

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

(Incorporated in Malaysia)

Financial Period End : 31 March 2021
 Quarter : First Quarter

Quarterly report on results for the 1st quarter ended 31 March 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>		
	Current Year	Preceding Year	% chg	Current Year	Preceding Year	% chg
	Quarter	Quarter		To Date	To Date	
	<u>31.03.2021</u>	<u>31.03.2020</u>		<u>31.03.2021</u>	<u>31.03.2020</u>	
	<u>RM'000</u>	<u>RM'000</u>		<u>RM'000</u>	<u>RM'000</u>	
Revenue	54,118	61,025	-11.3%	54,118	61,025	-11.3%
Cost Of Sales	<u>(40,653)</u>	<u>(48,296)</u>	-15.8%	<u>(40,653)</u>	<u>(48,296)</u>	-15.8%
Gross Profit	13,465	12,729	5.8%	13,465	12,729	5.8%
Other Income	2,043	3,131	-34.7%	2,043	3,131	-34.7%
Net gain / (loss) on Impairment of Financial Instruments	(43)	85	-150.6%	(43)	85	-150.6%
Distribution Costs	(2,833)	(3,418)	-17.1%	(2,833)	(3,418)	-17.1%
Administrative Expenses	(5,586)	(6,053)	-7.7%	(5,586)	(6,053)	-7.7%
Finance Costs	<u>(3)</u>	<u>(3)</u>		<u>(3)</u>	<u>(3)</u>	
Profit Before Taxation	7,043	6,471	8.8%	7,043	6,471	8.8%
Taxation	<u>(1,355)</u>	<u>(1,344)</u>	0.8%	<u>(1,355)</u>	<u>(1,344)</u>	0.8%
Profit For the Financial Period	5,688	5,127	10.9%	5,688	5,127	10.9%
Other Comprehensive Income						
<i>Items that are or may be reclassified subsequently to profit or loss</i>						
- Exchange Translation Differences For Foreign Operations	<u>4</u>	<u>(16)</u>		<u>4</u>	<u>(16)</u>	
Other Comprehensive (Loss) / Income For The Financial Period	4	(16)		4	(16)	
Total Comprehensive Income For The Financial Period	<u>5,692</u>	<u>5,111</u>		<u>5,692</u>	<u>5,111</u>	
Profit For The Financial Period Attributable To: Owners Of The Company	<u>5,688</u>	<u>5,127</u>		<u>5,688</u>	<u>5,127</u>	
Total Comprehensive Income Attributable To: Owners Of The Company	<u>5,692</u>	<u>5,111</u>		<u>5,692</u>	<u>5,111</u>	
Earnings Per Share						
Basic And Diluted Earnings Per Ordinary Share (Sen)	<u>2.53</u>	<u>2.24</u>		<u>2.53</u>	<u>2.24</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 (516019-H)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS OF 31 MARCH 2021**

(These figures have not been audited)

	As At End Of Current Month (Unaudited) 31.03.2021 RM'000	As At End of Financial Year (Audited) 31.12.2020 RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	80,251	84,031
Right-Of-Use Assets	36,963	36,719
Investment Properties	3,461	1,569
	<u>120,675</u>	<u>122,319</u>
Current Assets		
Inventories	29,999	34,551
Trade Receivables	33,331	34,261
Tax Recoverable	2,355	2,220
Other Receivables	4,484	6,095
Fixed Deposits With Licensed Bank	71,500	66,314
Cash & Bank Balances	12,831	10,816
	<u>154,500</u>	<u>154,257</u>
TOTAL ASSETS	<u><u>275,175</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	126,706	120,950
Exchange Translation Reserves	192	188
TOTAL EQUITY	<u>250,962</u>	<u>247,629</u>
Non-Current Liabilities		
Lease Liabilities	225	176
Deferred Tax Liabilities	4,734	4,818
	<u>4,959</u>	<u>4,994</u>
Current Liabilities		
Trade Payables	11,594	15,015
Other Payables	7,204	8,227
Lease Liabilities	456	246
Tax Payable	-	465
	<u>19,254</u>	<u>23,953</u>
TOTAL LIABILITIES	<u>24,213</u>	<u>28,947</u>
TOTAL EQUITY AND LIABILITIES	<u><u>275,175</u></u>	<u><u>276,576</u></u>
Net Assets Per Share (RM) Attributable to Owners of the Company	1.11	1.08

