

CCK CONSOLIDATED HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No. 396692-T

INTERIM FINANCIAL STATEMENTS
for the Financial Period Ended 31 December 2019

CCK CONSOLIDATED HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No. 396692-T

Interim Report for the Financial Period Ended 31 December 2019

CONDENSED STATEMENTS OF FINANCIAL POSITION

	As at 31.12.2019 RM'000 (Unaudited)	As at 31.12.2018 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Investment in an associate	26,564	21,234
Investment properties	17,085	17,212
Right of use assets	10,596	-
Property, plant and equipment	178,246	173,431
Goodwill	380	380
Deferred tax assets	1,378	1,378
	<hr/> 234,249	<hr/> 213,635
CURRENT ASSETS		
Inventories	55,720	55,221
Biological assets	16,058	14,257
Trade receivables	38,190	39,095
Other receivables, deposits and prepayments	13,549	13,855
Current tax assets	714	2,393
Deposits with licensed banks	9,992	7,969
Cash and bank balances	33,778	24,076
	<hr/> 168,001	<hr/> 156,866
TOTAL ASSETS	<hr/> 402,250	<hr/> 370,501
EQUITY AND LIABILITIES		
Share capital	158,969	158,969
Treasury shares	(2,320)	(1,614)
Foreign exchange translation reserve	(3,443)	(4,482)
Retained profits	123,014	97,246
	<hr/> 276,220	<hr/> 250,119
Total Equity Attributable to Owners of the Company		
Non-controlling interests	384	433
	<hr/> 276,604	<hr/> 250,552
TOTAL EQUITIES	<hr/> 276,604	<hr/> 250,552

The Condensed Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	As at 31.12.2019 RM'000 (Unaudited)	As at 31.12.2018 RM'000 (Audited)
NON-CURRENT LIABILITIES		
Other payables, deposits and accruals	6,609	6,609
Bank borrowings	7,131	3,879
Lease liabilities	9,434	-
Deferred income	19	19
Deferred tax liabilities	10,233	10,187
	<hr/> 33,426	<hr/> 20,694
CURRENT LIABILITIES		
Trade payables	25,326	27,890
Other payables, deposits and accruals	17,540	15,805
Bank borrowings:-		
- bank overdrafts	1,245	1,963
- other borrowings	43,279	50,015
Lease liabilities	1,756	-
Provision for employee benefits	661	676
Current tax liabilities	2,413	2,906
	<hr/> 92,220	<hr/> 99,255
TOTAL LIABILITIES	<hr/> 125,646	<hr/> 119,949
TOTAL EQUITIES & LIABILITIES	<hr/> 402,250	<hr/> 370,501
Net assets per share (RM)	<hr/> 0.44	<hr/> 0.40

The Condensed Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	Share Capital RM'000	Treasury Shares RM'000	Foreign Exchange Translation Reserve RM'000	Distributable Retained Profits RM'000	Attributable to owners of the Company RM'000	Non- controlling Interest RM'000	Total Equity RM'000
At 31 December 2019							
Balance at 1.1.2019	158,969	(1,614)	(4,482)	97,246	250,119	433	250,552
Profit after taxation	-	-	-	33,622	33,622	39	33,661
- foreign currency translation difference	-	-	1,039	-	1,039	-	1,039
Total comprehensive income for the financial period	-	-	1,039	33,622	34,661	39	34,700
Contributions by and distributors to owners of the Company:-							
- Purchase of treasury shares	-	(706)	-	-	(706)	-	(706)
- Dividends:-							
-by the Company	-	-	-	(7,854)	(7,854)	-	(7,854)
-by subsidiaries to non-controlling interests	-	-	-	-	-	(88)	(88)
Total transactions with owners	-	(706)	-	(7,854)	(8,560)	(88)	(8,648)
Balance at 31.12.2019	158,969	(2,320)	(3,443)	123,014	276,220	384	276,604

The Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONT'D) (UNAUDITED)

