

ANNUAL REPORT 2008



REACHING OUT TO THE WORLD

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cover rationale:

Reaching out to the World

The cover design features a recycled bag full of postcards. This connotes we are making our presence felt in the world over. Our innovative and proactive approach enables us to stay competent and responsive to the ever changing customers' needs and expectations. It's also signifies that environmental management are practiced in all our production. To seed our company success further, we show a plant growing in the '**Fruit 10**' bottle. This encapsulates the picture of our company's new business venture - drinks.



notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of the Company will be held at Crystal 2, Level 1, Crystal Crown Hotel Kuala Lumpur, 3, Jalan Jambu Mawar, Off Jalan Kepong, 52000 Kuala Lumpur on Thursday, 25 June 2009 at 10.00 a.m. for the following purposes: -

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who shall retire in accordance with Article 92 of the Company's Articles of Association and being eligible, offer themselves for re-election :
 - (a) Dato' Azman Bin Mahmood
 - (b) Liew Fook Meng
3. To re-elect Law Tiam Hock who shall retire in accordance with Article 98 of the Company's Articles of Association and being eligible, offers himself for re-election.
4. To approve the payment of Directors' fees amounting to RM156,000 in respect of the financial year ended 31 December 2008.
5. To re-appoint Messrs. Wong Weng Foo & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration.

(Resolution 1)

(Resolution 2)

(Resolution 3)

(Resolution 4)

(Resolution 5)

(Resolution 6)

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following resolution as ordinary resolution: -

6. **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965.**

"THAT, subject to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company, from time to time and upon such terms and conditions and for such purposes the Directors may deem fit and expedient in the interest of the Company, provided that the aggregate of number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up capital of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

(Resolution 7)

notice of annual general meeting (cont'd)

7. To transact any other ordinary business for which due notice shall have been given.

By Order of the Board

NG HENG HOOI (MAICSA 7048492)
YAP FOO TENG (MACS 00601)
LEONG POI SAN (MAICSA 7052268)
Company Secretaries

Kuala Lumpur
Dated: 3 June 2009

Notes:-

- (i) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a Member of the Company and if the proxy is not a member, he/she need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
- (ii) A member may appoint not more than two (2) proxies to attend the same meeting. Where a member appoints two proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account.
- (iii) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.
- (iv) The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Suite 405, 4th Floor, Magnum Plaza, 128 Jalan Pudu, 55100 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.

Explanatory Note on Special Business

Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

The Proposed Resolution 7, if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares from the unissued capital of the Company for such purposes as the Directors may deem fit and in the interest of the Company. The authority, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company.

statement accompanying notice of annual general meeting

Pursuant to Paragraph 8.28 (2) of the Listing Requirements of Bursa Malaysia Securities Berhad.

Directors who are retiring and standing for re-election at the Ninth Annual General Meeting:

(a) Retiring pursuant to Article 92 of the Company's Articles of Association:

- (i) Dato' Azman Bin Mahmood
- (ii) Liew Fook Meng

(b) Retiring pursuant to Article 98 of the Company's Articles of Association:

- (i) Law Tiam Hock

Details of the above Directors who are standing for re-election are provided for in the respective Directors' Profile of this Annual Report.

corporate information

BOARD OF DIRECTORS

Dato' Azman bin Mahmood (*Chairman / Independent Non-Executive Director*)
Liew Fook Meng (*Executive Director*)
Lau Kee Von (*Executive Director*)
Lau Pak Lam (*Executive Director*)
Liew Yoon Kee (*Executive Director*)
Chow Kee Kan @ Chow Tuck Kwan (*Independent Non-Executive Director*)
Law Tiam Hock (*Independent Non-Executive Director*)

COMPANY SECRETARIES

Ng Heng Hooi (MAICSA 7048492)
Yap Foo Teng (MACS 00601)
Leong Poi San (MAICSA 7052268)

REGISTERED OFFICE

Suite 405, 4th Floor, Magnum Plaza
128 Jalan Pudu, 55100 Kuala Lumpur
Tel : 03-2072 8100
Fax: 03-2072 8101

CORPORATE OFFICE

Lot 100, Rawang Integrated Industrial Park
48000 Rawang, Selangor Darul Ehsan
Tel : 03-6091 3131
Fax: 03-6091 5131

PRINCIPAL BANKERS

Citibank Berhad
Public Bank Berhad
RHB Bank Berhad
HSBC Bank Malaysia Berhad

AUDITORS

Wong Weng Foo & Co.
Chartered Accountants
41, Damai Complex
Jalan Dato' Haji Eusoff
50400 Kuala Lumpur
Tel : 03-4042 4280
Fax: 03-4041 3141

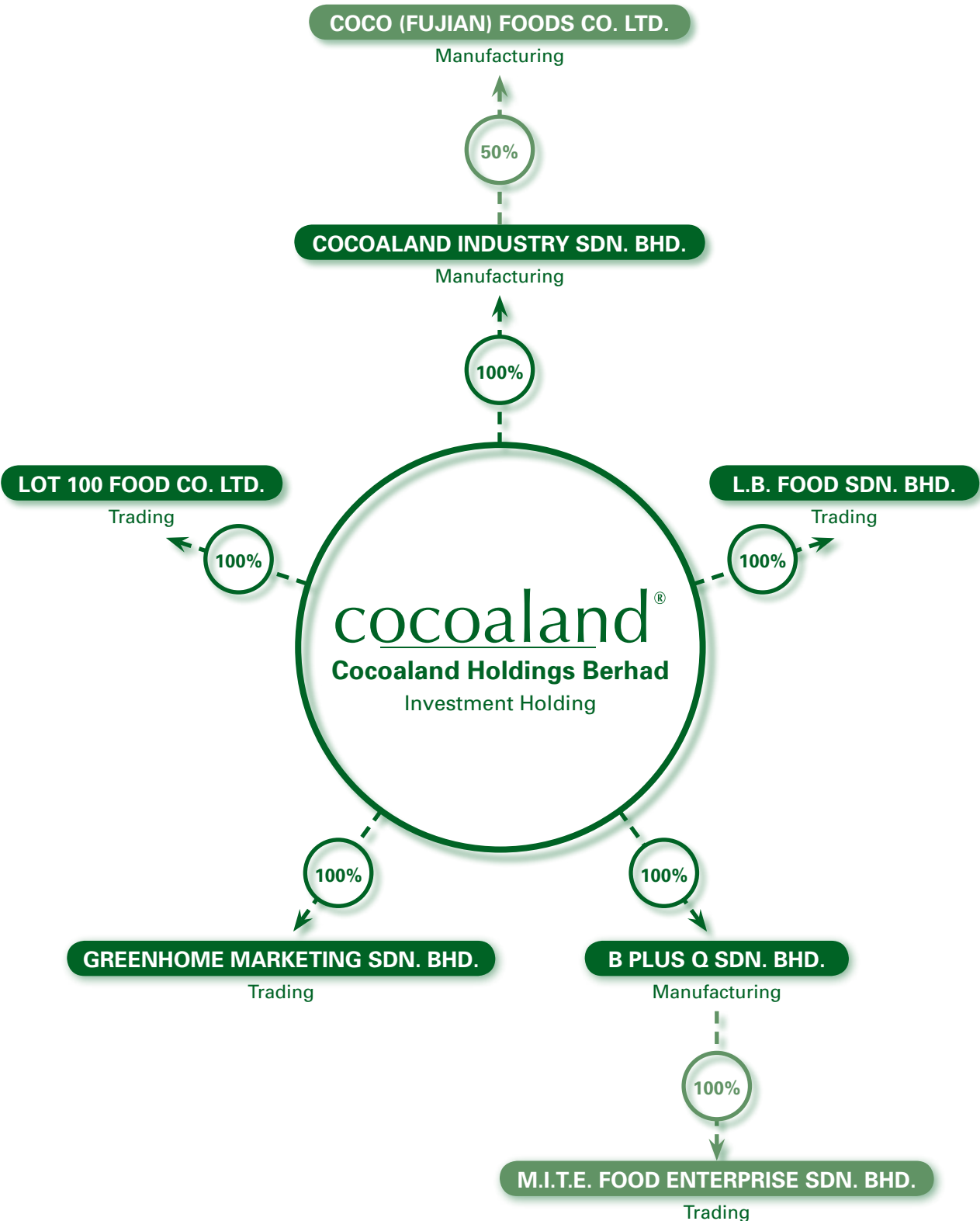
SHARE REGISTRAR

Bina Management (M) Sdn. Bhd.
Lot 10, The Highway Centre, Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7784 3922
Fax: 03-7784 1988

STOCK EXCHANGE LISTING

Main Board of the Bursa Malaysia Securities Berhad
Stock Code: 7205

corporate structure



directors' profile

DATO' AZMAN BIN MAHMOOD

*58 years of age, Malaysian
Chairman and Independent
Non-Executive Director*

He was appointed to the Board on 8 October 2004. He is a member of the Institute of Chartered Accountants in England & Wales.

He began his career with Lim, Ali & Co., an auditing firm based in Johor from 1975 to 1978. He later worked with RD Neville & Co., a firm of Chartered Accountants in Essex, England up to 1980. From 1981 to 1983, he worked for MMC Services Limited, London, a subsidiary of Malaysian Mining Corporation Berhad. In 1983, he was the Senior Manager of MUI Bank Berhad (now known as Hong Leong Bank Berhad). From 1983 to 1990, he was in charge of the Finance Division of Kumpulan Perangsang Selangor Berhad. From 1990 to 1996, he was the Managing Director of Worldwide Holdings Berhad, after which he was appointed as the Chairman of Fine Access Sdn. Bhd., an investment holding company with interest in property development business in Kuala Lumpur and Klang Valley.

Currently, he is an Independent Non-Executive Director for Jaks Resources Berhad, Kumpulan Hartanah Selangor Berhad and Airocom Technology Berhad.

He is the Chairman of the Audit Committee and Remuneration Committee. He is also a member of the Nomination Committee.

As at 30 April 2009, he has direct shareholdings of 393,333 ordinary shares of RM0.50 each in the Company. He does not have any family relationship with any directors and/or major shareholders of the Company. He has not entered into any transaction which has a conflict of interest with the Company and has not been convicted of any offences in the past ten years.

LIEW FOOK MENG

*61 years of age, Malaysian
Executive Director*

He was appointed to the Board on 8 October 2004.

He has more than 20 years of experience in the manufacturing and marketing of confectionery products. He oversees product development through his active involvement in introducing new ideas and flavouring processes.

Currently, he also holds other directorship in the Cocoaland Group of Companies and several other private limited companies.

He is the member of the Remuneration Committee.

His siblings, Mr. Lau Kee Von, Mr. Lau Pak Lam and Mr. Liew Yoon Kee are also members of the Board. He also has a direct shareholding in the Company's substantial shareholder, Leverage Success Sdn. Bhd.

As at 30 April 2009, he has direct shareholdings of 9,519,533 ordinary shares of RM0.50 each in the Company. He has not entered into any transaction which has a conflict of interest with the Company and has not been convicted of any offences in the past ten years.

directors' profile (cont'd)

LAU KEE VON

*56 years of age, Malaysian
Executive Director*

He was appointed to the Board on 8 October 2004 and holds a Master degree in Business Administration from American Liberty University, USA.

He has more than 20 years of experience in the manufacturing and wholesale of confectionery products. He started out as a partner of Lau Brothers Food Trading Co. in 1976, which was primarily involved in the distribution of confectionery products. In 1984, he and the other partners incorporated L.B. Food Sdn. Bhd., currently one of the subsidiaries within the Group to take over the operations of the partnership. At the same time, he was appointed as the Managing Director of L.B. Food Sdn. Bhd. Under his stewardship over the past 20 years, the Group has grown from a family business concern into one of the largest confectionery manufacturers and distributors in Malaysia.

Currently, he also holds other directorship in the Cocoaland Group of Companies and several other private limited companies.

His siblings, Mr. Liew Fook Meng, Mr. Lau Pak Lam and Mr. Liew Yoon Kee are also members of the Board. He also has a direct shareholding in the Company's substantial shareholder, Leverage Success Sdn. Bhd.

As at 30 April 2009, he has direct shareholdings of 682,800 ordinary shares of RM0.50 each in the Company. He has not entered into any transaction which has a conflict of interest with the Company and has not been convicted of any offences in the past ten years.

