

cocoaland®



Innovation for New Energy

Annual Report 2009



Cocoaland Holdings Berhad

(Company No.516019-H)



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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Tenth 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 Tuesday, 15 June 2010 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 2009 together with the Reports of the Directors and Auditors thereon. | (Resolution 1) |
| 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) Lau Kee Von
(b) Lau Pak Lam | (Resolution 2)
(Resolution 3) |
| 3. To re-elect Dato' Sri Koh Kin Lip who shall retire in accordance with Article 98 of the Company's Articles of Association and being eligible, offers himself for re-election. | (Resolution 4) |
| 4. To approve the payment of Directors' fees amounting to RM180,000 in respect of the financial year ended 31 December 2009. | (Resolution 5) |
| 5. To re-appoint Messrs. Wong Weng Foo & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration. | (Resolution 6) |

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following resolutions: -

- | | |
|---|----------------|
| 6. Ordinary Resolution
- Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965.

"THAT, subject to the Companies Act, 1965 ("Act"), 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 Act, 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) |
| 7. Special Resolution
- Amendment to the Articles of Association

"THAT the proposed amendment to the Articles of Association of the Company as contained in the Appendix 1 attached to the Annual Report 2009 be hereby approved." | (Resolution 8) |
| 8. To transact any other ordinary business for which due notice shall have been given. | |



Notice of Annual General Meeting (cont'd)

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: 24 May 2010

Notes:-

- (i) A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy. The provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
- (ii) 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 it holds with ordinary shares of the Company standing to the credit of the said 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 Lot 6.08, 6th Floor, Plaza First Nationwide, No. 161, Jalan Tun H.S. Lee, 50000 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.
- (v) **Explanatory Note on Special Business**

Resolution 7 – Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

The Company continues to consider opportunities to broaden its operating base and earnings potential. If any of the expansion/diversification proposals involves the issuance of new shares, the Directors would have to convene a general meeting to approve the issuance of new shares even though the number involved may be less than 10% of the issued capital. In order to avoid any delay and costs involved in convening a general meeting to approve such issuance of shares, it is thus considered appropriate that the Directors be empowered, as proposed in Resolution 7, to allot and issue shares in the Company up to an amount not exceeding in aggregate 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company. This mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The Company wishes to renew the mandate on the authority to issue shares in general pursuant to Section 132D of the Companies Act, 1965 at the Tenth Annual General Meeting. As at the date of this Notice, 12,000,000 new shares representing 10% of the issued and paid up capital of the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 25 June 2009. The Group has utilised RM2,067,017 from the proceeds of RM16,200,000 raised from the issuance of shares as working capital.

Resolution 8 – Amendment to the Articles of Association

The proposed amendment to the Articles of Association will enable the Company to implement the Electronic Dividend Payment (“eDividend”) to comply with paragraph 8.26A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Statement Accompanying Notice of Annual General Meeting

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

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

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

- (i) Lau Kee Von
- (ii) Lau Pak Lam

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

- (i) Dato' Sri Koh Kin Lip

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



Corporate Information



Board of Directors

Dato' Azman bin Mahmood

Chairman / Independent Non-Executive Director

Dato' Sri Koh Kin Lip

Independent Non-Executive Director

Liew Fook Meng

Executive Director

Lau Kee Von

Executive Director

Liew Yoon Kee

Executive Director

Lau Pak Lam

Executive Director

Chow Kee Kan @ Chow Tuck Kwan

Independent Non-Executive Director

COMPANY SECRETARIES

Ng Heng Hooi (MAICSA 7048492)

Yap Foo Teng (MACS 00601)

Leong Poi San (MAICSA 7052268)

REGISTERED OFFICE

Lot 6.08, 6th Floor, Plaza First Nationwide
No. 161, Jalan Tun H.S. Lee, 50000 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 Market of the Bursa Malaysia
Securities Berhad
Stock Code: 7205



Corporate Structure





Directors' Profile

Dato' Azman bin Mahmood

59 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 and Kumpulan Hartanah Selangor Berhad.

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

As at 30 April 2010, 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.

Dato' Sri Koh Kin Lip

61 years of age, Malaysian

Independent Non-Executive Director

He was appointed to the Board on 15 January 2010. He received his early education in Sabah prior to his pursuit of higher education in Plymouth Polytechnic, United Kingdom. Upon completion, he was awarded a Higher National Diploma in Business Studies and a Council's Diploma in Management Studies.

He returned to Malaysia in 1977 and joined The Standard Chartered Bank, Sandakan as a trainee assistant. In 1978, he joined his family business and was principally involved in administrative and financial matters of the family business. In 1985, he assumed the role as Chief Executive Officer for the family business. In 1987, he was pivotal and instrumental in the formation of Rickoh Holdings Sdn. Bhd., the flagship company of the family business which engaged in various core business activities ranging from properties investments, properties letting, securities investments, oil palm plantations, sea and land transportation for crude palm oil and palm kernel, information technology, property development, hotel business, trading in golf equipment and accessories, and quarry operations. He is also involved in similar enterprises in his personal capacity with some of his business associates. He is holding numerous directorships in most of these companies.

Currently, he sits on the boards as Non-Independent Non-Executive Director of NPC Resources Berhad, Malaysian AE Models Holdings Berhad and H-Displays (MSC) Berhad. He is also an Independent Non-Executive Director of Daya Materials Berhad.

He is a member of the Audit Committee, Nominating Committee and Remuneration Committee.

As at 30 April 2010, he has direct shareholdings of 2,500,000 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.



Directors' Profile (cont'd)

Liew Fook Meng

62 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 Cocoland 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 2010, he has direct shareholdings of 4,979,533 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.

Lau Kee Von

57 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 Cocoland 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 2010, he has direct shareholdings of 1,029,800 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

52 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.

Directors' Profile (cont'd)



Currently, he also holds other directorship in Cocoland 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 2010, he has direct shareholdings of 934,266 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.

Liew Yoon Kee

61 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 Cocoland 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 2010, 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

57 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 Nominating Committee, member of the Audit Committee and Remuneration Committee.

As at 30 April 2010, 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.

Chairman's Statement

Dear Shareholders:

On behalf of the Board of Directors of Cocoaland Holdings Berhad ("Cocoaland"), I am pleased to present the Annual Report and the audited financial statements of the Company and Group for the financial year ended 31 December 2009 ("FY2009").

BUSINESS ENVIRONMENT

The Malaysian economy showed improvement towards the second half of the financial year under review, with the Gross Domestic Product ("GDP") rising by 4.6% in the fourth quarter compared to the same quarter of the previous year. The turnaround set off a positive tone to the consumers in the country.

For the food and beverage ("F&B") manufacturing industry, demand remained resilient despite the challenging times and operating costs were under less pressure. Reflecting this, Cocoaland enjoyed a good year with sustained revenues and better profitability.

