Liabilities		
Trade Payables	16,514	28,947
Other Payables & Accruals	8,100	9,111
Dividend Payable	22,880	-
Tax Payable	3,207	3,062
	<u>50,701</u>	<u>41,120</u>
TOTAL LIABILITIES	<u>59,179</u>	<u>49,660</u>
TOTAL EQUITY AND LIABILITIES	<u>284,791</u>	<u>289,162</u>
Net Assets Per Share (RM) Attributable to Owners of the Company	0.99	1.05

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
3 months ended 31 March 2016	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2016	114,400	15,754	362	72,164	202,680
Foreign currency translation differences	-	-	6	-	6
Total comprehensive income	-	-	-	7,868	7,868
As at 31 March 2016	<u>114,400</u>	<u>15,754</u>	<u>368</u>	<u>80,032</u>	<u>210,554</u>
3 months ended 31 March 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	-	-	2	-	2
Total comprehensive income	-	-	-	8,988	8,988
Interim single-tier dividend of 20% payable on 6 April 2017	-	-	-	(22,880)	(22,880)
As at 31 March 2017	<u>114,400</u>	<u>15,754</u>	<u>250</u>	<u>95,208</u>	<u>225,612</u>

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE 3 MONTHS ENDED 31 MARCH 2017
(These figures have not been audited)**

	Cumulative Current Year To Date 31.03.2017 RM'000	Cumulative Preceding Year To Date 31.03.2016 RM'000
Cash Flow From Operating Activities		
Profit Before Taxation	12,009	10,328
Adjustments for:-		
Write-down of inventory	73	433
Reversal of impairment loss on trade receivables	(277)	(322)
Impairment loss on trade receivables	-	19
Bad debt written off	111	-
Depreciation of property, plant and equipment	2,669	2,569
Unrealised gain on foreign exchange	(384)	804
Gain on disposal of property, plant & equipment	(1)	-
Property, plant and equipment written off	3	-
Interest expense	-	-
Interest income	(535)	(262)
Operating profit before working capital changes	<u>13,668</u>	<u>13,569</u>
Changes in working capital:		
Increase in inventories	(577)	(5,929)
Decrease / (Increase) in receivables	10,190	(1,571)
Decrease in payables	(13,444)	(1,719)
	<u>(3,831)</u>	<u>(9,219)</u>
Cash generated from operations	<u>9,837</u>	<u>4,350</u>
Interest received	535	262
Interest paid	-	-
Tax refund	92	-
Tax paid	(2,969)	(2,360)
	<u>(2,342)</u>	<u>(2,098)</u>
Net Cash Generated From Operating Activities	<u>7,495</u>	<u>2,252</u>
Cash Flow From Investing Activities		
Purchase of property, plant and equipment	(870)	(563)
Proceed from disposal of property, plant and equipment	1	-
Net Cash Used In Investing Activities	<u>(869)</u>	<u>(563)</u>
Net Cash Generated From / (Used In) Financing Activities	<u>-</u>	<u>-</u>
Net Increase / (Decrease) in Cash And Cash Equivalents	6,626	1,689
Effect of Exchange Translation Differences on Cash and Cash Equivalents	226	46
Cash And Cash Equivalents At Beginning Of The Period	65,444	40,421
Cash And Cash Equivalents At End Of The Period *	<u>72,296</u>	<u>42,156</u>
* Cash & cash equivalents consists of:		
Fixed deposits with licensed banks	29,213	209
Short term deposits with licensed banks	19,923	35,715
Cash and bank balances	23,160	6,232
	<u>72,296</u>	<u>42,156</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 2016.

The audited financial statements of the Group for the year ended 31 December 2016 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 2016.

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 during 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.

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2017**A6. Dividend Paid**

There was no dividend paid during the quarter under review (2016: nil)

A7. Debt and Equity Securities

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

A8. Segmental Reporting

Group – by business segment :-

The Group's segmental report for the current financial period ended 31 March 2017 is as below:-

	Manufacturing	Trading	Investment Holding	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Results for the quarter and year-to-date ended 31 March 2017</u>					
Revenue:					
External	21,041	42,693	-	-	63,734
Inter-segment	25,859	309	20,000	(46,168)	-
Total revenue	<u>46,900</u>	<u>43,002</u>	<u>20,000</u>		<u>63,734</u>
Profit before tax	<u>1,345</u>	<u>10,789</u>	<u>19,811</u>	<u>(19,936)</u>	<u>12,009</u>
<u>Results for the quarter and year-to-date ended 31 March 2016</u>					
Revenue:					
External	20,301	42,230	-	-	62,531
Inter-segment	27,246	749	10,000	(37,995)	-
Total revenue	<u>47,547</u>	<u>42,979</u>	<u>10,000</u>		<u>62,531</u>
Profit before tax	<u>3,050</u>	<u>7,341</u>	<u>9,829</u>	<u>(9,892)</u>	<u>10,328</u>

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2017

	Manufacturing	Trading	Investment Holding	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Assets and liabilities as at 31 March 2017</u>					
Segment assets	218,273	132,618	176,916	(243,016)	284,791
Segment liabilities	194,075	29,718	38,026	(202,640)	59,179

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	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
Malaysia	30,815	29,705	117,748	127,598
Eastern Asia	16,684	16,249	28	35
South East Asia	8,517	7,487	4	4
Middle East	6,616	6,947	-	-
Others	1,102	2,143	-	-
	<u>63,734</u>	<u>62,531</u>	<u>117,780</u>	<u>127,637</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 have been brought forward without amendment from the financial statements for the year ended 31 December 2016.