LAU PAK LAM

*51 years of age, Malaysian
Executive Director*

He was appointed to the Board on 8 October 2004 and holds a Master degree in Business Administration from American Liberty University, USA.

He has more than 20 years of experience in the manufacturing and wholesale of confectionery products. Having been involved in the convenience food manufacturing industry for over 20 years, he has established long-standing relationships with various local retailers and wholesalers in the same industry.

Currently, he also holds other directorship in the Cocoaland Group of Companies and several other private limited companies.

His siblings, Mr. Liew Fook Meng, Mr. Lau Kee Von and Mr. Liew Yoon Kee are also members of the Board. He also has a direct shareholding in the Company's substantial shareholder, Leverage Success Sdn. Bhd.

As at 30 April 2009, he has direct shareholdings of 2,181,966 ordinary shares of RM0.50 each in the Company. He has not entered into any transaction which has a conflict of interest with the Company and has not been convicted of any offences in the past ten years.

directors' profile (cont'd)

LIEW YOON KEE

*60 years of age, Malaysian
Executive Director*

He was appointed to the Board on 8 October 2004.

He was the Sales Executive for L.B. Food Sdn. Bhd., currently one of the subsidiaries within the Group for 5 years from 1979 to 1984. Since then, he joined B Plus Q Sdn. Bhd., currently one of the subsidiaries within the Group as Factory Manager until 2008. He is presently responsible for the business operation of Coco (Fujian) Foods Co. Ltd.

Currently, he also holds other directorship in the CocoaLand Group of Companies and several other private limited companies.

His siblings, Mr. Liew Fook Meng, Mr. Lau Kee Von and Mr. Lau Pak Lam are also members of the Board. He also has a direct shareholding in the Company's substantial shareholder, Leverage Success Sdn. Bhd.

As at 30 April 2009, he has direct shareholdings of 73,333 ordinary shares of RM0.50 each in the Company. He has not entered into any transaction which has a conflict of interest with the Company and has not been convicted of any offences in the past ten years.

CHOW KEE KAN @ CHOW TUCK KWAN

*56 years of age, Malaysian
Independent Non-Executive Director*

He was appointed to the Board on 8 October 2004. He is an approved Company Auditor and Chartered Accountant.

He has his own audit and tax practices and has more than 30 years of practical experience in the same field. He is also a Malaysian Insurance Institute Certified Trainer.

He was a council member of the Malaysian Institute of Accountants from 1987 to 1994. Currently, he serves as a Trustee for the Malaysian Accountancy Research and Education Foundation. He is also a council member of the Malaysian Institute of Taxation since 1991.

Currently, he is also an Independent Non-Executive Director of Merge Housing Berhad. He also holds directorships in several other private limited companies.

He is the Chairman of the Nomination Committee, member of the Audit Committee and Remuneration Committee.

As at 30 April 2009, he does not have any interest in the shares of the Company and family relationship with any directors and/or major shareholders of the Company. He has not entered into any transaction which has a conflict of interest with the Company and has not been convicted of any offences in the past ten years.

directors' profile (cont'd)

LAW TIAM HOCK*48 years of age, Malaysian**Independent Non-Executive Director*

He was appointed to the Board on 16 January 2009. He is an approved Company Auditor and Chartered Accountant.

He has his own audit and tax practices and has approximately 22 years of professional experience and had been involved in all aspects of professional practice such as auditing, investigation, receiverships, Malaysia taxation, company law and secretarial, and corporate finance and advisory works. He has vast experience in special audit for corporate takeover and mergers as well as public flotation exercise.

He is a member of Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and Malaysian Institute of Taxation.

He is a member of the Audit Committee.

As at 30 April 2009, he does not have any interest in the shares of the Company. He does not have any family relationship with any directors and/or major shareholders of the Company. He has not entered into any transaction which has a conflict of interest with the Company and has not been convicted of any offences in the past ten years.



chairman's statement



On behalf of the Board of Directors of Cocoaland Holdings Berhad ("Cocoaland"), I am pleased to present the Annual Report and Financial Statements of the Company and the Group for the financial year ended 31 December 2008.

FINANCIAL PERFORMANCE

The Group achieved revenue of RM128.717 million, an increase of approximately 6.1% compared to RM121.270 million in FY2007. Profit before tax decreased marginally by approximately 2.6% to RM10.927 million compared to RM11.216 million in FY2007, while profit after tax reduced by approximately 1.7% to RM8.684 million compared RM8.835 million in 2007. The earnings per share recorded at 7.24 sen while the net assets per share rose to RM0.74 from RM0.69 in FY2007.

REVIEW OF OPERATIONS

While other industries face the brunt of the economic slowdown, we foresee the food industry to remain resilient. Despite the current state of the global economy, the Group continues to grow from strength to strength. During the financial year, the Group had invested substantially in Advertising and Promotions for both domestic and international market. Whilst it slightly affected the profitability but at the same time it contributed to increased revenue. Based on feedback, the Group is receiving overwhelming response from China and Vietnam as a result of the Advertising and Promotion exercise. We expect the revenue from these 2 markets to increase substantially in 2009. Based on revenue achieved in the first quarter of 2009, we foresee the Group to perform better than 2008.

As part of the Group's strategy to further expand its business, Cocoaland Industry Sdn. Bhd. will be setting up a new factory line to produce beverages. The cost of investment is expected to be approximately RM20 million, and will be funded from internally generated sources. The new line is to produce healthy beverages such as fruit and vegetables juice, green tea and other nutritious vitamin drinks. The Group has also invested in the latest technology in producing polyethylene terephthalate (PET) bottles for its beverages, which is capable for hot filling. With PET bottles in line, the beverages produce by Cocoaland will be safe for consumption. This is in line with the Group's policy to continuously producing safe and healthy food. PET bottles are also suitable for recycling. Barring unforeseen circumstances, we foresee this segment to grow within 2 - 3 years' time and expected to contribute a significant revenue and profit to the Group. The drinks will be distributed in Malaysia and also to other countries in Asia.

Being the market leader in gummy products, the Group continues to enjoy success from its competitive edge over its competitors in recent years. One of the new products, "Sour + ", is the top seller for 2008 and continues to receive good response from consumers. The Group launched a new product "Cocopie" in 2008 and is starting to gain popularity. We foresee "Cocopie" will be one of the best sellers in 2009. The Group will continue to focus on new products development.

chairman's statement (cont'd)

DIVIDEND

An interim dividend of 4 sen per share less 26% income tax for the financial year ended 31 December 2008 was paid on 30 December 2008. The Board does not recommend any final dividend payment for the financial year ended 31 December 2008.

PROSPECTS

We view the financial crisis precipitated by banking issues will not have a significant impact on the food industry. As such, we will remain positive on the Group's prospects. Over the years, the Group has grown steadily and has built a good reputation and brand loyalty in its customers. On top of the steady growth in domestic market, the Group is also optimistic about the growth in foreign markets such as in China, Indonesia, Thailand and Vietnam. We are confident that demand for our products will remain strong. Given the positive scenario, Cocoaland will continue its growth in the next financial year.

CORPORATE SOCIAL RESPONSIBILITIES

Cocoaland is committed to carrying out responsible business practices in our relation with employees, shareholders and the communities in which we do business and the environment we operate in. To this end we continue to implement various corporate responsibility initiatives. We have assisted various community needs through donations. Whilst on the environmental front we employ and encourage best practices to protect the environment. For the employees, we have in place at the workstations

measures to continuously ensure safety and health related priorities. Cocoaland also supports sporting activities by sponsoring friendly football matches within the community.

ACKNOWLEDGEMENT & APPRECIATION

On behalf of the Board of Directors of Cocoaland, my utmost appreciation goes to all our shareholders, customers, suppliers, business associates, professional consultants, Government and regulatory authorities for their continued confidence and support to the Group. Our appreciation also goes to the management team and employees at all levels for their hard work, dedication and commitment to the Group.

Last but not least, I would like to extend my sincere gratitude to my fellow Board members and members of the Audit Committee, Remuneration Committee and Nomination Committee for their immeasurable contributions and guidance. As we focus on steering Cocoaland steadily forward on its journey to greater success, I look forward for the continued steadfast support from shareholders and other parties that have helped Cocoaland to be what it is now.

Thank you.

Dato' Azman bin Mahmood
Chairman



statement on corporate governance

The Board of Directors (the “Board”) is committed to ensuring that the highest standards of corporate governance are practiced throughout the Group to achieve its objectives of protecting and maximising stakeholders’ value and to safeguard the Group’s assets.

This statement sets out the commitment of the Board towards good corporate governance and the extent to which it has complied with the Principles and Best Practices of the Malaysian Code on Corporate Governance.

A. DIRECTORS

Board Composition and Balance

The Company is headed by the Board comprises of seven (7) members, of whom four (4) are Executive Directors and three (3) are Independent Non-Executive Directors. The Board members, with different background and specialization, collectively bring with them a wide range of experience and expertise to lead and control the Company. With their intimate knowledge of the Group’s business, all Board members are committed to take on the primary responsibilities to direct towards successful growth of the Company and ultimately the enhancement of long-term shareholders’ value.

The Board has a clear division of responsibilities to ensure a balance of authority and power. The Executive Directors are responsible for the day-to-day operations and business activities of the Group, while the Independent Non-Executive Directors ensure that the Board practices good governance in discharging its duties with accountability and transparency.

Meetings

The Board meets at least four (4) times a year at quarterly intervals with additional meetings to be convened as and when required. During the financial year ended 31 December 2008, the Board convened five (5) meetings, with details on the attendance of Directors listed below: -

Board Members	Attendance
Dato’ Azman bin Mahmood	5/5
Mr. Liew Fook Meng	5/5
Mr. Lau Kee Von	5/5
Mr. Lau Pak Lam	5/5
Mr. Liew Yoon Kee	3/5
Mr. Chow Kee Kan @ Chow Tuck Kwan	5/5
Law Tiam Hock (Appointed on 16 January 2009)	0/0

Supply of Information

The Board recognises that the decision making process is highly dependent on the quality of information furnished. As such, in discharging their duties, the Directors have full and timely access to all information concerning the Company and the Group. All Board meetings held were preceded by a notice issued by the Company Secretary. Prior to each Board meeting, the agenda together with relevant reports and Board papers would be circulated to all Directors in sufficient time to enable effective discussions and decision making during Board meetings. In addition, the Board is also notified of any corporate announcements released to the Bursa Malaysia Securities Berhad.

statement on corporate governance (cont'd)

The Directors have full access to the advice and services of the Company Secretaries, the senior management staff, the external auditors and other independent professionals at all times in the discharge of their duties and responsibilities.

Appointments to the Board

The Nomination Committee is delegated the responsibility to ensure a formal and transparent procedure for the appointment of new Directors to the Board. The proposed appointment of new directors are reviewed and assessed and thereafter, the Nomination Committee submits its recommendation on the proposed appointment to the Board for approval.

The Nomination Committee comprises the following members: -

Members	Designation
Chow Kee Kan @ Chow Tuck Kwan	Chairman/ Independent Non-Executive Director
Dato' Azman bin Mahmood	Member/ Independent Non-Executive Director

In addition, the Nomination Committee reviews the required mix of skills and experience of the Directors and assesses the competencies and effectiveness of the Board as a whole.

Re-election

The Company's Articles of Association provides that at each Annual General Meeting, one-third (1/3) of the Directors for the time being, or if their number is not a multiple of three (3), the number nearest to one-third (1/3) with a minimum of one (1), shall retire from office and an election of Directors shall take place provided always that each Director shall retire at least once in every three (3) years but shall be eligible for re-election. Any Directors appointed during the year shall hold office only until the next Annual General Meeting and then be eligible for re-election.

The following Directors shall retire at the forthcoming Ninth Annual General Meeting of the Company. Being eligible, they have offered themselves for re-election:-

- (a) Dato' Azman Bin Mahmood
- (b) Liew Fook Meng
- (c) Law Tiam Hock

Directors' Training

All the Directors of the Company have completed the Mandatory Accreditation Programme prescribed by the Bursa Malaysia Securities Berhad's Listing Requirements.