	Share Capital RM'000	Treasury Share RM'000	Exchange Translation RM'000	Revaluation Reserve RM'000	Retained Profits RM'000	Attributable to owners of the Company RM'000	Non- controlling Interest RM'000	Total Equity RM'000
At 30 December 2018								
Balance at 1.1.2018								
- as previously stated	158,969	-	(3,158)	47,390	52,421	255,622	401	256,023
- effect of adopting MFRSs	-	-	-	(47,390)	40,953	(6,437)	-	(6,437)
- as restated	158,969	-	(3,158)	-	93,374	249,185	401	249,586
Profit after taxation	-	-	-	-	27,898	27,898	31	27,929
Other comprehensive income for the period:-								
- foreign currency translation difference	-	-	(1,366)	-	-	(1,366)	(4)	(1,370)
Total comprehensive income for the period	-	-	(1,366)	-	27,898	26,532	27	26,559
Contribution by and distributions to owners of The Company:-								
- purchase of treasury shares	-	(1,606)	-	-	-	(1,606)	-	(1,606)
Dividends paid by the Company	-	-	-	-	(9,461)	(9,461)	-	(9,461)
Total transactions with owners	-	(1,606)	-	-	(9,461)	(11,067)	-	(11,067)
Balance at 31.12.2018	158,969	(1,606)	(4,524)	-	111,811	264,650	428	265,078

The Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2019 (Unaudited) RM'000	Preceding year Corresponding Quarter 31.12.2018 (Unaudited) RM'000	Current Year to-Date 31.12.2019 (Unaudited) RM'000	Preceding year Corresponding Year to-Date 31.12.2018 (Unaudited) RM'000
Revenue	173,332	151,923	659,740	623,165
Cost of sales	(136,293)	(125,496)	(525,495)	(500,900)
Gross profit	37,039	26,427	134,245	122,265
Other income	(13)	1,156	3,527	6,541
Distribution costs	-	-	-	-
Administrative expenses	(6,057)	(5,497)	(26,063)	(27,398)
Other operating expenses	(17,655)	(16,688)	(68,890)	(66,654)
Share of results in an associate	1,506	646	5,330	4,101
Finance costs	(2,021)	(386)	(4,592)	(2,886)
Profit before taxation	12,799	5,658	43,557	35,969
Income tax expense	(3,125)	(1,637)	(9,896)	(8,040)
Profit after taxation	9,674	4,021	33,661	27,929
Other comprehensive income for the financial period:-				
- foreign currency translation difference	18	723	1,039	(1,371)
Total comprehensive income for the financial period	9,692	4,744	34,700	26,558
Profit after taxation attributable to:				
- Owners of the Company	9,662	4,017	33,622	27,898
- Non-controlling interests	12	4	39	31
	9,674	4,021	33,661	27,929
Total comprehensive income attributable to:				
- Owners of the Company	9,680	4,738	34,661	26,532
- Non-controlling interests	12	6	39	26
	9,692	4,744	34,700	26,558

The Condensed Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2019 (Unaudited)	Preceding year Corresponding Quarter 31.12.2018 (Unaudited)	Current Year to-Date 31.12.2019 (Unaudited)	Preceding year Corresponding Year to-Date 31.12.2018 (Unaudited)
Earnings per share(Sen):				
- Basic	1.54	0.64	5.34	4.43
- Diluted	N/A	N/A	N/A	N/A

The Condensed Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED STATEMENTS OF CASH FLOWS

	12-month period ended	
	<u>31.12.2019</u>	<u>31.12.2018</u>
	(Unaudited)	(Unaudited)
	RM'000	RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before taxation	43,557	35,969
Adjustments for non-cash items:-		
Non-cash items	20,684	15,569
Interest expenses	3,287	2,886
Interest expense on lease liabilities	1,305	-
Interest income	(1,526)	(140)
Share of results in an associate	(5,330)	(4,101)
Operating profit before working capital changes	61,977	50,183
Decrease/(increase) in current assets	1,161	(5,295)
Decrease in current liabilities	(1,450)	(8,876)
Employee benefits paid	(36)	-
Cash from operations	61,652	36,012
Interest paid	(4,592)	(2,886)
Interest received	1,526	140
Income tax refunded	890	-
Income tax paid	(9,868)	(8,541)
Net cash from operating activities	49,608	24,725
<u>CASH FLOWS FOR INVESTING ACTIVITIES</u>		
Dividend received from an associate	-	3,536
Proceeds from disposal of property, plant and equipment	152	1,637
Purchase of property, plant and equipment	(23,833)	(25,144)
Net cash for investing activities	(23,681)	(19,971)
Balance carried forward	25,927	4,754

The Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED STATEMENTS OF CASH FLOWS (CONT'D)

	12-month period ended	
	<u>31.12.2019</u>	<u>31.12.2018</u>
	(Unaudited)	(Audited)
	RM'000	RM'000
Balance brought forward	25,927	4,754
<u>CASH FLOWS FOR FINANCING ACTIVITIES</u>		
Dividend paid	(7,941)	(9,461)
Net of drawdown and repayment of borrowings	(3,485)	1,056
Purchase of treasury shares	(706)	(1,606)
Repayment of lease liabilities	(1,562)	-
Net cash for financing activities	(13,694)	(10,011)
Net increase/(decrease) in cash and cash equivalents	12,233	(5,257)
Effect of exchange rate changes on cash and cash equivalents	211	(315)
Cash and cash equivalents at beginning of the financial period	30,081	35,494
Cash and cash equivalents at end of the financial period	42,525	29,922

The Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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Interim Report for the Financial Period Ended 31 December 2019

A. EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. BASIS OF PREPARATION

The condensed consolidated interim financial statements as contained in this interim financial report are unaudited and have been prepared under historical cost convention except otherwise stated.

These unaudited interim financial statements have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134: *Interim Financial Reporting* issued by Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements ("MMLR") issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia").

These unaudited interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2018.

The Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

MFRS 16	Leases
MFRS 9	Prepayment Features with Negative Compensation (Amendments to MFRS 9)
MFRS 128	Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)
MFRS 119	Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)

IC Interpretation 23 Uncertainty over Income Tax Treatments

Annual Improvements to MFRS Standards 2015-2017 Cycle

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the Group's condensed consolidated interim financial statements except as follows:-

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaced the previous guidance on lease accounting. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their lease assets and the related lease obligations in the statement of financial position (with limited exceptions) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are as follows:-

The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. BASIS OF PREPARATION (CONT'D)

(a) Lessee Accounting

At 1 January 2019, for leases that were classified as operating leases under MFRS 117, the Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at that date of initial application ranging from 4.17% to 21.61%. The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

The Group has used the following practical expedients in applying MFRS 16 for the first time:-

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied for the exemption not to recognise operating leases with a remaining lease term of less than 12 months as at 1 January 2019;
- Excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the lease contract contains options to extend or terminate the lease.

For leases that were classified as finance leases, the Group has recognised the carrying amount of the lease asset and lease liability immediately before 1 January 2019 as the carrying amount of the right-of-use asset and the lease liability as at the date of initial application.

(b) Lessor Accounting

The Group did not make adjustments to the accounting for assets held as lessor under operating lease as result of the adoption of MFRS 16.

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134

A2. SEASONALITY OR CYCLICALITY OF OPERATIONS

The Group's business operations were not affected by any significant seasonality or cyclicity factors in the current financial period.

A3. UNUSUAL ITEMS

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual in nature, size, or incidence for the financial period under review.

A4. MATERIAL CHANGES IN ESTIMATES

There were no changes in estimates that have had a material effect on the results of the Group for the period under review.

A5. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, resale or repayments of debts and equity securities for the period under review.

A6. DIVIDENDS PAID

No dividend has been paid for the current quarter during the financial period under review.