FINANCIAL PERFORMANCE AND OPERATING REVIEW

The Group's total revenues for the year were RM133.1 million, an increase of 3.4% from last year's revenue of RM128.7 million. Profit before tax improved 132% to RM25.3 million, from RM10.9 million previously; while net profit attributable to shareholders more than doubled to RM19.7 million, versus FY2008's RM8.7 million.

In term of geographical segmentation, the stronger overseas sales for the year - from our direct export as well as via our Original Equipment Manufacturing ("OEM") clientele, more than offset the slower domestic sales, resulting in the higher group revenues. For FY2009, export sales effectively made up of 46.6% of the Group's revenues, versus 40.8% in the previous year.

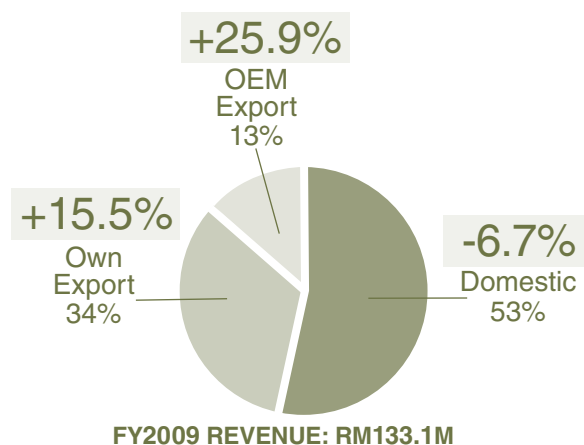
We are pleased to see that Cocoaland is on course to achieve our vision of becoming a leading regional F&B manufacturer with proprietary brand names and quality products.

From the perspective of product categories, our fruit gummy continued to record higher sales and increased tonnage, making the Group a leading fruit gummy producer in the region.

The other promising product is CocoPie – a snack product, which was the Group's fastest growing product for the year under review. Our advertising and promotional ("A&P") activities for this chocolate-coated marshmallow-filled snack are now paying off. Going forward, we will continue to invest in targeted A&P to position our products for increased market penetration in Malaysia as well as in the export markets.

The better profitability for the year was largely due to the improved cost structure, as a result of better production efficiency from increased automation and energy savings. Lower costs of production inputs, such as packaging and raw materials, also played a role to a less extent in the improved profits.

FY2009's earnings per share (EPS) stood at 16.4 sen, 126.7% higher than the previous year's 7.2 sen.



Chairman's Statement (cont'd)



DIVIDEND

With the outperformance, the Board is pleased to have declared and paid total dividends of 10 sen per share, less 25% tax, in respect of FY2009. The total dividends paid to shareholders amounted to RM9 million, representing a total payout ratio of 45.7% for net profits of RM19.7 million. This compares well with FY2008's payout ratio of 40.9%.

CORPORATE DEVELOPMENTS

The Company did not undertake any major corporate exercise during the year under review.

However, the new financial year started with a proposed private placement of up to 12 million new ordinary shares of RM0.50 each, representing up to 10% of the current issued and paid-up capital of the Company. The funds raising aims to provide the Group with additional working capital as well as to strengthen the Group's balance sheet.

THE BOARD VIEWS 2010 FAVOURABLY

Our portfolio of products currently offers a wide selection to our customers, consisting of local and overseas wholesalers, modern trade of hypermarkets and retailers, as well as OEM clientele. Our established distribution network is indeed one of Cocoland's success factors, besides our competency in building brand names, some of which have even become household names in recent years.

With the boost in consumer confidence due to the improving economic conditions, we look forward to further develop new and existing products to better serve our target end consumers.

Going forward into 2010, our beverage facility was ready for production by end of the second quarter after the initial successful trial runs. Presently, we are in advanced stages of negotiation with many renowned OEM clientele in the beverage market. The new venture aims to diversify our product range by offering health beverages of fruit and vegetable juices, green tea and other nutritious drinks.

The new beverage line cost the Group about RM26.5 million, consisting of RM11.5 million land and building costs and RM15 million of machinery investment. We are proud that this state-of-the-art facility is one of the first in Malaysia to be able to carry out hot filling in environmental-friendly polyethylene terephthalate ("PET") bottles.

The Board is optimistic that the beverage segment will not only be the Group's earnings booster in the future but also catapult Cocoland to be a complete food and beverage player.

As for our existing products, we will continue our investment in advertising and promotions as well as product enhancement. To strengthen our position as the market leader for gummy products, we will be launching new flavours for our "Lot 100" brand by the end of the year and working closely with our OEM customers for further exports. As for our fast-growing product - "Cocopie", we hope to replicate its success in overseas markets, as we had in Malaysia.

Given the better economic climate in our export destinations, we are expecting an increase in the demand for our products, be it direct exports or via OEMs. To this end, we are doubling up our efforts in markets such as Middle East, Hong Kong and China, Vietnam, Indonesia, and Thailand.

We are optimistic that Cocoland can scale greater heights in 2010.



Chairman's Statement (cont'd)

CORPORATE SOCIAL RESPONSIBILITY

Cocoaland is committed to being a socially responsible partner to our employees, shareholders and other parties within the communities we operate in. Our initiatives include donations and sponsorship of local events. On the environmental front, we have encouraged best practices in our operations that reduce waste and pollution. As for our employees, we practice stringent measures pertaining to occupational health and safety to ensure their wellbeing.

CORPORATE GOVERNANCE

The Board is committed to maintaining high levels of corporate governance in the management and business direction of Cocoaland, and its subsidiaries. Our efforts on this end will be highlighted further in the Corporate Governance Statement in this Annual Report.

ACKNOWLEDGEMENT

On behalf of the Board of Directors of Cocoaland, I would like to welcome Dato' Sri Koh Kin Lip ("Dato' Sri Koh") on board as an Independent Non-executive Director. Dato' Sri Koh comes with a wealth of entrepreneurial experience, and the Board has no doubt that his insight and business acumen will contribute positively to the Group.

I would like to take this opportunity as well to thank Mr. Law Tiam Hock ("Mr. Law"), who resigned his board positions on 14 January 2010. Mr. Law had played a significant role in guiding the Board all the past years. We wish him well for his future endeavours.

Lastly, I express my sincerest gratitude to all our shareholders, customers, suppliers, business associates, Government and regulatory authorities for their support to the Group. Our special thanks to the management and employees of the Group for their dedication and efforts throughout the year to bring Cocoaland to where we are today.

2010 promises to be a fruitful year ahead and we look forward to taking this journey with your support. Thank you.