During the financial year ended 31 December 2008, the Directors have attended individually or collectively various training programmes, conferences, seminars and courses organised by the Group, the relevant regulatory authorities and professional bodies as follows:-

- In-house briefings on changes to the Companies Act, 1965, amendments to Listing Requirements of Bursa Malaysia Securities Berhad and revised Code on Corporate Governance.
- CEO course at Public University.
- International Processing, Packaging & End-line Printing Exhibition.
- Seminar on The inside story of the Annual Report.
- Seminar on The Impact of Financial Reporting Standards on Taxation.

statement on corporate governance (cont'd)

- National Tax Conference 2008.
- National Seminar on Taxation 2008.

The Directors are encouraged to undergo relevant training programmes from time to time to further enhance their knowledge to enable them to discharge their duties more effectively.

B. DIRECTORS' REMUNERATION

Remuneration Committee

The Remuneration Committee is delegated the responsibility to review and recommend to the Board on remuneration packages and other terms of employment of the Executive Directors.

The Remuneration Committee comprises the following members: -

Members	Designation
Dato' Azman bin Mahmood	Chairman/ Independent Non-Executive Director
Chow Kee Kan @ Chow Tuck Kwan	Member/ Independent Non-Executive Director
Liew Fook Meng	Member/ Executive Director

The remuneration packages of Non-Executive Directors are decided by the Board as a whole with the Director concerned abstaining from the deliberations on decisions in respect of his remuneration.

Details of Directors' Remuneration

The aggregate remuneration of the Directors for the financial year ended 31 December 2008 is as follows: -

Remuneration	Executive Director RM	Non-Executive Director RM	Total RM
Fees	96,000	60,000	156,000
Salaries and Allowances	11,500	11,500	23,000
TOTAL	107,500	71,500	179,000

The number of directors whose total remuneration from the Company falls within the following band for the financial year ended 31 December 2008 is as follows:-

Range of Remuneration	Executive Director	Non-Executive Director	Total
Below RM50,000	4	2	6

statement on corporate governance (cont'd)

C. SHAREHOLDERS

Dialogue Between Companies And Investors

The Company recognises the importance of communication with shareholders and investors and keeping them informed of the Group's developments. The dissemination of information to shareholders and investors is conducted via various public announcements, announcements of quarterly financial results, the Company's annual reports and circulars to shareholders.

The Annual General Meeting

The Annual General Meeting ("AGM") remains the principal forum for dialogue with the shareholders of the Company. Shareholders are encouraged to attend and communicate with the Board at the AGM and to vote on all resolutions.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcements of financial results, the Board aims to present a balanced and meaningful assessment of the Group's financial positions and prospects. The Board is assisted by the Audit Committee in overseeing the Group's financial reporting processes and accuracy of its financial reporting.

Internal Control

The Statement on Internal Control is set out on page 19 of this Annual Report.

Relationship with Auditors

The Group has established a transparent and an appropriate relationship with the external auditors through the Audit Committee. The auditors would highlight to the Audit Committee and the Board from time to time on matters that require the Board's attention.

statement of directors' responsibility in relation to the financial statements

The Directors are required under the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and the results and cash flows of the Company and of the Group for that period.

Hence, the Directors have ensured that the financial statements have been prepared in accordance with applicable accounting standards in Malaysia, the requirements of the Act, the Listing Requirements of Bursa Malaysia Securities Berhad and other statutory requirements. In preparing the financial statements, the Directors have applied appropriate accounting policies on a consistent basis and made judgments and estimates that are reasonable and prudent.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and the Company to enable them to ensure that the financial statements comply with the Act. The Directors have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 27 April 2009.



additional compliance information

1. Share Buybacks

The Company did not enter into any share buyback transactions during the financial year ended 31 December 2008.

2. Options, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year ended 31 December 2008.

3. American Depositary Receipt (ADR) or Global Depositary Receipt (GDR) Programme

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2008.

4. Imposition of Sanctions and / or Penalties

There were no sanctions and / or penalties imposed on the Company and its subsidiaries, Directors or Management by relevant regulatory bodies during the financial year ended 31 December 2008.

5. Non-audit Fees

There were no non-audit fees paid or payable to the external auditors during the financial year ended 31 December 2008.

6. Profit Guarantee

There were no profit guarantees given by the Company or its subsidiaries during the financial year ended 31 December 2008.

7. Material Contracts

There were no material contracts entered into by the Company and / or its subsidiaries during the financial year ended 31 December 2008, which involves the interests of Directors and major shareholders.

8. Revaluation Policy

The Company does not adopt a policy of regular revaluation.

statement on internal control

INTRODUCTION

This Statement is made pursuant to the Bursa Malaysia Securities Berhad Listing Requirements with regard to the Group's compliance to the Principles and Best Practices provisions relating to the internal controls as stipulated in the Malaysian Code on Corporate Governance.

In pursuance thereof, the Board of Directors is committed to maintain a sound system of internal control in the Group and is pleased to provide the following Statement of Internal Control providing a status review of the Group's state of internal control.

Board Responsibility

The Board of Directors acknowledges the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's system of internal control and for reviewing its effectiveness, adequacy and integrity. The system of internal control covers financial, organizational, management information system, operational and compliance controls.

The Group has engaged external advisers to advise and assist in the internal audit functions of the Group. The external advisers report directly to Audit Committee. To date, the Board is of the view that there is no significant breakdown or weaknesses in the system of internal control of the Group. Although some minor weaknesses were highlighted but these did not result in any form of losses that require disclosures in the Annual Report. The Group continues to take the necessary measures to ensure that the system of internal control is in place and functions effectively.

The following activities are the key internal control of the Group's system:

Clear Lines of Accountability & Reporting Within the Organisation

Key responsibilities and accountability in the organizational structure is clearly defined, with clear reporting lines up to the Board and its Committees. Established delegation of authority sets out the appropriate authority levels for decision-making, including matters requiring Board approval.

Strategic Business Planning Processes

Appropriate business plans have been established within which the Group's business objectives, strategies and targets are articulated. Business planning and budgeting is undertaken annually, to establish plans and targets against which performance is monitored on an ongoing basis.

ISO Standards

ISO (International Organisation for Standardization) is a global network that identifies what International Standards are required by business. ISO standards contribute to making the development, manufacturing and supply of products and services more efficient, safer and cleaner. The Company is practicing the ISO 9001 Quality Management System, which is subject to regular review and improvement, continuously manages and controls the quality requirement of the Company's products and services.

statement on internal control (cont'd)

Financial Performance

The preparation of periodic and annual results and the state of affairs, as published to shareholders, are reviewed and approved by the Board. The full year financial statements are also audited by the external auditors.

INTERNAL AUDIT FUNCTION

The periodic reviews carried out by the Internal Audit function on processes and state of internal controls as part of its internal audit plan are reported to the Board through the Audit Committee.

The systems of internal control described in this statement are considered by the Board to be adequate and the risks are considered by the Board to be at an acceptable level within the context of the business environment throughout the Group's business. However, such systems do not eliminate the possibility of human error, collusion or deliberate circumvention of control procedures by employees and others, nor the occurrence of unforeseeable circumstances due to poor judgement in decision making. Nevertheless, the systems of internal control that exist throughout the financial year provide a level of confidence on which the Board relies for assurance.

The duties of the Internal Auditor are as follows:-

- To review and appraise the adequacy and effectiveness of the systems of internal controls;
- To review the means of safeguarding assets and as appropriate, verify the existence of such assets;
- To carry out regular visits to operating units which aims to monitor compliance with procedures and controls and assess the integrity of financial information; and
- To appraise the efficiency and effectiveness with which resources are economically employed.

This Statement is made in accordance with a resolution of the Board of Directors dated 27 April 2009.

report on audit committee

1. MEMBERSHIP

The Audit Committee consists of three (3) independent non-executive directors. The composition of Audit Committee is as follows: -

Dato' Azman bin Mahmood	Chairman / Independent Non-Executive Director
Chow Kee Kan @ Chow Tuck Kwan	Member / Independent Non-Executive Director
Law Tiam Hock (Appointed on 16 January 2009)	Member / Independent Non-Executive Director
Liew Fook Meng (Resigned on 16 January 2009)	Member / Executive Director

2. TERMS OF REFERENCE

COMPOSITION

- a) The Audit Committee shall be appointed from amongst the Board of Directors (the "Board") and shall comprise of at least three (3) members, a majority of whom are independent. All members of the Audit Committee must be non-executive directors.
- b) All members of the Audit Committee should be financially literate and at least one member of the Audit Committee:-
 - must be a member of the Malaysian Institute of Accountants (MIA); or
 - if he is not a member of the MIA, he must have at least three (3) years' working experience and:-
 - i. he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - ii. he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
 - fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.
- c) No alternate director of the Board shall be appointed as a member of the Audit Committee.
- d) If a member of the Audit Committee for any reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- e) The Board must review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

CHAIRMAN

The Chairman, who shall be elected by the Audit Committee, shall be an independent director.

report on audit committee (cont'd)

SECRETARY

The Company Secretary shall be the Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Secretary shall also be responsible for maintaining the minutes of meetings of Audit Committee and circulating them to members of the Audit Committee.

MEETINGS

The Audit Committee shall meet at least four (4) times a year, with due notice of issues to be discussed, and should record its conclusion in discharging its duties and responsibilities.

The head of finance, the head of internal audit and a representative of the external auditors should normally attend meetings. Other board members may attend meetings upon invitation of the Audit Committee.

The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

AUTHORITY

The Audit Committee shall have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full and unrestricted access to information. The Audit Committee should be able to obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary.

The Audit Committee shall have direct communication channels with the external auditors and internal auditors. The Audit Committee shall also have the authority to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, at least twice a year.

DUTIES AND RESPONSIBILITIES:

- a) To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal;
- b) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- c) To review the quarterly and year-end financial statements prior to the approval by the Board, focusing particularly on: -
 - any change in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- d) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
- e) To review the external auditor's management letter and management's response;

report on audit committee (cont'd)

DUTIES AND RESPONSIBILITIES: (cont'd)

- f) To review with the external auditors:-
 - their audit plan;
 - evaluation of the system of internal controls and management information systems;
 - problems and reservation arising from their audits; and
 - audit report;
- g) To do the following, in relation to the internal audit function:
 - review the adequacy of the scope, functions, competency and resources of the internal audit functions, and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function; and
 - take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- h) To review any related party transactions and conflict of interest situation that may arise within the Company or Group;
- i) To consider and review the major findings of internal investigations and management's response;
- j) To review and verify that the allocation of options pursuant to Employees' Share Option Scheme complies with the criteria of allocation; and
- k) To consider and review other topics as defined by the Board.
- l) The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the head of finance, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

3. MEETINGS AND SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2008, a total of five (5) meetings were held with details on the attendance of Committee Members listed below:-

Members	Attendance
Dato' Azman bin Mahmood	5/5
Mr. Chow Kee Kan @ Chow Tuck Kwan	5/5
Mr. Liew Fook Meng (Resigned on 16 January 2009)	5/5
Law Tiam Hock (Appointed on 16 January 2009)	0/0

report on audit committee (cont'd)

3. MEETINGS AND SUMMARY OF ACTIVITIES (cont'd)

The Group Accountant and the Company Secretary were present at all meetings. The external auditors and Internal Auditors were also present at meetings where their input and advice are required.

The activities undertaken by the Committee during the financial year were as follows: -

- (i) Reviewed the external auditors' scope of work and audit planning memorandum;
- (ii) Reviewed the unaudited quarterly financial results of the Group, focusing particularly on the financial reporting and compliance with the disclosure requirements prior to making recommendation to the Board for consideration and approval;
- (iii) Reviewed the Audited Financial Statements, focusing particularly on any changes in accounting policies and practices, significant adjustments arising from audit or unusual events, the going concern assumption and compliance with the accounting standards and other requirements, prior to making recommendation to the Board for consideration and approval;
- (iv) Reviewed and received the Internal Audit Plan and Reports and assessed the Internal Auditors' findings and the Management's responses thereto and thereafter, making the necessary recommendations or changes to the Board;
- (v) Reviewed the Corporate Governance Statement, Statement on Internal Control and Report on Audit Committee prior to the Board's approval for inclusion in the Company's annual report;
- (vi) Met with the external auditors without the presence of any executive board member.