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

A7. SEGMENT REPORTING

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Managing Director as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 5 main reportable segments as follows:-

- Poultry Segment – involved in the rearing and production of poultry products.
 - Prawn Segment – involved in the rearing and production of prawn and seafood products.
 - Food Service Segment – involved in the supply and trading of food products and related services.
 - Retail Segment – involved in the trading of coldstorage products.
 - Corporate Segment – involved in the provision of management services.
- (a) Each reportable segment asset is measured based on all assets (including goodwill) of the segment other than investment in an associate and tax-related assets.
- (b) Each reportable segment liability is measured based on all liabilities of the segment other than tax-related liabilities.
- (c) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly head office expenses.
- (d) Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)**A8. SEGMENT REPORTING (CONT'D)**

12 months period ended 31 December 2019	Poultry	Prawn	Food Service	Retail	Corporate	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE							
External revenue	127,274	23,936	16,465	492,065	-	-	659,740
Inter-segment revenue	184,090	27,183	14	101,876	366	(313,529)	-
Total segment revenue	311,364	51,119	16,479	593,941	366	(313,529)	659,740
RESULTS							
Segment results	11,880	2,342	1,328	27,185	84	-	42,819
Finance costs							(4,592)
Share of results in an associate							5,330
Profit before taxation							<u>43,557</u>

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)**A8. SEGMENT REPORTING (CONT'D)**

12 months period ended 31 December 2018	Poultry	Prawn	Food Service	Retail	Corporate	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE							
External revenue	101,033	20,984	14,396	486,752	-	-	623,165
Inter-segment revenue	187,898	16,970	15	85,919	3,903	(294,705)	-
Total segment revenue	288,931	37,954	14,411	572,671	3,903	(294,705)	623,165
RESULTS							
Segment results	7,134	905	1,125	26,903	(1,313)	-	34,754
Finance costs							(2,886)
Share of results in an associate							4,101
Profit before taxation							<u>35,969</u>

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)**A8. SEGMENT REPORTING (CONT'D)**

ASSETS	Poultry RM'000	Prawn RM'000	Food Service RM'000	Retail RM'000	Corporate RM'000	Consolidated RM'000
31 December 2019						
Segment assets	84,188	29,482	9,451	242,414	7,679	373,214
Unallocated assets:-						
Investment in an associate						26,564
Goodwill						380
Deferred tax assets						1,378
Current tax assets						714
Consolidated total assets						<u>402,250</u>
31 December 2018						
Segment assets	93,842	19,976	11,811	216,051	10,990	352,670
Unallocated assets:-						
Investment in an associate						21,235
Deferred tax assets						868
Unallocated assets						3,095
Consolidated total assets						<u>377,868</u>

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)**A8. SEGMENT REPORTING (CONT'D)**

LIABILITIES	Poultry RM'000	Prawn RM'000	Food Service RM'000	Retail RM'000	Corporate RM'000	Consolidated RM'000
31 December 2019						
Segment liabilities	26,008	3,961	1,353	55,524	31,185	118,031
Unallocated liabilities:-						
Deferred tax liabilities						10,233
Current tax liabilities						2,413
Unallocated liabilities and adjustments						(5,031)
Consolidated total liabilities						<u>125,646</u>
31 December 2018						
Segment liabilities	29,737	4,108	1,248	41,954	19,630	96,677
Unallocated liabilities:-						
Deferred tax liabilities						13,022
Unallocated liabilities and adjustments						3,091
Consolidated total liabilities						<u>112,790</u>

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

A8. SEGMENT REPORTING (CONT'D)

Accordingly, no further segmental analysis is available for disclosures except for the following entity-wide disclosures as required by MFRS 8:-

GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments and deferred tax assets.

<i>Revenue</i>	3-month ended		Cumulative Quarter	
	31.12.2019 (Unaudited) RM'000	31.12.2018 (Unaudited) RM'000	31.12.2019 (Unaudited) RM'000	31.12.2018 (Unaudited) RM'000
Australia	675	291	1,798	654
Hong Kong	29	256	665	2,067
Indonesia	26,757	25,924	105,935	99,972
Japan	2,104	3,079	7,380	5,753
Korea	-	-	524	-
People's Republic of China	-	-	-	667
Taiwan	-	-	456	-
Middle East	-	-	-	530
Malaysia	143,767	122,373	542,680	513,522
Vietnam	-	-	302	-
	173,332	151,923	659,740	623,165

<i>Non-current assets</i>	As at	
	31.12.2019 (Unaudited) RM'000	31.12.2018 (Unaudited) RM'000
Indonesia	33,064	31,796
Malaysia	199,807	175,551
	232,871	207,347

MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

A9. PROPERTY, PLANT AND EQUIPMENT

a) Acquisition and Disposals

During the 12-month period ended 31 December 2019, the Group acquired assets at a total cost of RM24 million and there was immaterial disposal during the current quarter.

b) Impairment Losses

Neither losses from impairment of property, plant and equipment nor reversal of such impairment losses were recognised for the period under review.

c) Valuations

The Group did not carry out any additional valuation on its property, plant and equipment during the period under review.