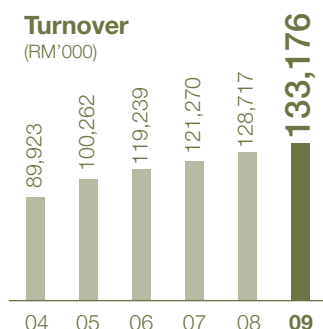
DATO' AZMAN BIN MAHMOOD

Chairman

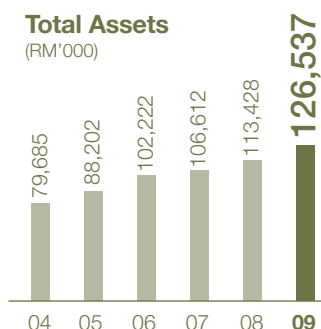


Financial Highlights

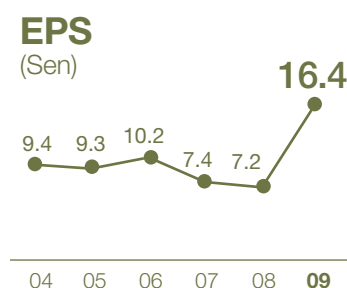
Turnover
(RM'000)



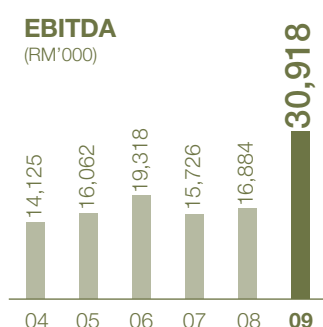
Total Assets
(RM'000)



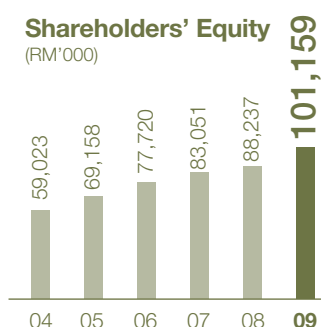
EPS
(Sen)



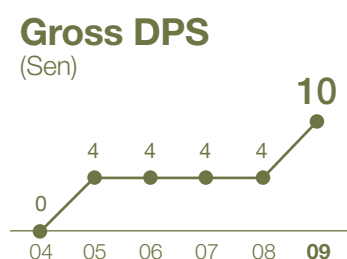
EBITDA
(RM'000)



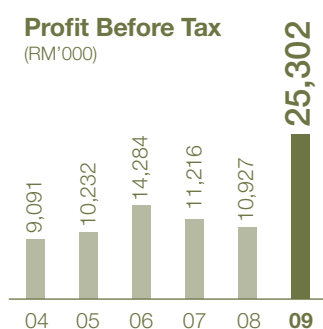
Shareholders' Equity
(RM'000)



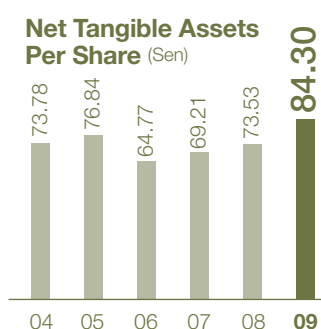
Gross DPS
(Sen)



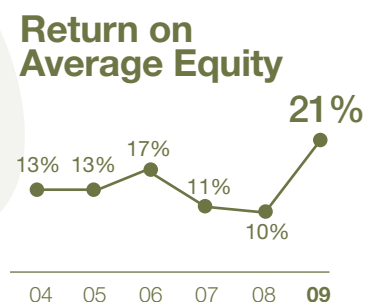
Profit Before Tax
(RM'000)



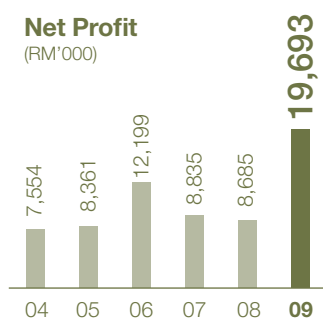
Net Tangible Assets Per Share (Sen)



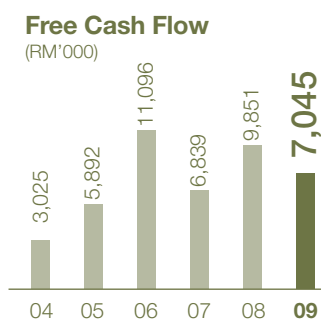
Return on Average Equity



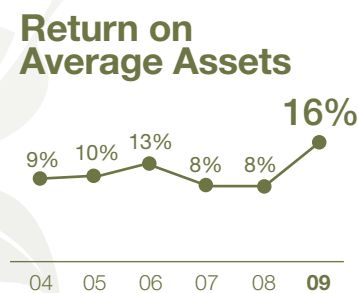
Net Profit
(RM'000)



Free Cash Flow
(RM'000)



Return on Average Assets





Statement on Corporate Governance

The Board of Directors (the “Board”) is committed to ensuring a high standard of corporate governance is practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder’s value and the financial performance of the Group.

The Board is pleased to present the following report on the application of the principles and compliance with best practices as set out in the Malaysian Code on Corporate Governance.

BOARD OF DIRECTORS

Board Composition and Balance

The Board has the ultimate and overall responsibility for the strategic direction, internal control systems, risk management, corporate governance and overseeing the investments of the Group.

The Board currently has 7 members comprising 4 Executive Directors and 3 Independent Non-Executive Directors. The Chairman of the Board is an independent non-executive director. The current composition of the Board is in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which states that at least 2 directors or 1/3 of the board of directors, whichever is higher, must be independent directors. The Board members, with different background and specialisation, 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.

There is a clear division of responsibilities between the Independent Non-Executive Directors and the Executive Directors to ensure a balance of authority and power. The Executive Directors are responsible for the day-to-day operations, implementation of Board policies and making operational decisions, while the Independent Non-Executive Directors play a pivotal role in ensuring corporate accountability as they provide an essential source of impartial and professional advice and judgement.

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 2009, the Board convened five (5) meetings, with details on the attendance of Directors listed below: -

Board Members	Attendance
Dato’ Azman bin Mahmood	5/5
Dato’ Sri Koh Kin Lip (Appointed on 15 January 2010)	N/A
Liew Fook Meng	5/5
Lau Kee Von	5/5
Lau Pak Lam	5/5
Liew Yoon Kee	4/5
Chow Kee Kan @ Chow Tuck Kwan	3/5
Law Tiam Hock (Resigned on 14 January 2010)	4/5

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. 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.

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



Statement on Corporate Governance (cont'd)

Board Committees

The Board has established and delegated specific responsibilities to 3 Committees of the Board, which operate within clearly defined written Terms of Reference. The Board Committees deliberate issues on a broad and in-debt basis before putting up any recommendation to the Board for approval.