4. INTERNAL AUDIT FUNCTION

The Company recognises that an internal audit function is essential to ensuring the effectiveness of the Group's system of internal control and is an integral part of the risk management process. The internal audit function of the Group is being outsourced to an external professional firm. The internal auditors report directly to the Audit Committee on a quarterly basis by presenting the internal audit plans and reports. During the financial year, the internal auditors conducted reviews on the areas covering financial and non-financial controls such as Accounts Payables Management, Accounts Receivables Management, Credit Control and Collection Procedures, Information Technology, and Manufacturing & Production Processes for the Group. For the financial year ended 31 December 2008, the cost incurred for outsourcing of internal audit function was RM36,024.00.

financial statements

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independent auditors' report to the members of Cocoaland Holdings Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Cocoaland Holdings Berhad, which comprise the balance sheets as at 31st December, 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 64.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31st December, 2008 and of their financial performance and cash flows for the year then ended.

independent auditors' report (cont'd)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the financial statements and the auditors' report of the subsidiary company of which we have not acted as auditors, which is indicated in note 4 to the financial statements.
- c) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

WONG WENG FOO & CO.
AF: 0829
CHARTERED ACCOUNTANTS

KUALA LUMPUR
Dated this : 27th April, 2009

WONG WENG FOO
1218/03/10 (J/PH)

directors' report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31st December, 2008.

PRINCIPAL ACTIVITIES

The Company's principal activity is that of investment holding. The principal activities of the subsidiary companies are stated in Note 4 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit after income tax	8,684,584	3,449,110
Retained profit brought forward	22,857,010	764,952
	31,541,594	4,214,062
Interim dividend of 8% less 26% income tax paid on 30th December, 2008	(3,552,000)	(3,552,000)
Retained profit carried forward	27,989,594	662,062

DIVIDENDS

Since the end of the previous financial year, the directors declared and paid an interim dividend of 8% per ordinary share of RM0.50 each less 26% income tax amounting to RM3,552,000 on 30th December, 2008 in respect of the financial year ended 31st December, 2008.

The directors do not recommend a final dividend for the financial year ended 31st December, 2008.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

ISSUE OF SHARES OR DEBENTURES

There were no issue of shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No share options were granted during the financial year.

directors' report (cont'd)

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and are satisfied that all known bad debts have been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount of bad debts written off or allowance made for doubtful debts inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ascertain whether any current assets which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or in the financial statements of the Group and of the Company that would render any amount stated in the respective financial statements misleading.

directors' report (cont'd)

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS OF THE COMPANY

The directors who served since the date of the last report are as follows:-

Dato' Azman Bin Mahmood
Liew Fook Meng
Lau Kee Von
Liew Yoon Kee
Lau Pak Lam
Chow Kee Kan @ Chow Tuck Kwan
Law Tiam Hock (Appointed on 16.1.2009)

DIRECTORS' INTEREST

According to the register of directors shareholdings, the interest of directors in office at the end of the financial year in shares of the Company and related corporations during the financial year ended 31st December, 2008 are follows:-

	← No of Ordinary Shares of RM0.50 each →			
	Balance at 1.1.2008	Bought	Sold	Balance at 31.12.2008
The Company				
Dato' Azman Bin Mahmood				
- direct	393,333	-	-	393,333
- indirect	-	-	-	-
Liew Fook Meng				
- direct	3,804,233	5,715,300	-	9,519,533
- indirect	68,509,037	1,633,000	-	70,142,037
Lau Kee Von				
- direct	568,500	114,300	-	682,800
- indirect	71,744,770	7,234,000	-	78,978,770
Liew Yoon Kee				
- direct	73,333	-	-	73,333
- indirect	72,239,937	7,348,300	-	79,588,237
Lau Pak Lam				
- direct	721,866	1,460,100	-	2,181,966
- indirect	71,591,404	5,888,200	-	77,479,604
Chow Kee Kan @ Chow Tuck Kwan				
- direct	-	-	-	-
- indirect	-	-	-	-
Law Tiam Hock				
- direct	-	-	-	-
- indirect	-	-	-	-

directors' report (cont'd)

DIRECTORS' INTEREST (cont'd)

Ultimate Holding Company - Leverage Success Sdn Bhd	No of Ordinary Shares of RM1 each			
	Balance at 1.1.2008	Bought	Sold	Balance at 31.12.2008
Liew Fook Meng				
- direct	1,500	-	-	1,500
- indirect	8,500	-	-	8,500
Lau Kee Von				
- direct	1,500	-	-	1,500
- indirect	8,500	-	-	8,500
Liew Yoon Kee				
- direct	1,500	-	-	1,500
- indirect	8,500	-	-	8,500
Lau Pak Lam				
- direct	1,500	-	-	1,500
- indirect	8,500	-	-	8,500

By virtue of their substantial shareholdings in the Company, Messrs Liew Fook Meng, Lau Kee Von, Liew Yoon Kee and Lau Pak Lam are also deemed interested in the shareholdings of the subsidiary companies to the extent the ultimate holding company has an interest.

DIRECTORS' BENEFITS

Since the end of previous financial year, no director of the Company has received or become entitled to receive any benefit (other than as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ULTIMATE HOLDING COMPANY

The directors regard Leverage Success Sdn Bhd, incorporated in Malaysia, as the ultimate holding company.

AUDITORS

The auditors, Messrs Wong Weng Foo & Co., have expressed their willingness to continue in office.

Signed on behalf of the Board of directors in accordance with a resolution dated 27th April, 2009.

LIEW FOOK MENG
Director

LAU KEE VON
Director

KUALA LUMPUR

consolidated balance sheet
as at 31 december 2008

	Note	2008 RM	2007 RM
ASSETS			
Non-current assets			
Property, plant and equipment	2	45,543,688	42,060,362
Prepaid lease payments	3	9,231,911	9,077,050
Investment in an associated company	5	3,827,702	2,500,125
Investment	6	1,000	1,000
		58,604,301	53,638,537
Current assets			
Inventories	7	14,619,094	17,023,241
Trade receivables	8	21,827,761	20,353,571
Other receivables, deposits and prepayments	9	2,255,700	2,412,766
Deposits, cash and bank balances	10	16,121,216	13,183,523
		54,823,771	52,973,101
Total assets		113,428,072	106,611,638
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	11	60,000,000	60,000,000
Reserves	12	28,183,513	23,050,929
Exchange translation reserves		53,193	-
Total equity		88,236,706	83,050,929
LIABILITIES			
Non-current liabilities			
Hire-purchase creditors	13	118,206	4,065
Term loans	14	1,202,892	1,996,249
Deferred income tax liabilities	15	3,242,000	3,223,000
		4,563,098	5,223,314
Current liabilities			
Trade payables		15,689,600	14,152,361
Other payables and accruals	16	3,656,845	2,995,983
Hire-purchase creditors	13	61,126	16,050
Term loans	14	812,697	782,585
Bank overdrafts	14	-	275,486
Current income tax liabilities		408,000	114,930
		20,628,268	18,337,395
Total liabilities		25,191,366	23,560,709
Total equity and liabilities		113,428,072	106,611,638

The attached notes form an integral part of the Financial Statements.

consolidated income statement for the year ended 31st december 2008

	Note	2008 RM	2007 RM
OPERATING REVENUE		128,717,267	121,269,714
COST OF SALES		(99,042,358)	(95,892,807)
GROSS PROFIT		29,674,909	25,376,907
SELLING & DISTRIBUTION EXPENSES		(9,003,685)	(5,481,628)
ADMINISTRATIVE EXPENSES		(9,418,294)	(9,329,919)
OTHER OPERATING INCOME		955,873	843,342
PROFIT FROM OPERATIONS		12,208,803	11,408,702
FINANCE COST	18	(173,379)	(192,599)
SHARE OF LOSS OF AN ASSOCIATED COMPANY		(1,108,223)	-
PROFIT BEFORE INCOME TAX	18	10,927,201	11,216,103
INCOME TAX EXPENSE	19	(2,242,617)	(2,381,368)
PROFIT FOR THE YEAR		8,684,584	8,834,735
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE COMPANY		8,684,584	8,834,735
BASIC AND DILUTED EARNINGS PER SHARE (SEN)	20	7.24	7.36

The attached notes form an integral part of the Financial Statements.

consolidated statement of changes in equity
for the year ended 31st december 2008

	← Attributable to the equity holders of the Company →				
	Share capital (Note 11) RM	Share premium (Note 12) RM	Retained profit (Note 12) RM	Exchange translation reserve RM	Total RM
At 1st January, 2007	60,000,000	193,919	17,526,275	-	77,720,194
Profit for the year	-	-	8,834,735	-	8,834,735
Interim dividend of 8% less 27% income tax paid on 28th December, 2007	-	-	(3,504,000)	-	(3,504,000)
At 31st December, 2007/ 1st January, 2008	60,000,000	193,919	22,857,010	-	83,050,929
Foreign currency translation differences	-	-	-	53,193	53,193
Profit for the year	-	-	8,684,584	-	8,684,584
Interim dividend of 8% less 26% income tax paid on 30th December, 2008	-	-	(3,552,000)	-	(3,552,000)
At 31st December, 2008	60,000,000	193,919	27,989,594	53,193	88,236,706

The attached notes form an integral part of the Financial Statements.

consolidated cash flow statement for the year ended 31st december 2008

	2008 RM	2007 RM
Cash Flow From Operating Activities		
Profit before income tax	10,927,201	11,216,103
Adjustments for:-		
Property, plant and equipment written off	1,314	13,463
Allowance for doubtful debts	283,903	400,227
Allowance for doubtful debts no longer required	(1,399)	(5,717)
Depreciation	4,831,213	4,557,511
Amortisation of prepaid lease payments	184,940	152,065
Preliminary expenses written off	3,522	-
Dividend income	(380)	(206)
Gain on disposal of property, plant and equipment	(136,999)	(167,122)
Exchange translation reserves	53,193	-
Share of loss of an associated company	1,108,223	-
Interest expense	173,379	192,599
Interest income	(339,710)	(392,978)
Operating profit before working capital changes	17,088,400	15,965,945
Decrease/ (Increase) in inventories	2,404,147	(1,249,575)
Increase in receivables	(1,424,245)	(1,027,949)
Increase in payables	2,198,101	183,051
Cash generated from operating activities	20,266,403	13,871,472
Interest paid	(173,379)	(192,599)
Interest received	339,710	392,978
Tax refunded	352,528	265,826
Tax paid	(2,458,356)	(3,352,831)
Dividend paid	(3,552,000)	(3,504,000)
Net cash provided by operating activities	14,774,906	7,480,846
Cash Flow From Investing Activities		
Proceeds from disposal of property, plant and equipment	137,000	198,750
Dividend received	279	206
^Purchase of property, plant and equipment	(8,135,855)	(4,036,240)
Prepayment of land lease	(339,801)	(109,443)
Preliminary expenses	(3,522)	-
Investment in associated companies	(2,435,800)	(2,500,125)
Net cash used in investing activities	(10,777,699)	(6,446,852)

consolidated cash flow statement (cont'd)

	2008 RM	2007 RM
Cash Flow From Operating Activities		
Repayment of term loans	(763,245)	(727,604)
Repayment of hire-purchase creditors	(20,783)	(78,949)
Net cash used in financing activities	(784,028)	(806,553)
Net changes in cash and cash equivalents	3,213,179	227,441
*Cash and cash equivalents brought forward	12,908,037	12,680,596
*Cash and cash equivalents carried forward	16,121,216	12,908,037
Note:		
*Cash and cash equivalents consist of:-		
Fixed deposits with licensed banks	1,159,821	1,272,087
Short term deposits with licensed banks	9,210,570	8,015,729
Cash and bank balances	5,750,825	3,895,707
Bank overdrafts	-	(275,486)
	16,121,216	12,908,037
^Purchase of property, plant and equipment:-		
Property, plant and equipment at aggregate cost of RM8,315,855 (2007 – RM4,036,240) of which RM180,000 (2007 – Nil) was acquired by means of hire-purchase.		
Net cash flow on acquisition of subsidiary companies:-		
Cash and cash equivalents acquired	473,336	-
Cash consideration	(473,336)	-
	-	-

balance sheet as at 31 december 2008

	Note	2008 RM	2007 RM
ASSETS			
Non-current assets			
Investment in subsidiary companies	4	40,473,334	39,999,998
		40,473,334	39,999,998
Current assets			
Other receivables, deposits and prepayments	9	233,063	222,959
Amount due from subsidiary companies		20,199,966	20,778,771
Cash and bank balances	10	23,104	21,961
		20,456,133	21,023,691
Total assets		60,929,467	61,023,689
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	11	60,000,000	60,000,000
Reserves	12	855,981	958,871
Total equity		60,855,981	60,958,871
LIABILITIES			
Current liabilities			
Other payables and accruals	16	73,486	64,818
		73,486	64,818
Total liabilities		73,486	64,818
Total equity and liabilities		60,929,467	61,023,689