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<-----Non Distributable----->			<--Distributable-->	
	Share Capital	Treasury Shares	Exchange Translation Reserve	Retained Earnings	Total
3 months ended 31 March 2020	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2020	130,154	-	188	120,115	250,457
Foreign Currency Translation Differences	-	-	(16)	-	(16)
Profit For the Financial Period	-	-	-	5,127	5,127
Total comprehensive income for the period	-	-	(16)	5,127	5,111
As at 31 March 2020	<u>130,154</u>	<u>-</u>	<u>172</u>	<u>125,242</u>	<u>255,568</u>
3 months ended 31 March 2021	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2021	130,154	(3,663)	188	120,950	247,629
Foreign Currency Translation Differences	-	-	4	-	4
Profit For the Financial Period	-	-	-	5,688	5,688
Purchase of Treasury Shares	-	(2,427)	-	-	(2,427)
Disposal of Treasury Shares	-	-	-	68	68
Total comprehensive income for the period	-	(2,427)	4	5,756	3,333
As at 31 March 2021	<u>130,154</u>	<u>(6,090)</u>	<u>192</u>	<u>126,706</u>	<u>250,962</u>

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 3 MONTHS ENDED 31 MARCH 2021
(These figures have not been audited)**

	Cumulative Current Year To Date 31.03.2021 RM'000	Cumulative Preceding Year To Date 31.03.2020 RM'000
Cash Flows From Operating Activities		
Profit before taxation	7,043	6,471
Adjustments for:-		
Inventories written down	-	27
Reversal of inventories written down	(39)	(14)
Reversal of impairment loss on trade receivables	(2)	(96)
Impairment loss on trade receivables	45	11
Depreciation of property, plant and equipment	2,197	3,047
Amortisation of investment property	26	16
Amortisation of right-of-use assets	129	124
Unrealised gain on foreign exchange	(1,141)	(790)
Gain on disposal of property, plant & equipment	-	(198)
Property, plant and equipment written off	11	1
Interest expense	3	2
Interest income	(357)	(663)
Operating profit before working capital changes	<u>7,915</u>	<u>7,938</u>
Changes in working capital:		
Decrease / (Increase) in inventories	<u>4,591</u>	<u>(4,931)</u>
Decrease in receivables	<u>6,450</u>	<u>1,400</u>
Decrease in payables	<u>(3,303)</u>	<u>(84)</u>
Cash generated from operations	<u>7,738</u>	<u>(3,615)</u>
Interest received	<u>357</u>	<u>663</u>
Interest paid	<u>(3)</u>	<u>(2)</u>
Tax paid	<u>(2,040)</u>	<u>(2,546)</u>
	<u>(1,686)</u>	<u>(1,885)</u>
Net Cash Generated From Operating Activities	<u>13,967</u>	<u>2,438</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(3,029)	(9,782)
Proceed from disposal of property, plant and equipment	-	200
Increase in fixed deposits with maturity more than three months	(4,280)	(10,309)
Net Cash Used In Investing Activities	<u>(7,309)</u>	<u>(19,891)</u>
Cash Flows From Financing Activities		
Repayment of lease liabilities	(132)	(129)
Changes in fixed deposits pledged with licensed bank	-	3,611
Purchase of treasury shares	(3,718)	-
Net Cash (Used in) / From Financing Activities	<u>(3,850)</u>	<u>3,482</u>
Net Increase / (Decrease) in Cash And Cash Equivalents	2,808	(13,971)
Effect of Exchange Translation Differences on Cash and Cash Equivalents	112	(7)
Cash And Cash Equivalents At Beginning Of The Period	48,932	74,939
Cash And Cash Equivalents At End Of The Period *	<u>51,852</u>	<u>60,961</u>
* Cash & cash equivalents consists of:		
Fixed deposits with licensed banks	71,500	64,752
Cash and bank balances	12,831	19,928
	<u>84,331</u>	<u>84,680</u>
Less: Fixed deposits with maturity more than three months	(32,479)	(20,705)
Less: Fixed deposits pledged to licensed bank	-	(3,014)
	<u>51,852</u>	<u>60,961</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 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 except for the following:-

During the current financial quarter and period to date, the Company repurchased 2,170,000 ordinary shares of its issued share capital from the open market, at an average of RM1.71 per share. The total consideration paid for the share buy-back, including transaction costs amounted to RM3,718,763.84 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.

On 8 February 2021, the Company awarded a total of 760,000 ordinary shares of the Company under the Share Grant Scheme (“SGS”) to the eligible employees of the Group in transfer price of RM1.7014 per ordinary share.

As at 31 March 2021, the number of treasury shares held was 3,545,900 ordinary shares.

A8. Segmental Reporting

Group – by business segment:-

The Group’s segmental report for the current financial period ended 31 March 2021 is as below:-

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

1st quarter ended 31 March 2021

Revenue:

External	15,706	38,412	-	-	54,118
Inter-segment	23,481	2,137	-	(25,618)	-
Total revenue	39,187	40,549	-		54,118
Profit before tax	2,983	4,016	(222)	266	7,043

COCOALAND HOLDINGS BERHAD (Registration No. 200001013413 (516019-H))Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2021

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

1st quarter ended 31 March 2020

Revenue:

External	21,947	39,078	-	-	61,025
Inter-segment	23,206	683	-	(23,889)	-
Total revenue	45,153	39,761	-		61,025
Profit before tax	2,651	3,783	(183)	220	6,471

Cumulative 1st quarter ended 31 March 2021

Revenue:

External	15,706	38,412	-	-	54,118
Inter-segment	23,481	2,137	-	(25,618)	-
Total revenue	39,187	40,549	-		54,118
Profit before tax	2,983	4,016	(222)	266	7,043

Cumulative 1st quarter ended 31 March 2020

Revenue:

External	21,947	39,078	-	-	61,025
Inter-segment	23,206	683	-	(23,889)	-
Total revenue	45,153	39,761	-		61,025
Profit before tax	2,651	3,783	(183)	220	6,471

Assets and liabilities as at 31 March 2021

Segment assets	157,200	133,477	137,305	(152,807)	275,175
Segment liabilities	85,989	55,741	663	(118,180)	24,213

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	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	RM'000	RM'000	RM'000	RM'000
Malaysia	24,707	27,893	120,518	102,510
Eastern Asia	13,766	15,849	157	64
South East Asia	9,459	9,267	-	-
Middle East	5,429	7,055	-	-
Others	757	961	-	-
	<u>54,118</u>	<u>61,025</u>	<u>120,675</u>	<u>102,574</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 25 May 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 current 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 31 March 2021 are as follows:-

	RM'000
Property, plant and equipment :-	
- Approved and contracted for	3,580
- 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	1,826	2,074
- Purchase of ingredients*	168	1,254

** 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 three months under review, the Group registered lower group revenue of RM 54.1 million, a contraction of RM 6.9 million or 11% if compared to RM 61.0 million recorded in the preceding year's corresponding period. The decline of revenue was predominantly due to the softer demand for gummy of Contract Manufacturing Business and lower demand for snack product from overseas market.

Pre-tax profit of RM 7.0 million, a rise of 8.8% if compared to RM 6.5 million achieved in the preceding year's corresponding period. This was mainly attributable to lower staff costs, energy costs and promotion expense as the result of cost rationalization measures.

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

Manufacturing segment

Lower revenue recorded for the current financial year period was mainly attributable to higher demand of fortified gummy from Contract Manufacturing Business in February and March last year along with the first wave of the global Covid-19 outbreak.

Higher quarter pre-tax profit as compared to the identical period of the preceding year was mainly due to lower factory labour costs, electricity as well as fuel costs as result of the cost rationalisation measures.

Trading segment

The reintroduction of Movement Control Order 2.0 in certain states across Malaysia on 13 January 2021 has caused the domestic revenue declined if compared to the identical financial period last year. The improved pre-tax profit in the current financial period was primarily attributable to lower staff costs and promotional expenditure incurred.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Year Quarter RM'000	Immediate Preceding Quarter RM'000	Difference %
Revenue	54,118	50,473	+7.2%
Gross Profit	13,465	13,534	-0.5%
Profit Before Tax	7,043	6,020	+17.0%
Profit After Tax	5,688	4,466	+27.4%
Profit Attributable to Owners of The Company	5,688	4,466	+27.4%

Higher revenue of RM54.1 million for the current quarter, an increase of 7.2% from the immediate preceding quarter was mainly contributed by higher demand of in-house gummy, fortified gummy and beverage products from Contract Manufacturing Business.

The Group's pre-tax profit registered an increase of 17.0% over the immediate preceding quarter, which was in line with the revenue improvement coupled with lower staff costs in spite of higher material costs and promotion expenditures.

B3. Commentary On Prospects

Upon the commencement of second quarter of the year 2021, the vaccination programme was rolled out. 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.

Moving forward to the upcoming quarters of year 2021, the Group remains vigilant and looks forward to regain the momentum from the pre-pandemic baseline by penetrating new 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 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	1,438	1,791	1,438	1,791
• Under/ (Over) provision in prior year	-	-	-	-
Deferred taxation:				
• Transferred from deferred taxation	(83)	(447)	(83)	(447)
	<u>1,355</u>	<u>1,344</u>	<u>1,355</u>	<u>1,344</u>

B6. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 25 May 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:-

	<u>As At</u> <u>31.03.2021</u> RM'000	<u>As At</u> <u>31.03.2020</u> 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 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)	5,688	5,127	5,688	5,127
Weighted average number of ordinary shares of RM0.50 each ('000)	225,254	228,800	225,254	228,800
Basic earnings per share (sen)	2.53	2.24	2.53	2.24
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	(357)	(663)
Interest expense	3	2
Inventories written down	-	27
Reversal of inventories written down	(39)	(14)
Depreciation of property, plant and equipment	2,197	3,047
Amortisation of investment property	26	16
Amortisation of right-of-use assets	129	124
Gain on disposal of property, plant and equipment	-	(198)
Property, plant and equipment written off	11	1
Net loss / (gain) on impairment of financial instruments		
- Impairment loss on trade receivables	45	11
- Reversal of impairment loss on trade receivables	(2)	(96)
Gain on foreign exchange		
- Realized	(29)	(684)
- Unrealized	(1,141)	(790)

By Order Of The Board

Dated: 31 May 2021