1. Audit Committee

The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures that an objective and professional relationship is maintained with the external auditors. Its principal function is to assist the Board in maintaining a sound system of internal control. The Committee has full access to the auditors both internal and external who, in turn, have access at all times to the Chairman of the Committee. The Committee meets with the external auditors without any executive present at least twice a year.

The Audit Committee Report is presented on page 21 to page 24 of the Annual Report.

2. Remuneration Committee

The Remuneration Committee is delegated the responsibility to develop the Group's remuneration policy and to review and recommend to the Board the remuneration packages and 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
Dato' Sri Koh Kin Lip (Appointed on 25 February 2010)	Member – Independent Non-Executive Director

3. Nominating Committee

The Nominating Committee is delegated the responsibility to ensure a formal and transparent procedure for the appointment of new directors to the Board. The Nominating Committee will review and assess the proposed appointment of new directors, and thereupon make the appropriate recommendations to the Board for approval.

In addition, the Nominating Committee is also responsible for reviewing candidates for appointment to the Board Committees and making appropriate recommendations to the Board for approval. It is also tasked with assessing the competencies and effectiveness of the Board, the Board Committees and the performance of individual directors ensuring that the required mix of skills and experience are present on the Board.

The Nominating 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
Dato' Sri Koh Kin Lip (Appointed on 25 February 2010)	Member – Independent Non-Executive Director



Statement on Corporate Governance (cont'd)

Appointments to the Board and Re-election of Directors

There is in place a formal and transparent procedures for appointment of Directors to the Board. The proposed appointment of member(s) of the Board as well as the proposed re-election of Directors seeking re-election at the Annual General Meeting are recommended by the Nominating Committee to the Board for its approval.

The Company's Articles of Association provides that at each Annual General Meeting, one-third (1/3) of the Directors for the time being 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 Tenth Annual General Meeting of the Company. Being eligible, they have offered themselves for re-election:-

- (a) Lau Kee Von
- (b) Lau Pak Lam
- (c) Dato' Sri Koh Kin Lip

Directors' Training

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

During the financial year ended 31 December 2009, the Directors attended individually or collectively various training programmes, conferences, seminars and courses organized by the Group, the relevant regulatory authorities and professional bodies as follows:-

- CEO course at Public University.
- Food and Food Machinery Exhibition.
- Seminar on Project Construction Process Talk.
- Seminar on Appraising for Self Improvement and the Company.
- Seminar on The inside story of the Annual Report.
- IGAF Asia Pacific Conference 2009 Singapore.
- 2010 Budget Seminar Highlights & Implications.
- 2010 Budget Talk.
- Tax Planning Knowledge & Strategy – 2010 Budget.

DIRECTORS' REMUNERATION

The Remuneration Committee evaluates and recommends to the Board the remuneration packages of the Executive Directors. It is, nevertheless, the ultimate responsibility of the Board to approve the remuneration of the Executive Directors. The Board as a whole determines the remuneration packages of non-executive directors with the Director concerned abstaining from the deliberations on decisions in respect of his remuneration.

The aggregate remuneration of the Directors of the Company for the financial year ended 31 December 2009 is as follows:-

Remuneration	Executive Director RM	Non-Executive Director RM	Total RM
Fees	96,000	84,000	180,000
Salaries and Allowances	12,000	13,500	25,500
Total	108,000	97,500	205,500



Statement on Corporate Governance (cont'd)

DIRECTORS' REMUNERATION (cont'd)

The number of directors whose total remuneration from the Company falls within the following band for the financial year ended 31 December 2009 is as follows:-

Range of Remuneration	Executive Director	Non-Executive Director	Total
Below RM50,000	4	3	7

SHAREHOLDERS

Dialogue Between Companies And Investors

The Board is responsible for ensuring that high quality and relevant information are made available to shareholders to keep them abreast of all material business matters affecting the Group. Announcements, annual reports, quarterly financial results and other relevant information are released timely to the Bursa Malaysia Securities Berhad and are also accessible via the Company's website at www.cocoaland.com. Any query regarding the Group may be conveyed to the following persons:-

Liew Fook Meng
Executive Director
fookmeng@cocoaland.com

Tai Chun Wah
Group Accountant
taichunwah@cocoaland.com

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 the AGM and any other meetings of the shareholders where it provides the opportunity for shareholders to raise questions or concerns with regards to the Group as a whole. It also serves as a platform for shareholders to have direct access to the Board.

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 Board firmly believes in maintaining a sound system of internal control with a view to safeguard shareholders' investment and the Group's assets. The Group's inherent system of internal control is designed to provide reasonable and not absolute assurance against the risk of material misstatement or loss.

The Statement on Internal Control is set out on page 19 to page 20 of the 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. The Audit Committee meets the external auditors without the presence of Executive Director or the management at least twice a year.



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 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.

Additional Compliance Information

1. Share Buybacks

The Company did not enter into any share buyback transactions during the financial year ended 31 December 2009.

2. Options, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year ended 31 December 2009.

3. Depository Receipt Programme

The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2009.

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 2009.

5. Non-audit Fees

There were no non-audit fees paid or payable to the external auditors during the financial year ended 31 December 2009.

6. Profit Guarantee

There were no profit guarantees given by the Company or its subsidiaries during the financial year ended 31 December 2009.

7. Material Contracts

There were no material contracts entered into by the Company and / or its subsidiaries during the financial year ended 31 December 2009, 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

The Malaysian Code on Corporate Governance required public listed companies to have and maintain comprehensive internal controls to safeguard shareholders' investments and company assets. Under the provision of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, Para 15.27 (b), directors of public listed companies are required to produce a statement on the state of the Company's internal control in the Annual Report.

The Board of Directors ("the Board") continues with its commitment to maintain a sound system of internal control and good corporate governance in the Group. The Board is pleased to provide the following Statement of Internal Control that was prepared in accordance with Bursa Malaysia's Statement on Internal Control – Guidance for Directors of Public Listed Companies. The Board believes the practice of good corporate governance is an important continuous process and not just a matter to be covered as compliance in the Annual Report.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and priorities the risks to the achievement of the Group's policies, aims and objectives, to evaluate the likelihood of those risks being realized and the impact should they be realized, and to manage them efficiently, effectively, and economically.

Board Responsibility

The Board 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. There were no material losses reported during the current financial year as a result of weaknesses in internal control. The Management of the Group continues to take measures to strengthen the internal control environment.

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

1. Clear Lines of Accountability and 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's approval.

2. 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.



Statement on Internal Control (cont'd)

3. Formalised and Documented Policies and Procedures

Internal policies and procedures which are set out in a series of clearly documented standard operating manuals covering a majority of areas within the Group are maintained and subject to review as and when necessary.

4. 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 Auditors 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 economy, efficiency and effectiveness with which resources are employed.