The attached notes form an integral part of the Financial Statements.

income statement

for the year ended 31st december 2008

	Note	2008 RM	2007 RM
OPERATING REVENUE		5,000,000	5,000,000
ADMINISTRATIVE EXPENSES		(338,414)	(344,618)
PROFIT BEFORE INCOME TAX	18	4,661,586	4,655,382
INCOME TAX EXPENSE	19	(1,212,476)	(1,213,541)
PROFIT FOR THE YEAR		3,449,110	3,441,841
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE COMPANY		3,449,110	3,441,841

The attached notes form an integral part of the Financial Statements.

statement of changes in equity for the year ended 31st december 2008

	← Attributable to the equity holders of the Company →			
	Share capital (Note 11) RM	Share premium (Note 12) RM	Retained profit (Note 12) RM	Total RM
At 1st January, 2007	60,000,000	193,919	827,111	61,021,030
Profit for the year	-	-	3,441,841	3,441,841
Interim dividend of 8% less 27% income tax paid on 28th December, 2007	-	-	(3,504,000)	(3,504,000)
At 31st December, 2007/ 1st January, 2008	60,000,000	193,919	764,952	60,958,871
Profit for the year	-	-	3,449,110	3,449,110
Interim dividend of 8% less 26% income tax paid on 30th December, 2008	-	-	(3,552,000)	(3,552,000)
At 31st December, 2008	60,000,000	193,919	662,062	60,855,981

The attached notes form an integral part of the Financial Statements.

cash flow statement

for the year ended 31st december 2008

	2008 RM	2007 RM
Cash Flow From Operating Activities		
Profit before income tax	4,661,586	4,655,382
Adjustments for:-		
Dividend income	(5,000,000)	(5,000,000)
Operating loss before working capital changes	(338,414)	(344,618)
Decrease in receivables	638,805	166,704
Increase in payables	8,668	2,908
Cash generated from/ (absorbed by) operations	309,059	(175,006)
Dividend received	3,700,000	3,650,000
Tax refund	17,420	-
Dividend paid	(3,552,000)	(3,504,000)
Net cash provided by/ (used in) operating activities	474,449	(29,006)
Cash Flow From Investing Activities		
Investment in subsidiary companies	(473,336)	-
Net cash used in investing activities	(473,336)	-
Cash Flow From Financing Activities	-	-
Net changes in cash and cash equivalents	1,143	(29,006)
*Cash & cash equivalents brought forward	21,961	50,967
*Cash & cash equivalents carried forward	23,104	21,961
Note:		
*Cash & cash equivalents consist of:		
Cash and bank balances	23,104	21,961

The attached notes form an integral part of the Financial Statements.

notes to the financial statements

31st december 2008

1. SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following significant accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

1.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in this summary of significant policies.

The preparation of financial statements in conformity with applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the provisions of the Companies Act, 1965 requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported financial year. Although these estimates are based on the directors' best knowledge of current events and actions, actual results could differ from those estimates.

1.2 Changes in Accounting Policies and Effects from Adoption of New and Revised FRSs

During the financial year, the Group and the Company had adopted the following new and revised Financial Reporting Standards ("FRSs") issued by MASB which are mandatory for the current financial year:-

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
IC Interpretation 8	Scope of FRS 2

These FRSs do not have any significant impact on the results and the financial position of the Group and the Company in the current financial year.

1.3 Basis of Consolidation

The subsidiary companies have been consolidated using the merger method of accounting. Under this method, the differences between the purchase consideration and nominal value of the share capital of the subsidiary companies acquired are taken to reserve arising from merger or deficit arising from merger. The deficit, if any, are written off against revaluation reserve and retained profit in the financial statements of the subsidiary companies acquired.

Standard on FRS 3 "Business Combinations" states that all business combinations shall be accounted for by applying the purchase method. However, the Group has adopted the exemption allowed to apply FRS 3 on a prospective basis. Accordingly, business combinations entered into prior to 1st January, 2008, have not been restated to comply with this Standard.

All significant intercompany transactions and balances are eliminated on consolidation.

notes to the financial statements (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**1.4 Property, Plant and Equipment and Depreciation**

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold lands and buildings of the Group have not been revalued since they were first revalued in December, 2003. The directors have not adopted a policy of regular revaluation of such assets and no later valuation has been recorded. As permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment, these assets continue to be stated at their December, 2003 valuation less accumulated depreciation. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the amount is restated to the revalued amount of the asset.

Freehold lands are not depreciated as they have infinite useful lives.

No depreciation is provided for properties-in-progress.

Depreciation on other property, plant and equipment is calculated on the straight line method to write off their costs to their residual value over their estimated useful lives at the following annual rates:-

Freehold buildings	Over remaining useful lives of between 28 to 48 years
Motor vehicles	20%
Plant and machinery	10%
Office equipment	10%
Furniture and fittings	10%
Warehouse equipment	10%
Electrical fittings	10%
Renovation	10%
Science lab equipment	10%
Factory equipment	10%

The residual value, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in income statement.

notes to the financial statements (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

1.5 Leases

i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

ii) Finance Leases

Assets acquired by way of finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine, otherwise, the Group's or Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 1.4.

iii) Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

1.6 Associated Company

Associated company is defined as a company in which the Group has a long term equity interest of between 20% - 50% and is in a position to exercise significant influence over, and participate in, the financial and operating policy decisions of the associated company.

1.7 Investments

Investments in unquoted shares, are stated at cost less accumulated impairment losses, if any.

notes to the financial statements (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**1.8 Inventories**

Inventories are valued at the lower of cost and net realisable value. In general, cost is determined on first-in, first-out basis and comprise purchase cost and other incidental costs including transport and handling costs. In the case of finished goods, costs include all direct expenditure and production overheads based on the normal level of activity.

Net realisable value is the estimated selling price in the ordinary course of business less selling expenses. In arriving at net realisable value, due allowance is made for all obsolete, slow moving or defective inventories.

1.9 Impairment of Assets

The carrying values of assets other than inventories are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. An impairment loss is charged to the income statement immediately unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of depreciation and amortisation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

1.10 Income Tax

Income tax on the profit for the year comprises current and deferred income tax liabilities. Current income tax liabilities is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred income tax liabilities is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred income tax liabilities are recognised for all taxable temporary differences and deferred income tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

A deferred income tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred income tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred income tax asset to be utilised, the carrying amount of the deferred income tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reduction will be reversed to the extent of the taxable profit.

notes to the financial statements (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

1.11 Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. Allowance is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

1.12 Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

1.13 Provisions

Provisions are recognised when there is a present obligation, legal or constructive as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

1.14 Hire-Purchase

Property, plant and equipment acquired under hire-purchase are capitalised and are depreciated on the same basis as owned assets as stated in Note 1.4 and the corresponding obligations relating to the remaining capital payments are treated as liabilities. Finance charges are charged to the income statement over the period of the plan and accounted for using the sum of digits method (Rule 78 method).

1.15 Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use. All other borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

1.16 Share Capital

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, otherwise it is charged to the income statement.

Dividends to shareholders are recognised in equity in the period in which they are declared or approved by shareholders at general meeting.

1.17 Cash and Cash Equivalents

Cash and cash equivalents consists of cash in hand, bank balances and short term and fixed deposits with licensed banks, net of outstanding bank overdrafts which have an insignificant risk of changes in value.

notes to the financial statements (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**1.18 Financial Instruments**

Financial instruments are recognised in the balance sheet when the Group have become a party to the contractual provisions of the instruments. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group have a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.19 Foreign Currencies

Transactions in foreign currencies are converted into Malaysian Ringgit, the Company's functional currency, at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies at the balance sheet date have been converted into Ringgit Malaysia at the rate of exchange ruling at that date. Exchange differences are dealt with through the income statement.

The principal closing rates used in translation of foreign currency amounts are follows:-

Foreign currency	2008 RM	2007 RM
1 US Dollar	3.5	3.3
1 Singapore Dollar	2.4	2.3
1 Euro	4.9	4.8
1 Australian Dollar	2.4	2.9
100 Chinese Renminbi	52.5	-

1.20 Employee Benefits**(i) Short term employee benefits**

Wages, salaries, paid annual leave and sick leave, bonuses and non monetary benefits are accrued in the period in which the associated services are rendered by the employees of the Group.

(ii) Post-employment benefits**Defined contribution plan**

The Group's contributions to the defined contribution plan ('Employees Provident Fund') are charged to the income statement in the period in which they relate. Once the contributions have been paid, the Group have no further payment obligations.

1.21 Operating Revenue

Operating revenue of the Group represents invoiced value of goods sold, net of returns, discounts and allowances. Operating revenue of the Company represents dividend income from subsidiaries.

notes to the financial statements (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

1.22 Revenue Recognition

Revenue from sales of goods are recognised upon delivery of products and customer acceptance, if any, or performance of services.

Other revenue earned by the Group and the Company are recognised on the following basis:-

Rental income - on accrual basis over the period of tenancy, unless its collectibility is in doubt.

Interest income - as it accrues taking into account the effective yield on the assets, unless its collectibility is in doubt.

Dividend income - as and when the shareholders' right to receive payment is established.

Other income - on receipt basis.

2. PROPERTY, PLANT AND EQUIPMENT

Group

2008

COST/ VALUATION

At valuation:

Freehold lands	9,649,988	-	-	9,649,988
Freehold buildings	9,218,086	-	-	9,218,086

At cost:

Properties-in-progress	-	3,474,118	-	3,474,118
Motor vehicles	4,858,678	346,668	(487,493)	4,717,853
Plant and machinery	44,261,873	2,036,563	(71,150)	46,227,286
Office equipment	865,411	135,575	-	1,000,986
Furniture and fittings	180,452	14,688	-	195,140
Warehouse equipment	285,894	530,500	-	816,394
Electrical fittings	887,965	7,580	-	895,545
Renovation	6,017,268	243,407	-	6,260,675
Science lab equipment	206,943	15,870	-	222,813
Factory equipment	8,313,913	1,510,886	(14,440)	9,810,359
	84,746,471	8,315,855	(573,083)	92,489,243

notes to the financial statements (cont'd)

2. PROPERTY, PLANT AND EQUIPMENT (cont'd)

ACCUMULATED DEPRECIATION	Balance at 1.1.2008 RM	Additions RM	(Disposals/ Written-off) RM	Balance at 31.12.2008 RM
At valuation:				
Freehold lands	-	-	-	-
Freehold buildings	859,295	214,823	-	1,074,118
At cost:				
Properties-in-progress	-	-	-	-
Motor vehicles	3,999,496	208,942	(487,491)	3,720,947
Plant and machinery	29,275,856	2,927,915	(71,150)	32,132,621
Office equipment	452,783	72,610	-	525,393
Furniture and fittings	158,792	4,972	-	163,764
Warehouse equipment	186,007	72,717	-	258,724
Electrical fittings	727,939	35,196	-	763,135
Renovation	3,082,548	476,620	-	3,559,168
Science lab equipment	95,058	18,752	-	113,810
Factory equipment	3,848,335	798,666	(13,126)	4,633,875
	42,686,109	4,831,213	(571,767)	46,945,555
	RM			RM
NET BOOK VALUE	42,060,362			45,543,688