A10. Subsequent Material Events

There were no material events subsequent to the reporting period up to 22 May 2017 (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 statement for the quarter under review.

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2017**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.

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 2016.

A13. Capital Commitments

The outstanding amount of capital commitments as at 31 March 2017 are as follows:-
RM'000

Property, plant and equipment :- - Approved and contracted for	1,139
---	--------------

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*	2,736 1,569	3,611 1,440

** 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 25 May 2016.

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

Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2017

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

B1. Review of Performance

For the current year quarter ended 31 March 2017, the Group's revenue recorded RM 63.7 million, an increase of RM 1.2 million as compared to RM 62.5 million in the preceding year's corresponding period.

The Group's profit before tax of RM 12.0 million for the current quarter ended was 16.5% higher than the last year of RM 10.3 million. Higher revenue was principally derived from higher demand in own brand's gummy especially in the major export market, China and South Korea after assigning considerable financial resources in advertisement and promotion. The improved result was partially offset by decline in beverage's trading volume from Contract Manufacturing Business. Higher profit before tax was mainly contributed from higher margin sales mix and partly from gain on foreign currencies exchange.

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

Manufacturing segment

Manufacturing segment recorded a decline in revenue which was predominantly due to lower trading volume from its Contract Manufacturing Business of beverage division. Lower profit before tax as compared to its preceding year's corresponding quarter was mainly attributable to higher staff cost in production division after the official implementation of minimum wage regulation in July 2016.

Trading segment

Trading segment registered sales growth and higher profit before taxation were mainly due to higher overseas customers' demand in own brand gummy especially from China and South Korea. Higher gain on foreign currencies exchange also serves as additional contributory factor in the improved result in profit achieved.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Year Quarter RM'000	Immediate Preceding Quarter RM'000	Difference %
Revenue	63,734	77,687	-17.9%
Profit before taxation	12,009	20,036	-40.0%

The Group recorded lower revenue of RM63.7 million for the current quarter, a decline of 17.9% over the immediate preceding quarter was principally attributable to year-end festival effects. Lower profit before taxation of the current quarter as compared to the immediate preceding quarter was in line with lower revenue and lower gain on foreign currencies exchange from export revenue.

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2017**B3. Commentary On Prospects**

In view of weak local market sentiment and the rising raw materials cost coupled with volatility of Malaysian Ringgit, the Group expects the operating environment will be tougher in the forthcoming quarters.

Notwithstanding on these poor market conditions, the Group will continue to remain competitive by further implementing operating cost control measures and improving operational efficiency.

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	3,083	2,507	3,083	2,507
• Prior year	-	-	-	-
Deferred taxation:				
• Transferred to/(from) deferred taxation	(62)	(47)	(62)	(47)
	3,021	2,460	3,021	2,460

B6. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 22 May 2017 which is not earlier than 7 days from the date of issue of this quarterly report.

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2017**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 31.3.2017 RM'000	As At 31.3.2016 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 (31 March 2016: 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)	8,988	7,868	8,988	7,868
Weighted average number of ordinary shares of RM0.50 each ('000)	228,800	228,800	228,800	228,800
Basic earnings per share (sen)	3.93	3.44	3.93	3.44
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 1st Quarter Ended 31 March 2017**B11. Supplementary Information on the breakdown of realised and unrealised profits or losses**

The following analysis of realized and unrealized 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 31.3.2017 RM'000	As at 31.12.2016 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	133,209	148,048
- Unrealised	(8,862)	(9,745)
Less: Consolidation adjustments	(29,139)	(29,203)
Retained profit as per financial statements	95,208	109,100

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

	Current Year Quarter RM'000	Preceding Year Quarter RM'000
Interest income	(535)	(262)
Interest expense	-	-
Depreciation of property, plant and equipment	2,669	2,569
Property, plant and equipment written off	3	-
(Gain)/loss on disposal of property, plant and equipment	(1)	-
Bad debt written off	111	-
Impairment loss on trade receivables	-	19
Reversal of impairment loss on trade receivables	(277)	(322)
Loss/(gain) on foreign exchange		
- realized	(107)	(431)
- unrealized	(384)	804

By Order Of The Board

Tai Chun Wah

Executive Director

Dated: 29 May 2017