A10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter and financial period under review.

A12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at the date of this report.

A13. CAPITAL COMMITMENTS

There were no material changes in capital commitments since the end of the previous financial quarter except as disclosed in the explanatory notes.

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

A14. RELATED PARTY DISCLOSURES

The Group carried out the following significant transactions with the related parties during the period under review:-

	3-month ended		Cumulative Quarter	
	31.12.2019 (Unaudited) RM'000	31.12.2018 (Unaudited) RM'000	31.12.2019 (Unaudited) RM'000	31.12.2018 (Unaudited) RM'000
Purchase of products	11,912	31,314	105,185	120,476
Service fee	-	193	-	1,455
Sale of products	523	116	987	911
Rental paid	-	-	23	-
Advisory income	-	-	4	-
Forwarding/freight charges	2,005	-	2,006	-

A15. CASH AND CASH EQUIVALENTS

	As at	
	31.12.2019 (Unaudited) RM'000	31.12.2018 (Unaudited) RM'000
Cash and bank balances	33,778	21,463
Deposits with licensed banks	9,992	10,424
Bank overdrafts, secured	(1,245)	(1,965)
	45,525	29,922

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B. EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

REVIEW OF OPERATING PERFORMANCE

	←--Individual Quarter--→		Variances	
	Current Year Quarter 31.12.2019 (Unaudited) RM'000	Preceding Year Quarter 31.12.2018 (Unaudited) RM'000	RM'000	%
Revenue	173,332	151,923	21,409	14
Gross profits	37,039	26,427	10,612	40
Profit before taxation	12,799	5,658	7,141	126
Profit after taxation	9,674	4,021	5,653	141
Profit after taxation attributable to owners of the Company	9,662	4,017	5,645	141

B1. Analysis of the results for the 3-months ended 31 December 2019 against 3-months ended 31 December 2018

Revenue

For the 3 months ended 31 December 2019, the Group recorded a revenue of RM173.3 million, an increase of approximately 14% when compared to the corresponding quarter in 2018.

The Malaysian retail outlets showed an improvement in performance in the 4th quarter of 2019 when compared to the 4th quarter in 2018. The Group ended the year with 61 stores in our retail network (2018 : 58 stores).

Profit before tax

The Group recorded a profit before tax of RM12.8m for the 3 months ended 31 December 2019, an improvement of approximately 126% when compared to the same period in 2018.

The gross profit margin for the 3 months ended 31 December 2019 was 21.37% compared to 17.39% for the same quarter in 2018.

The retail segment's results for this quarter improved by 61% compared to last year with better margins from our network of retail stores.

The poultry segment also showed an improvement in results and margins due to lower feed costs. The lower USD/MYR in the 4th quarter of 2019 compared to 2018 was a contributory factor towards the lower feed costs.

The share of results from our associate company, Gold Coin Sarawak Sdn Bhd, increased 133% from RM640,000 in the last quarter of 2018 to RM1.5 million in the 4th quarter on 2019.

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B. EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

	←--Cumulative Quarter--→		Variances RM'000 %	
	Current Year Quarter 31.12.2019 (Unaudited) RM'000	Preceding Year Quarter 31.12.2018 (Unaudited) RM'000		
Revenue	659,740	623,165	36,575	6
Gross profits	134,245	122,265	11,980	10
Profit before taxation	43,557	35,969	7,588	21
Profit after taxation	33,661	27,929	5,732	21
Profit after taxation attributable to owners of the Company	33,622	27,898	5,724	21

B2. Analysis of the results for the 12-months ended 31 December 2019 against 12-months ended 31 December 2018

Revenue

For the year ended 31 December 2019, the Group recorded a revenue of RM659.7 million, representing an increase of approximately 6.0% over the same period last year whereby the revenue was recorded at RM623.1 million.