2007

COST/ VALUATION

	Balance at 1.1.2007 RM	Additions RM	(Disposals/ Written-off) RM	Balance at 31.12.2007 RM
At valuation:				
Freehold lands	9,649,988	-	-	9,649,988
Freehold buildings	9,218,086	-	-	9,218,086
At cost:				
Motor vehicles	5,001,221	550,119	(692,662)	4,858,678
Plant and machinery	43,295,951	971,422	(5,500)	44,261,873
Office equipment	794,958	80,003	(9,550)	865,411
Furniture and fittings	179,046	1,406	-	180,452
Warehouse equipment	243,434	42,460	-	285,894
Electrical fittings	873,746	14,219	-	887,965
Renovation	5,565,800	451,468	-	6,017,268
Science lab equipment	167,344	39,599	-	206,943
Factory equipment	6,877,817	1,885,544	(449,448)	8,313,913
	81,867,391	4,036,240	(1,157,160)	84,746,471

notes to the financial statements (cont'd)

2. PROPERTY, PLANT AND EQUIPMENT (cont'd)

ACCUMULATED DEPRECIATION	Balance at 1.1.2007 RM	Additions RM	(Disposals/ Written-off) RM	Balance at 31.12.2007 RM
At valuation:				
Freehold lands	-	-	-	-
Freehold buildings	644,472	214,823	-	859,295
At cost:				
Motor vehicles	4,590,826	71,244	(662,574)	3,999,496
Plant and machinery	26,338,553	2,942,803	(5,500)	29,275,856
Office equipment	382,871	77,922	(8,010)	452,783
Furniture and fittings	154,589	4,203	-	158,792
Warehouse equipment	166,340	19,667	-	186,007
Electrical fittings	693,503	34,436	-	727,939
Renovation	2,597,739	484,809	-	3,082,548
Science lab equipment	74,362	20,696	-	95,058
Factory equipment	3,597,412	686,908	(435,985)	3,848,335
	39,240,667	4,557,511	(1,112,069)	42,686,109
	RM			RM
NET BOOK VALUE	<u>42,626,724</u>			<u>42,060,362</u>

- (i) Details of independent professional valuation of freehold lands and buildings owned by the subsidiary companies at 31st December, 2008 are as follows:-

Year of revaluation	Description of properties	Location	Amount RM	Basis of valuation
2004	Industrial land with a block of single storey factory with 2 storey office annexe, 3 blocks of single storey factory/warehouses and a 2 storey canteen cum staff quarters	Lot 100, Rawang Intergrated Industrial Park, Mukim of Rawang, District of Gombak State of Selangor	10,000,000	Cost method and Investment method
2004	Industrial land with a single storey factory/warehouse with 2 storey office annexe	Lot 5, Rawang Intergrated Industrial Park, Mukim of Rawang, District of Gombak State of Selangor	6,160,000	Cost method and Investment method
2004	Residential premises (Single – storey Semi – detached)	Title No. Geran 14144, Lot No 75742, Mukim of Kampar District of Kinta State of Perak	140,000	Comparison Method and Investment Method

The subsidiary companies freehold lands and buildings were valued by a firm of professional valuers, Messrs Colliers Jordan Lee & Jaafar, in December, 2003.

notes to the financial statements (cont'd)

2. PROPERTY, PLANT AND EQUIPMENT (cont'd)

- ii) Surplus arising from revaluation of these freehold properties, which had been written off upon adopting merger accounting as a basis of consolidation, amounted to RM3,615,748.
- iii) The title to certain freehold land and buildings of a subsidiary company have not been issued by the relevant authorities and have been alienated to the subsidiary company by way of sales and purchase agreements.
- iv) Certain property, plant and equipment of certain subsidiary companies were pledged as securities for banking facilities granted to those subsidiary companies as mentioned in Note 14.
- v) Property, plant and equipment of the Group acquired under hire-purchase instalment plans are as follows:-

At net book value:

Motor vehicles

Plant and machinery

2008 RM	2007 RM
215,100	30,200
-	353,585

- vi) The net book value of revalued assets had these assets been carried at historical cost less depreciation would have been as follows:-

Freehold land and buildings

2008 RM	2007 RM
11,766,287	11,949,880

- vii) Cost of assets fully written down but still in use are as follows:-

Motor vehicles

Plant and machinery

Office equipment

Furniture and fittings

Electrical fittings

Renovation

Factory equipment

Store equipment

2008 RM	2007 RM
3,230,047	2,291,229
9,243,171	7,209,655
200,257	125,025
123,410	116,671
540,791	540,791
1,008,475	905,185
294,990	294,990
89,220	89,220
14,730,361	11,572,766

notes to the financial statements (cont'd)

3. PREPAID LEASE PAYMENTS

Group	2008 RM	2007 RM
At 1st January	9,077,050	9,119,672
Additions	339,801	109,443
Amortisation for the year	(184,940)	(152,065)
At 31st December	9,231,911	9,077,050
Analysed as		
Long term leasehold land and building		
- at valuation	2,328,766	2,363,012
- at cost	4,278,144	4,014,037
Short term leasehold land and building		
- at valuation	2,625,000	2,700,000
- at cost	1	1
	9,231,911	9,077,050

The subsidiary companies leasehold lands and buildings were valued by a firm of professional valuers, Messrs Colliers Jordan Lee & Jaafar, in December, 2003.

- (i) Details of independent professional valuation of leasehold lands and buildings owned by the subsidiary companies at 31st December, 2008 are as follows:-

Year of revaluation	Description of properties	Location	Amount RM	Basis of valuation
2004	Industrial lot with a double storey warehouse with a 3 storey office annexe	No. 41, Jalan E ¼, Kawasan Perusahaan Taman Ehsan 52100 Kepong Kuala Lumpur	2,500,000	Cost method and investment method
2004	Industrial land with a detached industrial factory complex comprising a main factory building with an annexe, 2 other factory buildings and a host of other support buildings/structures	Lot 883, Off Jln Degong Mambang Diawan 31950 Kampar Perak Darul Ridzuan	3,000,000	Cost method and investment method.

- ii) Surplus arising from revaluation of these leasehold properties, which had been written off upon adopting merger accounting as a basis of consolidation, amounted to RM2,724,819.
- iii) The title to a leasehold land of a subsidiary company has not been issued by the relevant authorities and has been alienated to the subsidiary company by way of sales and purchase agreement.

notes to the financial statements (cont'd)

3. PREPAID LEASE PAYMENTS (cont'd)

- iv) Had these prepaid lease assets been carried at historical cost less amortisation the carrying value would have been as follows:-

	2008 RM	2007 RM
Long term leasehold land and building	1,283,575	1,302,451
Short term leasehold land and building	297,702	306,433

4. INVESTMENT IN SUBSIDIARY COMPANIES**Company**

Unquoted shares, at cost

	2008 RM	2007 RM
	40,473,334	39,999,998

The subsidiary companies, all incorporated in Malaysia, are as follows:-

- a) Direct subsidiary companies

Name of company	Country of incorporation	Issued and fully paid-up share capital	Effective equity interest		Principal Activities
			2008 %	2007 %	
Cocoaland Industry Sdn Bhd	Malaysia	*RM1,000,000	100	100	Manufacturing and trading of processed and preserved foods and fruits of all kinds
L.B. Food Sdn Bhd	Malaysia	*RM1,500,000	100	100	Wholesale and retail of processed and preserved foods
B Plus Q Sdn Bhd	Malaysia	*RM500,000	100	100	Manufacturer of fruit juice and foodstuffs
Greenhome Marketing Sdn. Bhd.	Malaysia	*RM2	100	-	Marketing trading and distributing of all kind of beverages and foodstuff
Q Lot 100 Food Co. Ltd.	People's Republic of China	#RMB1,000,000	100	-	Wholesaling, import and export of gummy products and other product

notes to the financial statements (cont'd)

4. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

- b) Indirect subsidiary company
(Wholly-owned subsidiary company of B Plus Q Sdn Bhd)

Name of company	Country of incorporation	Issued and fully paid-up share capital	Effective equity interest		Principal Activities
			2008 %	2007 %	
M.I.T.E. Food Enterprise Sdn Bhd	Malaysia	*RM225,000	100	100	Trading and distribution of foodstuffs

* Issued and fully paid up share capital comprising ordinary shares of RM1 each

Issued and fully paid up share capital comprising ordinary shares of RMB1 each

Ω Not audited by Messrs Wong Weng Foo & Co

5. INVESTMENT IN AN ASSOCIATED COMPANY

Group

Unquoted shares, at cost
Less: Share of loss

2008 RM	2007 RM
4,935,925	2,500,125
(1,108,223)	-
3,827,702	2,500,125

The associated company, incorporated in Fujian, People's Republic of China is as follows:-

Name of company	Equity interest		Principal Activities
	2008 %	2007 %	
Coco (Fujian) Foods Company Limited	50	50	Manufacturing and distributing of gummy candy products

6. INVESTMENT

Group

Unquoted shares, at cost

2008 RM	2007 RM
1,000	1,000

notes to the financial statements (cont'd)

7. INVENTORIES

Group	2008 RM	2007 RM
At cost:		
Work in progress	835,554	996,508
Packing materials	4,295,790	4,805,202
Raw materials	5,033,709	5,984,141
Finished goods	4,454,041	5,237,390
	14,619,094	17,023,241

8. TRADE RECEIVABLES

Group	2008 RM	2007 RM
Trade receivables	24,330,775	22,790,430
Less: Allowance for doubtful debts	(2,503,014)	(2,436,859)
	21,827,761	20,353,571

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Other receivables	105,806	128,437	-	-
Deposits	601,461	641,821	1,000	46,000
Prepayments	120,725	390,183	7,500	22,500
Tax recoverable	1,427,708	1,252,325	224,563	154,459
	2,255,700	2,412,766	233,063	222,959

10. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Fixed deposits with licensed banks	1,159,821	1,272,087	-	-
*Short term deposits with licensed banks	9,210,570	8,015,729	-	-
Cash and bank balances	5,750,825	3,895,707	23,104	21,961
	16,121,216	13,183,523	23,104	21,961

notes to the financial statements (cont'd)

10. DEPOSITS, CASH AND BANK BALANCES (cont'd)

The interest rates and maturity periods of fixed deposits as at 31st December, 2008 are as follows:-

Group	2008 RM	2007 RM
Interest rates	3.0% - to 3.88%	3.0% to 4%
Maturity periods	1 to 15 months	1 to 15 months

*Short term deposits of the Group are placed at interest rates of between 2.7% to 3.0% (2007 - 2.2% to 3.0%) per annum and maturity periods of between 14 days to 42 days (2007 - 5 days to 42 days).

Fixed deposits of RM1,159,821 (2007 – RM1,272,087) of the Group have been pledged to licensed banks for banking facilities extended to certain subsidiary companies.

Fixed deposits of certain subsidiary companies amounting to RM128,295 (2007 – RM258,782) are held in the name of certain directors of the subsidiary companies, in trust on behalf of the subsidiary companies.

11. SHARE CAPITAL

Company	2008		2007	
	Number of ordinary shares of RM0.50 each	RM	Number of ordinary shares of RM0.50 each	RM
Authorised	200,000,000	100,000,000	200,000,000	100,000,000
Issued and fully paid:	120,000,000	60,000,000	120,000,000	60,000,000

12. RESERVES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Non-distributable:				
Share premium	193,919	193,919	193,919	193,919
Distributable:				
Retained profit	27,989,594	22,857,010	662,062	764,952
	28,183,513	23,050,929	855,981	958,871

notes to the financial statements (cont'd)

13. HIRE-PURCHASE CREDITORS

Group	2008 RM	2007 RM
Minimum payments		
Not later than one year	70,707	17,100
Later than one year but not later than five years	127,310	4,275
	198,017	21,375
Less: Future hire-purchase charges	(18,685)	(1,260)
	179,332	20,115
Total payable	179,332	20,115
Less: Payable within one year	(61,126)	(16,050)
Payable after one year	118,206	4,065
Terms	3 years	4 years
Borrowing rate ranges per annum	2.3% - 3.3%	3.5%

The interest rates are fixed at the inception of the hire-purchase arrangements.