This statement is made in accordance with the resolution passed at the Board of Directors' meeting held on 22 April 2010.



Report on Audit Committee

The Board of Directors is pleased to present the report of the Audit Committee for the financial year ended 31 December 2009.

MEMBERSHIP AND ATTENDANCE

The Audit Committee consists of three (3) independent non-executive directors. A total of 5 Audit Committee meetings were held during the financial year. Details of the Audit Committee membership and the attendance of each member at the Audit Committee meetings are as follows:-

Members	Designation	Attendance
Dato' Azman bin Mahmood	Chairman – Independent Non-Executive Director	5/5
Dato' Sri Koh Kin Lip (Appointed on 15 January 2010)	Member – Independent Non-Executive Director	N/A
Chow Kee Kan @ Chow Tuck Kwan	Member – Independent Non-Executive Director	3/5
Law Tiam Hock (Resigned on 14 January 2010)	Member – Independent Non-Executive Director	4/5

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.



Report on Audit Committee (cont'd)

Chairman

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

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 be invited to attend the 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.



Report on Audit Committee (cont'd)

Duties and Responsibilities (cont'd)

- 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;
- 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;
- k) To consider and review other topics as defined by the Board; and
- 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.



Report on Audit Committee (cont'd)

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

In line with the Terms of Reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year ended 31 December 2009 in the discharge of its functions and duties:-

- (i) 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;
- (ii) 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;
- (iii) 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;
- (iv) 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;
- (v) Meeting with the external auditors without the presence of any executive board member;
- (vi) Considered and recommended to the Board for approval of the audit fees payable to the external auditors; and
- (vii) Considered the reappointment of the external auditors and make recommendation to the shareholders for their approval.

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 independent 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 such as human resources procedures, inventory control management, marketing and distribution system, purchasing functions for the Group. For the financial year ended 31 December 2009, the cost incurred for outsourcing of internal audit function was RM36,997.10.

A background image showing a glass bottle being poured into water, creating ripples. The scene is captured in a monochromatic, light greenish-grey tone. The bottle is positioned in the upper right corner, and the liquid is being poured into the water, creating concentric ripples that spread outwards.

Financial Statements

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Independent Auditors' Report

to the members of Cocoland Holdings Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Cocoland Holdings Berhad, which comprise the balance sheets as at 31st December, 2009 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 the provisions of the Companies Act, 1965 and Financial Reporting Standards 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 the provisions of the Companies Act, 1965 and Financial Reporting Standards 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, 2009 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

WONG WENG FOO

1218/03/12 (J/PH)

KUALA LUMPUR

Dated this : 22nd April, 2010

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, 2009.

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	19,693,018	10,946,551
Retained profit brought forward	27,989,594	662,062
	47,682,612	11,608,613
Interim dividend of 10% less 25% income tax paid on 25th September, 2009	(4,500,000)	(4,500,000)
Interim dividend of 5% less 25% income tax paid on 31st December, 2009	(2,250,000)	(2,250,000)
Retained profit carried forward	40,932,612	4,858,613

DIVIDENDS

Since the end of the previous financial year, the directors declared and paid interim dividends of 10% per ordinary share of RM0.50 each less 25% income tax and 5% per ordinary share of RM0.50 each less 25% income tax on 25th September, 2009 and 31st December, 2009, respectively, totalling to RM6,750,000, for the financial year ended 31st December, 2009. On 25th February, 2010, a further dividend of 5% per ordinary shares of 0.50 each less 25% income tax amounting to RM2,250,000 was declared and paid on 6th April, 2010 in respect of the financial year ended 31st December, 2009.

The directors do not recommend a final dividend for the financial year ended 31st December, 2009.

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 (Resigned on 14.1.2010)
 Dato' Sri Koh Kin Lip (Appointed 15.1.2010)

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, 2009 are follows:-

The Company	No of Ordinary Shares of RM0.50 each			Balance at 31.12.2009
	Balance at 1.1.2009	Bought	(Sold)	
Dato' Azman Bin Mahmood				
- direct	393,333	—	—	393,333
- indirect	—	—	—	—
Liew Fook Meng				
- direct	9,519,533	—	(4,540,000)	4,979,533
- indirect	65,284,971	—	—	65,284,971
Lau Kee Von				
- direct	682,800	250,000	—	932,800
- indirect	65,284,971	—	—	65,284,971
Liew Yoon Kee				
- direct	73,333	—	—	73,333
- indirect	65,284,971	—	—	65,284,971
Lau Pak Lam				
- direct	2,181,966	212,300	(1,460,000)	934,266
- indirect	65,284,971	—	—	65,284,971
Chow Kee Kan @ Chow Tuck Kwan				
- direct	—	—	—	—
- indirect	—	—	—	—
Dato' Sri Koh Kin Lip				
- 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 31.12.2009
	Balance at 1.1.2009	Bought	(Sold)	
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 22nd April, 2010.

LIEW FOOK MENG

Director

LAU KEE VON

Director

KUALA LUMPUR

Consolidated Balance Sheet

as at 31st December 2009

	Note	2009 RM	2008 RM
ASSETS			
Non-current assets			
Property, plant and equipment	2	50,382,864	45,543,688
Prepaid lease payments	3	9,046,971	9,231,911
Investment in an associated company	5	3,095,685	3,827,702
Other Investment	6	1,000	1,000
		62,526,520	58,604,301
Current assets			
Inventories	7	17,535,231	14,619,094
Trade receivables	8	21,574,004	21,827,761
Other receivables, deposits and prepayments	9	10,080,907	2,255,700
Deposits, cash and bank balances	10	14,820,510	16,121,216
		64,010,652	54,823,771
Total assets		126,537,172	113,428,072
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	11	60,000,000	60,000,000
Reserves	12	41,126,531	28,183,513
Exchange translation reserves		32,488	53,193
Total equity		101,159,019	88,236,706
LIABILITIES			
Non-current liabilities			
Hire-purchase creditors	13	57,933	118,206
Term loans	14	10,764	1,202,892
Deferred income tax liabilities	15	3,313,000	3,242,000
		3,381,697	4,563,098
Current liabilities			
Trade payables		13,605,689	15,689,600
Other payables and accruals	16	6,968,407	3,656,845
Hire-purchase creditors	13	60,274	61,126
Term loans	14	14,920	812,697
Current income tax liabilities		1,347,166	408,000
		21,996,456	20,628,268
Total liabilities		25,378,153	25,191,366
Total equity and liabilities		126,537,172	113,428,072