The revenue contribution from Indonesia remained at 16% for the 12-months ended 31 December 2019, similar to that in 2018.

The prawn segment showed an improvement in revenue in 2019 with an increase of 14.06% compared to 2018 with exports mainly to Japan, Australia and Hong Kong.

Profit before tax

The Group's profit before tax for the year ending 2019 was recorded at RM43.5 million (2018 : RM35.9 million), an improvement of 21%. The actual increase in the Group's profit before tax for 2019 was 34% as there were insurance compensations received of RM3.5 million in 2018.

Taking into consideration last year's insurance compensation effect, the retail segment showed a net increase in profit before tax of 16.2% in 2019. This is attributed to a better performance by our network of retail stores in Malaysia.

Despite the strengthening of the USD against the MYR by 2.66% for the 12-months period ended 31 December 2019 compared to the same period in 2018, the Group's gross profit margin stood at 20.35% (2018 : 19.62%). Feed costs decreased on average in 2019 offsetting foreign exchange losses.

The prawn segment's results for 2019 improved by 158.8%. The segment re-commenced culturing and selling black tiger prawns this year, in addition to their current production of vannamei.

The share of results in our associate company, Gold Coin Sarawak Sdn Bhd, increased by 30% from RM4.1 million in 2018 to RM5.3 million in 2019.

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B. EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B3. COMPARISON WITH THE IMMEDIATE PRECEDING QUARTER'S RESULTS

	←-----Individual Quarter-----→			
	Current Year Quarter 31.12.2019 (Unaudited) RM'000	Immediate Preceding Quarter 30.9.2019 (Unaudited) RM'000	Variances	
			RM'000	%
Revenue	173,332	165,775	7,557	5
Gross profits	37,039	32,749	4,290	13
Profit before taxation	12,799	9,912	2,887	29
Profit after taxation	9,674	7,694	1,980	26
Profit after taxation attributable to owners of the Company	9,662	7,687	1,975	26

Revenue

The Group's revenue improved by 5% from the 3rd quarter, from RM165.8 million to RM173.3 million in the 4th quarter.

The poultry, prawn and retail segments showed increases in revenue from the immediate preceding quarter.

Profit before tax

The Group's profit before tax increased from RM32.7 million in the 3rd quarter to RM37.0 million in the 4th quarter, an improvement of 13%.

The gross profit margin improved from 19.8% in the immediate preceding quarter to 21.3% in the final quarter of the year. One of the contributory factors for this improvement was the relative stable average USD/MYR rate in the two quarters.

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B. EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B4. FUTURE PROSPECTS

The coming financial year is expected to be a challenging one for the Group. The onset of the Covid-19 virus in the 1st quarter of 2020 is expected to impact the global economy and financial markets. The impact on the Malaysian markets depend much on the spread and duration of the outbreak and the underlying policies taken to mitigate the effects. Consumer sentiments and spending would play a major role in sustaining the economy.

The Group will continue expanding its network of retail stores in 2020. In addition, we are aiming to open 2 new supermarkets in Kuching and Kota Kinabalu, respectively. The new supermarkets will be branded as "CCK Local" with the tag line "Your Family Grocer".

The Board of Directors is vigilant with regards to the current uncertainty of the Covid-19 virus situation. Should the situation improve in the short-term, the Board of Directors is optimistic about the Group's performance in the coming financial year.

B5. VARIANCE OF ACTUAL FINANCIAL RESULTS FROM FINANCIAL ESTIMATES, FORECASTS, PROJECTIONS OR INTERNAL TARGETS

The disclosure requirements for explanatory notes for the variance of the actual financial results after tax and minority interest against financial estimates, forecasts, projections or internal targets are not applicable to the Group.