14. TERM LOANS, BANK OVERDRAFTS AND OTHER CREDIT FACILITIES (SECURED)

Group	2008 RM	2007 RM
Secured:		
Term loan I at 2% per annum above the bank's base lending rate with monthly rest, repayable by 84 equal monthly instalments of RM686 each commencing 2nd February 2004	19,735	25,889
Term loan II at 2% per annum above the bank's base lending rate with monthly rest, repayable by 84 equal monthly instalments of RM686 each commencing 2nd February 2004	19,735	25,889
Term loan III at 3.48% per annum for 1st year, 1% per annum below the bank's base lending rate for 2nd year, and 0.3% per annum above the bank's base lending rate from 3rd year onwards, repayable by 12 equal monthly instalments of RM72,732 for 1st year, 12 equal monthly instalments of RM74,952 for 2nd year and thereafter 36 equal monthly instalments of RM76,307 with adjustment in the last instalment commencing March, 2006	1,976,119	2,727,056
	2,015,589	2,778,834
Repayable as follows:-		
Within twelve months	812,697	782,585
Later than one year and not later than two years	873,543	832,170
Later than two years and not later than five years	329,349	1,164,079
	1,202,892	1,996,249
	2,015,589	2,778,834

notes to the financial statements (cont'd)

14. TERM LOANS, BANK OVERDRAFTS AND OTHER CREDIT FACILITIES (SECURED) (cont'd)

The term loans, bank overdrafts and other credit facilities are secured as follows:-

- a) First party legal charge for a freehold single-storey semi-detached house located at Golden Dragon Garden, 31900 Kampar, Perak;
- b) First party legal charge for RM44,000 over a freehold single storey terrace house located at PT 4324, Taman Diawan, 31900 Kampar, Perak;
- c) First party legal charge for RM44,000 over a freehold single storey terrace house located at PT 4325, Taman Diawan, 31900 Kampar, Perak;
- d) Against fixed deposits belonging to certain directors of the subsidiary companies and certain subsidiary companies;
- e) A debenture created over certain subsidiary companies' fixed and floating assets; and
- f) Corporate guarantee by the Company; and
- g) Joint and several guarantee extended by certain directors of certain subsidiary companies.

Interest on overdrafts are charged at the rate of 1.0% per annum above the bank's base lending rate.

15. DEFERRED INCOME TAX LIABILITIES

Group	2008 RM	2007 RM
Balance at 1st January	3,223,000	3,199,500
Transferred from income statement (Note 19)	19,000	23,500
Balance at 31st December	3,242,000	3,223,000
The deferred income tax liabilities are principally in respect of the following temporary differences:-		
Temporary differences between tax bases of assets and liabilities and their carrying values in the financial statements	3,242,000	3,223,000

16. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Other payables	1,690,184	1,299,317	21,486	14,818
Accruals	1,942,511	1,672,516	52,000	50,000
Deposits	24,150	24,150	-	-
	3,656,845	2,995,983	73,486	64,818

notes to the financial statements (cont'd)

17. ULTIMATE HOLDING COMPANY

The directors regard Leverage Success Sdn Bhd, incorporated in Malaysia, as the ultimate holding company.

18. PROFIT BEFORE INCOME TAX

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
a) Profit before income tax is arrived at after charging/ (crediting):-				
Auditors' remuneration				
- current year	69,000	62,500	13,000	11,000
- underprovision in prior year	2,000	-	2,000	-
Depreciation (Note 2)	4,831,213	4,557,511	-	-
Amortisation of prepaid lease payments (Note 3)	184,940	152,065	-	-
Realised (gain)/ loss on foreign exchange	(275,575)	750,729	-	-
Rental of premises	328,905	214,190	-	-
Bad debts written off	96,423	26,605	-	-
Bad debts recovered	(200)	-	-	-
Allowance for doubtful debts	283,903	400,227	-	-
Allowance for doubtful debts no longer required	(1,399)	(5,717)	-	-
Property, plant and equipments written off	1,314	13,463	-	-
Preliminary expenses written off	3,522	-	-	-
Gain on disposal of property, plant and equipment	(136,999)	(167,122)	-	-
Income from rental of premises	(2,400)	(3,600)	-	-
Interest income				
- fixed and short term deposit interest	(337,979)	(392,978)	-	-
- other	(1,731)	-	-	-
Dividend income				
- tax exempt				
- unquoted investment	-	(206)	-	-
- non tax exempt				
- subsidiary companies	-	-	(5,000,000)	(5,000,000)
- unquoted investment	(380)	-	-	-

notes to the financial statements (cont'd)

18. PROFIT BEFORE INCOME TAX (cont'd)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Labour costs: (Included in cost of sales)				
Salaries, wages, bonus & allowances	9,069,850	9,786,074	-	-
EPF and Socso	460,235	484,171	-	-
Others	284,383	274,636	-	-
	9,814,468	10,544,881	-	-
Staff costs:				
Directors' remuneration				
- fees	187,000	156,000	156,000	156,000
- other than fees				
- current directors	2,369,200	2,629,900	23,000	23,000
- past director	349,500	-	-	-
Salaries, wages, bonus & allowances	2,833,110	2,388,730	-	-
EPF and Socso	765,247	747,407	-	-
Others	268,378	222,966	-	-
	6,772,435	6,145,003	179,000	179,000
Finance cost:				
Interest expense				
- LC charges	854	1,324	-	-
- bank overdrafts	692	5,648	-	-
- hire-purchase	1,853	2,643	-	-
- overdue interest	730	282	-	-
- term loan interest	164,692	181,478	-	-
- bank interest	4,558	1,224	-	-
	173,379	192,599	-	-
b) Directors' remuneration				
Directors' remuneration is analysed as follows:				
Directors of the Company				
Executive directors				
- fees	96,000	96,000	96,000	96,000
- salaries and other emoluments	1,351,000	1,364,200	11,500	11,500
Non-executive directors				
- fees	60,000	60,000	60,000	60,000
- other emoluments	11,500	11,500	11,500	11,500

notes to the financial statements (cont'd)

18. PROFIT BEFORE INCOME TAX (cont'd)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Other directors (on board of subsidiary companies)				
Executive directors				
- salaries and other emoluments				
- current directors	1,006,700	1,254,200	-	-
- past director	349,500	-	-	-
- fees	31,000	-	-	-

	2008		2007	
	Executive	Non-Executive	Executive	Non-Executive
Group				
The number of directors whose remuneration fell within the following ranges (per annum):-				
Directors of the Company				
RM1 – RM100,000	1	2	-	2
RM100,001 – RM200,000	-	-	1	-
RM200,001 – RM300,000	-	-	-	-
RM300,001 – RM400,000	-	-	-	-
RM400,001 – RM500,000	3	-	3	-
Other directors (on board of subsidiary companies)				
RM1 – RM100,000	1	-	1	-
RM100,001 – RM200,000	3	-	1	-
RM200,001 – RM300,000	1	-	1	-
RM300,001 – RM400,000	-	-	1	-
RM400,001 – RM500,000	1	-	1	-

19. INCOME TAX EXPENSE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Current taxation:				
Estimate for the year	2,208,400	2,217,800	1,232,000	1,270,000
Under/ (Over)provision in prior years	15,217	140,068	(19,524)	(56,459)
	2,223,617	2,357,868	1,212,476	1,213,541

notes to the financial statements (cont'd)

19. INCOME TAX EXPENSE (cont'd)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Deferred income tax liabilities:				
Transferred to deferred income tax liabilities (Note 15)	19,000	23,500	-	-
	2,242,617	2,381,368	1,212,476	1,213,541
Reconciliation of effective tax rate:-				
Profit before income tax	10,927,201	11,216,103	4,661,586	4,655,382
Taxation using statutory tax rate of 26% (2007 – 27%)	2,841,072	3,028,346	1,212,012	1,256,953
Reduction in statutory tax rate	(61,001)	(110,248)	-	-
Non-deductible expenses for tax purposes	1,655,432	1,271,910	19,726	13,149
Capital allowances utilised	(1,290,580)	(1,366,037)	-	-
Balancing charges	20,370	30,904	-	-
Reinvestment allowance utilised	(458,579)	(543,816)	-	-
Non taxable gain	(32,500)	(1,215)	-	-
Expenses eligible for double deduction	(684,900)	(92,431)	-	-
Capital allowances unutilised	10,283	-	-	-
Current year tax losses not utilised	205,434	-	-	-
Increase in unused tax losses	218,380	-	-	-
Deferred tax assets not recognised	(215,717)	-	-	-
Other items	706	387	262	(102)
Transferred to deferred income tax liabilities	19,000	23,500	-	-
	2,227,400	2,241,300	1,232,000	1,270,000
Under/ (Over)provision in prior years	15,217	140,068	(19,524)	(56,459)
	2,242,617	2,381,368	1,212,476	1,213,541

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax exempt and tax credit under section 108 of the Income Tax Act, 1967 to frank in full its retained profits as at 31st December, 2008 if distributed as dividends.

20. EARNINGS PER SHARE

The basic and diluted earnings per share is calculated by dividing the Group's profit attributable to ordinary equity holders for the year of RM8,684,584 (2007 – RM8,834,735) by the number of ordinary shares in issue during the financial year of 120,000,000 (2007 – 120,000,000) shares.

notes to the financial statements (cont'd)

21. SEGMENTAL REPORTING

Group – By Geographical	Revenue RM	Profit/ (Loss) before income tax RM	Assets employed RM
2008			
Malaysia	128,249,425	12,085,215	108,903,829
China	467,842	(1,158,014)	4,524,243
	<u>128,717,267</u>	<u>10,927,201</u>	<u>113,428,072</u>
2007			
Malaysia	121,269,714	11,216,103	106,611,638
China	-	-	-
	<u>121,269,714</u>	<u>11,216,103</u>	<u>106,611,638</u>

The Group operates principally in the business of manufacturing and trading of processed and preserved foods and other related foodstuffs. Accordingly, information by segment on the Group's operations is not presented.

22. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including credit risk, foreign currency exchange risk, interest rate risk, liquidity and cash flow risk and market risk. The Group has formulated guidelines and policies as well as internal controls which seek to minimize the Group's exposure to risks associated with the financing, investing and operating activities of the Group.

(a) Credit risk

The Group has a credit policy in place to evaluate customers requiring credit over a certain amount or period. Credit risk is further minimize and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

(b) Foreign currency exchange risk

The Group is exposed to currency risk as a result of the Group's transactions with foreign vendors of plant and equipment and foreign trade receivables and payables. The Group monitors the movements in foreign currency exchange rates closely to ensure their exposure is minimize.

notes to the financial statements (cont'd)

22. FINANCIAL INSTRUMENTS (cont'd)

(c) Interest rate risk

The Group's exposure to interest rate risk arises from interest-bearing borrowings and the placement of excess funds in interest earning deposits of which the Management reviews and monitors the interest rates at regular intervals.

(d) Liquidity risk and cash flow risk

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements and prudently balances its portfolio of short term and long term funding requirements.

(e) Market risk

The Group is principally involved in the manufacturing and trading of processed and preserved foods and fruits of all kinds and is therefore subject to certain risks inherent in the food-processing industry. These risks include, inter-alia the possible increase in the operating and capital costs due to increase in the cost of labour and raw materials, changes in consumer demands and changes in general economic conditions. The Group seeks to limit these risks through, inter-alia, expansion of both existing and new markets, developing and maintaining a diversified market network and continues upgrading of machinery to improve efficiency.

Fair values

In the opinion of the directors, the carrying values of financial assets and financial liabilities of the Group as at 31st December, 2008 are not materially different from their fair values.

23. CONTINGENT LIABILITIES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Corporate guarantees given to a licensed bank for banking facility granted to a subsidiary company as at 31st December	1,976,119	-	1,976,119	2,727,056
Bank guarantees issued to third party	592,000	600,000	-	-

notes to the financial statements (cont'd)

24. CAPITAL COMMITMENTS

Group	2008 RM	2007 RM
Capital expenditure authorised and contracted for but not provided in the financial statements in respect of:		
- purchase of property, plant and equipment	526,564	269,508
- further capital outlay of USD1,000,000 (2007 - USD1,750,000) in Coco (Fujian) Foods Company Limited, China *	3,500,000	5,775,000

* On 21st May, 2007 and 11th December, 2007, the Company's wholly-owned subsidiary, Cocoaland Industry Sdn. Bhd. ("CISB") entered into a Joint-venture Agreement ("JVA") and Supplementary Agreement ("SA") with La Bi Xiao Xin International Company Ltd ("LBXX Intl") and Labixiaoxin Investments Company Ltd ("LBXX Inv"), respectively, to change its joint venture partner from LBXX Intl to LBXX Inv, to manufacture and to distribute gummy candy products through a joint-venture company in Fujian, People's Republic of China.