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

Consolidated Income Statement

for the Year Ended 31st December 2009

	Note	2009 RM	2008 RM
OPERATING REVENUE		133,175,505	128,717,267
COST OF SALES		(89,945,616)	(99,042,358)
GROSS PROFIT		43,229,889	29,674,909
SELLING & DISTRIBUTION EXPENSES		(8,587,829)	(9,003,685)
ADMINISTRATIVE EXPENSES		(9,555,337)	(9,418,294)
OTHER OPERATING INCOME		1,051,721	955,873
PROFIT FROM OPERATIONS		26,138,444	12,208,803
FINANCE COST	18	(104,297)	(173,379)
SHARE OF LOSS OF AN ASSOCIATED COMPANY		(732,017)	(1,108,223)
PROFIT BEFORE INCOME TAX	18	25,302,130	10,927,201
INCOME TAX EXPENSE	19	(5,609,112)	(2,242,617)
PROFIT FOR THE YEAR		19,693,018	8,684,584
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE COMPANY		19,693,018	8,684,584
BASIC AND DILUTED EARNINGS PER SHARE (SEN)	20	16.41	7.24

The attached notes form an integral part of the Financial Statements

Consolidated Statement of Changes in Equity

for the Year Ended 31st December 2009

	← 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, 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/ 1st January, 2009	60,000,000	193,919	27,989,594	53,193	88,236,706
Foreign currency translation differences	—	—	—	(20,705)	(20,705)
Profit for the year	—	—	19,693,018	—	19,693,018
Interim dividend of 10% less 25% income tax paid on 25th September, 2009	—	—	(4,500,000)	—	(4,500,000)
Interim dividend of 5% less 25% income tax paid on 31st December, 2009	—	—	(2,250,000)	—	(2,250,000)
At 31st December, 2009	60,000,000	193,919	40,932,612	32,488	101,159,019

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

Consolidated Cash Flow Statement

for the Year Ended 31st December 2009

	2009 RM	2008 RM
Cash Flow From Operating Activities		
Profit before income tax	25,302,130	10,927,201
Adjustments for:-		
Property, plant and equipment written off	13,275	1,314
Allowance for doubtful debts	25,520	283,903
Allowance for doubtful debts no longer required	(424,086)	(1,399)
Depreciation	4,885,898	4,831,213
Amortisation of prepaid lease payments	184,940	184,940
Preliminary expenses written off	—	3,522
Dividend income	—	(380)
Loss/ (Gain) on disposal of property, plant and equipment	626	(136,999)
Exchange translation reserves	(50,797)	53,193
Share of loss of an associated company	732,017	1,108,223
Interest expense	104,297	173,379
Interest income	(292,136)	(339,710)
Operating profit before working capital changes	30,481,684	17,088,400
(Increase)/ Decrease in inventories	(2,916,137)	2,404,147
Increase in receivables	(8,007,939)	(1,424,245)
Increase in payables	1,227,651	2,198,101
Cash generated from operating activities	20,785,259	20,266,403
Interest paid	(104,297)	(173,379)
Interest received	292,136	339,710
Tax refunded	—	352,528
Tax paid	(3,730,135)	(2,458,356)
Dividends paid	(6,750,000)	(3,552,000)
Net cash provided by operating activities	10,492,963	14,774,906
Cash Flow from Investing Activities		
Proceeds from disposal of property, plant and equipment	472,690	137,000
Dividend received	—	279
Purchase of property, plant and equipment	(10,215,329)	(8,135,855)
Prepayment of land lease	—	(339,801)
Preliminary expenses	—	(3,522)
Investment in associated companies	—	(2,435,800)
Net cash used in investing activities	(9,742,639)	(10,777,699)

Consolidated Cash Flow Statement (cont'd)

	2009 RM	2008 RM
Cash Flow From Financing Activities		
Repayment of term loans	(1,989,905)	(763,245)
Repayment of hire-purchase creditors	(61,125)	(20,783)
Net cash used in financing activities	(2,051,030)	(784,028)
Net changes in cash and cash equivalents	(1,300,706)	3,213,179
*Cash and cash equivalents brought forward	16,121,216	12,908,037
*Cash and cash equivalents carried forward	14,820,510	16,121,216

Note:

	2009 RM	2008 RM
*Cash and cash equivalents consist of:-		
Fixed deposits with licensed banks	464,444	1,159,821
Short term deposits with licensed banks	5,532,552	9,210,570
Cash and bank balances	8,823,514	5,750,825
	14,820,510	16,121,216

Net cash flow on acquisition of subsidiary companies:-

	2009 RM	2008 RM
Cash and cash equivalents acquired	—	473,336
Cash consideration	—	(473,336)
	—	—

The attached notes form an integral part of the Financial Statements

Balance Sheet

as at 31st December 2009

	Note	2009 RM	2008 RM
ASSETS			
Non-current assets			
Investment in subsidiary companies	4	40,473,334	40,473,334
		40,473,334	40,473,334
Current assets			
Other receivables, deposits and prepayments	9	298,837	233,063
Amount due from subsidiary companies		24,308,817	20,199,966
Cash and bank balances	10	177,681	23,104
		24,785,335	20,456,133
Total assets		65,258,669	60,929,467
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	11	60,000,000	60,000,000
Reserves	12	5,052,532	855,981
Total equity		65,052,532	60,855,981
LIABILITIES			
Current liabilities			
Other payables and accruals	16	206,137	73,486
		206,137	73,486
Total liabilities		206,137	73,486
Total equity and liabilities		65,258,669	60,929,467

The attached notes form an integral part of the Financial Statements

Income Statement

for the Year Ended 31st December 2009

	Note	2009 RM	2008 RM
OPERATING REVENUE		15,000,050	5,000,000
ADMINISTRATIVE EXPENSES		(376,760)	(338,414)
PROFIT BEFORE INCOME TAX	18	14,623,290	4,661,586
INCOME TAX EXPENSE	19	(3,676,739)	(1,212,476)
PROFIT FOR THE YEAR		10,946,551	3,449,110
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE COMPANY		10,946,551	3,449,110

The attached notes form an integral part of the Financial Statements

Statement of Changes in Equity

for the Year Ended 31st December 2009

	← 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, 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/ 1st January, 2009	60,000,000	193,919	662,062	60,855,981
Profit for the year	—	—	10,946,551	10,946,551
Interim dividend of 10% less 25% income tax paid on 25th September, 2009	—	—	(4,500,000)	(4,500,000)
Interim dividend of 5% less 25% income tax paid on 31st December, 2009	—	—	(2,250,000)	(2,250,000)
At 31st December, 2009	60,000,000	193,919	4,858,613	65,052,532