B6. INCOME TAX EXPENSE

	3-month ended		Cumulative Quarter	
	31.12.2019 (Unaudited) RM'000	31.12.2018 (Unaudited) RM'000	31.12.2019 (Unaudited) RM'000	31.12.2018 (Unaudited) RM'000
Current tax	3,125	1,637	9,896	8,040
Effective tax rate	24%	28%	23%	22%

The effective tax rate of the Group for the current financial quarter was lower than the statutory tax rate principally due to tax losses incurred by certain subsidiaries.

B7. STATUS OF CORPORATE PROPOSALS

There were no significant developments or changes in the corporate proposals.

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B. EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B8. GROUP BORROWINGS

Details of the secured Group borrowings are as follows:-

	RM Denomination		Foreign Denomination	
	As at		As at	
	31.12.2019 (Unaudited) RM'000	31.12.2018 (Unaudited) RM'000	30.9.2019 (Unaudited) RM'000	30.9.2018 (Unaudited) RM'000
Current:-				
- bank overdrafts	1,245	1,965	-	-
- banker's acceptance	25,279	25,493	-	-
- revolving credit	18,000	24,000	-	-
- term loans	-	1,924	-	-
	44,524	53,382	-	-
Non-current:-				
- hire purchase	162	-	-	-
- term loans	6,969	2,477	-	-
	7,131	2,477	-	-
	51,655	55,859	-	-

B8. GROUP BORROWINGS (CONT'D)

The foreign denominated borrowings of the Group is Indonesian Rupiah ("RP") and it has been translated at rate of RP0.000295 (31.12.2018: RP0.000286).

B9. MATERIAL LITIGATION

There was no litigation against the Group during the current quarter.

B10. DIVIDEND PAYABLE

The Board of Directors did not recommend any payment of dividend during the current quarter and financial period under review.

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B. EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B11. EARNINGS PER SHARE

Basic:-

The basic earnings per share is based on the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the current quarter.

	3-month ended		Cumulative quarter	
	31.12.2019 (Unaudited)	31.12.2018 (Unaudited)	31.12.2019 (Unaudited)	31.12.2018 (Unaudited)
Profit attributable to owners of the Company (RM'000)	9,662	4,017	33,622	27,898
Weighted average number of ordinary shares at 1 January ('000)	315,359	315,359	315,359	315,359
Effect of treasury shares held	(1,435)	(1,541)	(1,543)	(1,056)
Effect of share split – subdivision of 1 into 2 ordinary shares *	315,359	315,359	315,359	315,359
Weighted average number of ordinary shares at 31 Dec ('000)	627,283	629,177	629,175	629,662
Basic earnings per share (Sen)	1.54	0.64	5.34	4.43

Diluted:-

The diluted earnings per share was not applicable as there were no dilutive potential ordinary shares outstanding during the current quarter.

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B. EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B12. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:-

	3-month ended		Cumulative Quarter	
	31.12.2019 (Unaudited) RM'000	31.12.2018 (Unaudited) RM'000	31.12.2019 (Unaudited) RM'000	31.12.2018 (Unaudited) RM'000
After charging/(crediting)-				
Allowance for impairment losses on receivables	(50)	526	222	584
Allowance for impairment losses on and write off of inventories		16		16
Allowance for impairment losses on receivables no longer required	(23)	-	(90)	-
Bad debt written off	91	-	101	-
Bad debt recovered	(1)	-	(2)	-
Depreciation and amortisation	5,059	3,408	20,002	16,062
Depreciation of right of use assets	2,156	-	2,156	-
Loss/(gain) on fair value changes in biological assets	1,512	(1,375)	(1,801)	(1,033)
(Gain)/loss on disposal of property, plant and equipment	-	(169)	73	(75)
(Gain)/loss on foreign exchange:-				
- realised	68	-	-	-
- unrealised	27	17	23	20
Interest expense	717	385	3,287	2,886
Interest expense on lease liabilities	1,305	-	1,305	-
Interest income	(1,159)	-	(1,526)	(140)
Property, plant and equipment written off	-	11	-	14

B13. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 December 2019 was not subject to any qualification.

B14. FINANCIAL INSTRUMENTS

The Group does not have any derivative financial instruments.

B15. AUTHORISATION FOR ISSUE

The quarterly report was authorised for issue by the Board of Directors on 25 February 2020.