The joint-venture company has been incorporated under the name of Coco (Fujian) Foods Company Limited ("JV Company") on 16th November, 2007. Subsequent to the incorporation of the JV Company, CISB has on 10th December, 2007, 18th January, 2008 and 2nd June, 2008, injected USD750,000, USD550,000 and USD200,000, respectively, into the JV Company, in total, representing 30% of the registered capital of the JV Company as at 31st December, 2008.

In accordance to the JVA and the SA, CISB will eventually hold USD2,500,000 (50%) of the registered capital of the JV Company whilst the remaining will be held by its joint venture partner, LBXX Inv.

The current registered capital of the JV Company stands at USD5,000,000.

25. GENERAL INFORMATION

- 25.1 The Company is a public limited company, incorporated and domiciled in Malaysia, quoted on the Main Board of the Bursa Malaysia Securities Berhad.
- 25.2 The Company's principal place of business is Lot 100, Rawang Integrated Industrial Park, 48000 Rawang, Selangor Darul Ehsan.
- 25.3 The financial statements of the Group and of the Company were authorised for issue by the Board of directors in accordance with a resolution dated 27th April, 2009.

26. RELATED PARTIES TRANSACTIONS

Company	2008 RM	2007 RM
Dividend income from subsidiary companies		
- non tax exempt	5,000,000	5,000,000

27. PRESENTATION CURRENCY

All amounts are stated in Ringgit Malaysia.

directors' statement

We, the undersigned, being two directors of the Company, do hereby state that in the opinion of the directors, the financial statements set out on pages 32 to 64 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31st December, 2008 and of their results and cash flow for the year ended on that date.

Signed on behalf of the Board of directors in accordance with a resolution dated 27th April, 2009.

LIEW FOOK MENG
Director

LAU KEE VON
Director

KUALA LUMPUR

statutory declaration

I, **LIEW FOOK MENG** being the director responsible for the financial management of **COCOALAND HOLDINGS BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 32 to 64 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed at Kuala Lumpur)
This 27th April, 2009)

Before me:-

K. MARIASOOSAY
No. W344
Commissioner for Oaths

Kuala Lumpur

list of properties

as at 31st december 2008

Owner / Location	Description of Asset/ Existing Use	Area	Tenure	Approx Age of Building (Years)	Net Book Value / Carrying Value RM'000	Date of Valuation/ Acquisition
L.B. Food Sdn. Bhd. No. 41, Jalan E1/4 Kawasan Perusahaan Taman Ehsan 52100 Kepong Selangor Darul Ehsan.	A double-storey warehouse with a 3-storey office annexe.	26,000 sq. ft.	Leasehold 99 years expiring on 09.07.2078	27	2,329	1.12.2003 / Year 1991
L.B. Food Sdn. Bhd. Lot 883, Off Jalan Degong Mambang Diawan 31950 Kampar Perak Darul Ridzuan	A detached industrial factory complex comprising a main factory building with an annexe, 2 other factory buildings and a host of other support buildings/ structures.	130,652 sq. ft.	Leasehold 60 years expiring on 15.04.2046	17 to 21	2,625	1.12.2003/ Year 1988
Cocoaland Industry Sdn. Bhd. Lot 100, Rawang Integrated Industrial Park 48000 Rawang Selangor Darul Ehsan	A block of single storey factory with a 2-storey factory with annexe, 3 blocks of single storey factory/ warehouses and a 2-storey canteen cum staff quarters.	190,634 sq. ft.	Freehold	12 to 15	9,347	1.12.2003/ Year 1993
Cocoaland Industry Sdn. Bhd. Lot 5, Rawang Integrated Industrial Park 48000 Rawang Selangor Darul Ehsan	A single storey factory/ warehouse with a 2-storey office annexe.	89,371 sq. ft.	Freehold	6	5,751	1.12.2003/ Year 2001
Cocoaland Industry Sdn. Bhd. Geran 57711, No. Lot 1282, Seksyen 20 Bandar Rawang Daerah Gombak Selangor Darul Ehsan	A single storey warehouse	130,865 sq. ft	Freehold	-	6,042	8.12.2005

list of properties (cont'd)

Owner / Location	Description of Asset/ Existing Use	Area	Tenure	Approx Age of Building (Years)	Net Book Value / Carrying Value RM'000	Date of Valuation/ Acquisition
Cocoaland Industry Sdn. Bhd. H.S. (D) 58472, PT5266, Bandar Rawang Daerah Gombak Selangor Darul Ehsan	Vacant	197,811 sq. ft	Leasehold 99 years expiring on 28.08.2105	-	3,870	8.12.2005
M.I.T.E. Food Enterprise Sdn. Bhd. No. 309, Golden Dragon Garden 31900 Kampar Perak Darul Ridzuan	A single storey semi-detached house/ Staffs' hostel.	4,230 sq. ft.	Freehold	27	128	1.12.2003/ Year 1982
B Plus Q Sdn. Bhd. No. 324, Taman Diawan Mambang Diawan 31950 Kampar Perak Darul Ridzuan	A single storey terrace house/ Staffs' hostel.	1,400 sq. ft.	Leasehold 99 years Expiring on 29.12.2081	6	51	18.08.2003
B Plus Q Sdn. Bhd. No. 325, Taman Diawan Mambang Diawan 31950 Kampar Perak Darul Ridzuan	A single storey terrace house/ Staffs' hostel.	1,400 sq. ft.	Leasehold 99 years Expiring on 29.12.2081	6	51	18.08.2003
B Plus Q Sdn. Bhd H.S. (D) B.P 5217 P.T. 1242, Mukim Chenderiang, District of Batang Padang, Perak Darul Ridzuan	A single storey warehouse		Leasehold 10 years Expiring on 31.12.2017	1	306	1.1.2008

analysis of shareholdings

as at 30 april 2009

1. Share Capital

Authorised Share Capital	: RM100,000,000.00
Issued and fully paid-up	: RM60,000,000.00
Class of Shares	: Ordinary Shares of RM0.50 each
Voting Rights	: One vote per Ordinary Share held

2. Distribution Schedule of Shares

Size of Holdings	No. of Holders	Total Holdings	% of Holdings
1 – 99	267	12,367	0.01
100 – 1000	215	147,172	0.12
1,001 – 10,000	1,193	5,922,565	4.94
10,001 – 100,000	379	11,059,703	9.22
100,001 to less than 5% of issued shares	65	37,573,222	31.31
More than 5% of issued shares	1	65,284,971	54.40
Total	2,120	120,000,000	100.00

3. List of Thirty Largest Shareholders

Name of Shareholders	No. of Shares	% of Shares
1. Leverage Success Sdn. Bhd.	65,284,971	54.40
2. TA Nominees (Tempatan) Sdn. Bhd. <i>[Pledged Securities Account for Liew Fook Meng]</i>	5,715,300	4.76
3. M.I.T Nominees (Tempatan) Sdn. Bhd. <i>[Pledged Securities Account for Liew Fook Meng]</i>	3,245,500	2.70
4. Poon Lee Wah	3,074,133	2.56
5. Lau Pak Lam	1,460,100	1.22
6. Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>[Pheim Assets Management Sdn. Bhd. for Employees Provident Fund]</i>	1,160,200	0.97
7. Chew Pui Ming	1,141,200	0.95
8. Ho Sek Kee Sdn. Bhd.	1,134,284	0.95
9. Sim Sian Hiap	998,000	0.83
10. Apollo Food Holdings Berhad	911,000	0.76
11. Hon Yew Chong	817,300	0.68
12. Lau Yoke Kiew	751,761	0.63
13. Lo Keng Yip	745,300	0.62
14. Lau Kee Von	682,800	0.57
15. Chew Mun Kah	680,500	0.57
16. Lau Yook Chan	639,000	0.53
17. Lau Pa Sin	620,711	0.52
18. Wong Yoke Chou	615,200	0.51
19. Eng Ah Thung @ Eng Bean Keng	600,000	0.50

analysis of shareholdings (cont'd)

3. List of Thirty Largest Shareholders (cont'd)

Name of Shareholders	No. of Shares	% of Shares
20. Lok Siew Dhan	590,000	0.49
21. Low Yoon Sun	526,495	0.44
22. Lau Yook Chan	520,000	0.43
23. Tan Song Cheng	510,000	0.43
24. Lee Yoke Choo	506,400	0.42
25. Soh Siew Twee	478,067	0.40
26. MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. <i>[Pledged Securities Account for Liew Fook Meng]</i>	465,300	0.39
27. Low Soo Har	420,000	0.35
28. Kok Chan Kheong	407,561	0.34
29. Teh Hock Seng	400,000	0.33
30. Azman Bin Mahmood	393,333	0.33

4. List of Substantial Shareholders

Name of Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Leverage Success Sdn. Bhd.	65,284,971	54.40	0	0.00
Liew Fook Meng	9,519,533	7.93	65,284,971 (a)	54.40
Lau Kee Von	682,800	0.57	65,284,971 (a)	54.40
Lau Pak Lam	2,181,966	1.82	65,284,971 (a)	54.40
Liew Yoon Kee	73,333	0.06	65,284,971 (a)	54.40
Lew Foo Chay @ Lau Foo Chay	0	0	65,284,971 (a)	54.40
Lau Kwai Choon	20,000	0.02	65,284,971 (a)	54.40

(a) Deemed interested by virtue of his shareholding in Leverage Success Sdn. Bhd pursuant to Section 6A of the Companies Act, 1965.

5. Directors' Shareholdings

Name of Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Dato' Azman Bin Mahmood	393,333	0.33	0	0.00
Liew Fook Meng	9,519,533	7.93	65,284,971 (a)	54.40
Lau Kee Von	682,800	0.57	65,284,971 (a)	54.40
Liew Yoon Kee	73,333	0.06	65,284,971 (a)	54.40
Lau Pak Lam	2,181,966	1.82	65,284,971 (a)	54.40
Chow Kee Kan @ Chow Tuck Kwan	0	0	0	0
Law Tiam Hock	0	0	0	0

(a) Deemed interested by virtue of his shareholding in Leverage Success Sdn. Bhd pursuant to Section 6A of the Companies Act, 1965.

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proxy form

Number of Shares held

I/We _____
 of _____
 being a member / members of **Cocoaland Holdings Berhad** hereby appoint the Chairman of the Meeting* _____
 or _____ (NRIC NO : _____)
 of _____
 or failing him/her, _____ (NRIC NO : _____)
 of _____

**Delete the words "the Chairman of the Meeting" if you wish to appoint another person to be your proxy.*

as my/our proxy to vote for me/us on my/our behalf at the 9th Annual General Meeting of the Company to be held at **Crystal 2, Level 1, Crystal Crown Hotel, Kuala Lumpur, 3, Jalan Jambu Mawar, Off Jalan Kepong, 52000 Kuala Lumpur on Thursday, 25 June 2009 at 10.00 a.m.** and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

	RESOLUTIONS	FOR	AGAINST
1.	Receive the Audited Financial Statements for the financial year ended 31 December 2008 and the Reports of the Directors and Auditors thereon		
2.	Re-election of Dato' Azman Bin Mahmood as Director		
3.	Re-election of Liew Fook Meng as Director		
4.	Re-election of Law Tiam Hock as Director		
5.	Approve payment of Directors' fee amounting to RM156,000 in respect of the financial year ended 31 December 2008		
6.	Re-appointment of Messrs. Wong Weng Foo & Co. as Auditors		
7.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		

(Please indicate with an 'X' in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion).

Dated this _____ day of _____ 2009

Signature: _____

NOTES:-

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a Member of the Company and if the proxy is not a member, he/she need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
- A member may appoint not more than two (2) proxies to attend the same meeting. Where a member appoints two proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.
- The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Suite 405, 4th Floor, Magnum Plaza, 128 Jalan Pudu, 55100 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.
- Any alteration in this form must be initialed.

Please Fold Along This Line

AFFIX
STAMP
HERE

The Secretary
COCOALAND HOLDINGS BERHAD
Suite 405, 4th Floor
Magnum Plaza
128, Jalan Pudu
55100 Kuala Lumpur

Please Fold Along This Line