The attached notes form an integral part of the Financial Statements

Cash Flow Statement

for the Year Ended 31st December 2009

	2009 RM	2008 RM
Cash Flow From Operating Activities		
Profit before income tax	14,623,290	4,661,586
Adjustment for:-		
Dividend income	(15,000,050)	(5,000,000)
Operating loss before working capital changes	(376,760)	(338,414)
(Increase)/ Decrease in receivables	(4,101,351)	638,805
Increase in payables	132,651	8,668
Cash (absorbed by)/ generated from operations	(4,345,460)	309,059
Dividends received	11,250,037	3,700,000
Tax refund	—	17,420
Dividends paid	(6,750,000)	(3,552,000)
Net cash provided by operating activities	154,577	474,479
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	154,577	1,143
*Cash & cash equivalents brought forward	23,104	21,961
*Cash & cash equivalents carried forward	177,681	23,104
Note:		
*Cash & cash equivalents consist of:		
Cash and bank balances	177,681	23,104

The attached notes form an integral part of the Financial Statements

Notes to the Financial Statements

– 31st December 2009

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 the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia 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 Standards and Interpretations Issued But Not Yet Effective

The directors of the Group have chosen not to early adopt the following FRS, amendments and interpretations which were in issue but not yet effective:-

		Effective for financial period beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards (revised)	1.7.2010
FRS 2	Share-based Payment (revised)	1.1.2010
FRS 3	Business Combinations (revised)	1.7.2010
FRS 8	Operating Segments	1.7.2009
FRS 101	Presentation of Financial Statements (revised)	1.1.2010
FRS 123	Borrowing Costs (revised)	1.1.2010
FRS 127	Consolidated and Separate Financial Statements (revised)	1.1.2010
FRS 132	Financial Instruments: Presentation (revised)	1.1.2010
FRS 139	Financial Instruments: Recognition and Measurement	1.1.2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1.1.2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1.1.2010
IC Interpretation 11	FRS2 - Group and Treasury Share Transactions	1.1.2010
IC Interpretation 12	Service Concession Arrangements	1.7.2010
IC Interpretation 13	Customer Loyalty Programmes	1.1.2010
IC Interpretation 14	FRS119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements' and Their Interaction	1.1.2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1.7.2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operations	1.7.2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1.7.2010

These new and revised FRS'S are not expected to have any significant impact on the financial statements of the Group and of the Company.

Notes to the Financial Statements (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

1.3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

(i) Critical judgement made in applying accounting policies

The directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements in applying the Group and Company's accounting policies other than the basis of preparation of financial statements as disclosed in Note 1.1 to the financial statements.

(ii) Key sources of estimation uncertainty

The directors believes, other than as disclosed in Note 1.1 to the financial statements, that there are no key assumptions made concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

1.4 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, 2009, have not been restated to comply with this Standard.

All significant intercompany transactions and balances are eliminated on consolidation.

1.5 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.

Notes to the Financial Statements (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

1.5 Property, Plant and Equipment and Depreciation (cont'd)

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.

1.6 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.

Notes to the Financial Statements (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

1.6 Leases (cont'd)

ii) Finance Leases (cont'd)

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 1.5.

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.

1.7 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.

1.8 Investments

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

1.9 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.

Notes to the Financial Statements (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

1.10 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.

1.11 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.

1.12 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.

1.13 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.

Notes to the Financial Statements (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

1.14 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.

1.15 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 1.5 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).

1.16 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.

1.17 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.

1.18 Cash and Cash Equivalents

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

1.19 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.

Notes to the Financial Statements (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

1.20 Foreign Currencies

Transactions in foreign currencies are converted into Ringgit Malaysia, 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:-

	2009	2008
Foreign currency	RM	RM
1 US Dollar	3.5	3.5
1 Singapore Dollar	2.5	2.4
1 Euro	4.9	4.9
1 Australian Dollar	3.2	2.4
100 Chinese Renminbi	50.2	52.5

1.21 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.

1.22 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.

1.23 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.

Notes to the Financial Statements (cont'd)

2. PROPERTY, PLANT AND EQUIPMENT

Group						
2009	Balance at 1.1.2009 RM	Additions RM	Reclassification RM	(Disposals/ Written-off) RM	Exchange Difference RM	Balance at 31.12.2009 RM
COST/ VALUATION						
At valuation:						
Freehold lands	9,649,988	—	—	—	—	9,649,988
Freehold buildings	9,218,086	—	—	—	—	9,218,086
At cost:						
Freehold building	—	—	4,014,144	—	—	4,014,144
Properties-in-progress	3,474,118	7,065,713	(4,014,144)	—	—	6,525,687
Motor vehicles	4,717,853	315,010	—	(315,010)	(3,078)	4,714,775
Plant and machinery	46,227,286	2,249,470	—	(423,072)	—	48,053,684
Office equipment	1,000,986	66,681	—	(34,350)	(702)	1,032,615
Furniture and fittings	195,140	14,593	—	—	—	209,733
Warehouse equipment	816,394	133,091	—	(2,500)	—	946,985
Electrical fittings	895,545	—	—	(6,000)	—	889,545
Renovation	6,260,675	154,966	—	—	—	6,415,641
Science lab equipment	222,813	67,950	—	—	—	290,763
Factory equipment	9,810,359	147,855	—	(50,000)	—	9,908,214
	92,489,243	10,215,329	—	(830,932)	(3,780)	101,869,860
ACCUMULATED DEPRECIATION						
At valuation:						
Freehold lands	—	—	—	—	—	—
Freehold buildings	1,074,118	214,824	—	—	—	1,288,942
At cost:						
Freehold buildings	—	80,283	—	—	—	80,283
Properties-in-progress	—	—	—	—	—	—
Motor vehicles	3,720,947	176,437	—	—	(58)	3,897,326
Plant and machinery	32,132,621	2,974,592	—	(282,784)	—	34,824,429
Office equipment	525,393	75,159	—	(30,846)	(57)	569,649
Furniture and fittings	163,764	10,713	—	—	—	174,477
Warehouse equipment	258,724	85,839	—	(312)	—	344,251
Electrical fittings	763,135	21,095	—	(5,400)	—	778,830
Renovation	3,559,168	448,538	—	—	—	4,007,706
Science lab equipment	113,810	25,548	—	—	—	139,358
Factory equipment	4,633,875	772,870	—	(25,000)	—	5,381,745
	46,945,555	4,885,898	—	(344,342)	(115)	51,486,996
NET BOOK VALUE	RM 45,543,688					RM 50,382,864

Notes to the Financial Statements (cont'd)

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

2008	Balance at 1.1.2008 RM	Additions RM	(Disposals/ Written-off) RM	Balance at 31.12.2008 RM
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
ACCUMULATED DEPRECIATION				
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
NET BOOK VALUE	RM 42,060,362			RM 45,543,688

Notes to the Financial Statements (cont'd)

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

- (i) Details of independent professional valuation of freehold lands and buildings owned by the subsidiary companies at 31st December, 2009 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.

- 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:	2009 RM	2008 RM
Motor vehicles	150,000	215,100

Notes to the Financial Statements (cont'd)

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

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

	2009 RM	2008 RM
Freehold land and buildings	11,582,694	11,766,287

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

	2009 RM	2008 RM
Motor vehicles	2,845,327	3,230,047
Plant and machinery	10,249,459	9,243,171
Office equipment	242,614	200,257
Furniture and fittings	123,915	123,410
Electrical fittings	540,791	540,791
Renovation	1,039,941	1,008,475
Factory equipment	294,990	294,990
Store equipment	89,220	89,220
	15,426,257	14,730,361

3. PREPAID LEASE PAYMENTS

Group	2009 RM	2008 RM
At 1st January	9,231,911	9,077,050
Additions	—	339,801
Amortisation for the year	(184,940)	(184,940)
At 31st December	9,046,971	9,231,911
Analysed as		
Long term leasehold land and building		
- at valuation	2,294,520	2,328,766
- at cost	4,202,450	4,278,144
Short term leasehold land and building		
- at valuation	2,550,000	2,625,000
- at cost	1	1
	9,046,971	9,231,911

The subsidiary companies leasehold 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)

3. PREPAID LEASE PAYMENTS (cont'd)

- (i) Details of independent professional valuation of leasehold lands and buildings owned by the subsidiary companies at 31st December, 2009 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.
- iv) Had these prepaid lease assets been carried at historical cost less accumulated amortisation the carrying value would have been as follows:-

	2009 RM	2008 RM
Long term leasehold land and building	1,264,699	1,283,575
Short term leasehold land and building	288,971	297,702

4. INVESTMENT IN SUBSIDIARY COMPANIES

Company	2009 RM	2008 RM
Unquoted shares, at cost	40,473,334	40,473,334

Notes to the Financial Statements (cont'd)

4. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

The subsidiary companies 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
			2009 %	2008 %	
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	100	Marketing, trading and distributing of all kind of beverages and foodstuff
Ω Lot 100 Food Co. Ltd.	People's Republic of China	#RMB1,000,000	100	100	Wholesaling, import and export of gummy products and other product

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
			2009 %	2008 %	
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	2009 RM	2008 RM
Unquoted shares, at cost	4,935,925	4,935,925
Less: Share of loss	(1,840,240)	(1,108,223)
	3,095,685	3,827,702

Notes to the Financial Statements (cont'd)

5. INVESTMENT IN AN ASSOCIATED COMPANY (cont'd)

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

Name of company	Equity interest		Principal Activities
	2009 %	2008 %	
Coco (Fujian) Foods Company Limited	50	50	Manufacturing and distributing of gummy candy products

6. OTHER INVESTMENT

Group	2009 RM	2008 RM
Unquoted shares, at cost	1,000	1,000

7. INVENTORIES

Group	2009 RM	2008 RM
At cost:		
Work in progress	779,763	835,554
Packing materials	7,359,463	4,295,790
Raw materials	4,686,476	5,033,709
Finished goods	4,709,529	4,454,041
	17,535,231	14,619,094

8. TRADE RECEIVABLES

Group	2009 RM	2008 RM
Trade receivables	23,619,923	24,330,775
Less: Allowance for doubtful debts	(2,045,919)	(2,503,014)
	21,574,004	21,827,761

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Other receivables	64,941	105,806	—	—
Deposits	9,329,469	601,461	1,000	1,000
Prepayments	127,601	120,725	—	7,500
Tax recoverable	558,896	1,427,708	297,837	224,563
	10,080,907	2,255,700	298,837	233,063

Notes to the Financial Statements (cont'd)

10. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Fixed deposits with licensed banks	464,444	1,159,821	—	—
*Short term deposits with licensed banks	5,532,552	9,210,570	—	—
Cash and bank balances	8,823,514	5,750,825	177,681	23,104
	14,820,510	16,121,216	177,681	23,104

The interest rates and maturity periods of fixed deposits as at 31st December, 2009 are as follows:-

Group	2009 RM	2008 RM
Interest rates per annum	1.50% to 2.50%	3.00% to 3.88%
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% (2008 - 2.7% to 3.0%) per annum and maturity periods of between 14 days to 42 days (2008 - 14 days to 42 days).

Fixed deposits of RM1,159,821 for the financial year ended 31st December, 2008 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 (2008 - RM128,295) are held in the name of certain directors of the subsidiary companies, in trust on behalf of the subsidiary companies.

11. SHARE CAPITAL

Group and Company	2009		2008	
	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	
	2009 RM	2008 RM	2009 RM	2008 RM
Non-distributable:				
Share premium	193,919	193,919	193,919	193,919
Distributable:				
Retained profit	40,932,612	27,989,594	4,858,613	662,062
	41,126,531	28,183,513	5,052,532	855,981

Notes to the Financial Statements (cont'd)

13. HIRE-PURCHASE CREDITORS

Group	2009 RM	2008 RM
Minimum payments		
Not later than one year	66,432	70,707
Later than one year but not later than five years	60,879	127,310
	127,311	198,017
Less: Future hire-purchase charges	(9,104)	(18,685)
	118,207	179,332
Total payable	118,207	179,332
Less: Payable within one year	(60,274)	(61,126)
Payable after one year	57,933	118,206
Terms	3 years	3 years
Borrowing rate ranges per annum	3.57%	2.30% - 3.30%

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

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

Group	2009 RM	2008 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	12,842	19,735
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	12,842	19,735
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
	25,684	2,015,589
Repayable as follows:-		
Within twelve months	14,920	812,697
Later than one year and not later than two years	10,764	873,543
Later than two years and not later than five years	—	329,349
	10,764	1,202,892
	25,684	2,015,589

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	2009 RM	2008 RM
Balance at 1st January	3,242,000	3,223,000
Transferred from income statement (Note 19)	71,000	19,000
Balance at 31st December	3,313,000	3,242,000

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	3,313,000	3,242,000
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16. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Other payables	4,837,101	1,690,184	13,137	21,486
Accruals	2,116,646	1,942,511	193,000	52,000
Deposits	14,660	24,150	—	—
	6,968,407	3,656,845	206,137	73,486

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	
	2009 RM	2008 RM	2009 RM	2008 RM
a) Profit before income tax is arrived at after charging/(crediting):-				
Auditors' remuneration				
- current year	70,507	69,000	13,000	13,000
- underprovision in prior year	—	2,000	—	2,000
Depreciation (Note 2)	4,885,898	4,831,213	—	—
Amortisation of prepaid lease payments (Note 3)	184,940	184,940	—	—
Realised gain on foreign exchange	(180,908)	(275,575)	—	—
Rental of premises	364,370	328,905	—	—
Bad debts written off	26,143	96,423	—	—
Bad debts recovered	—	(200)	—	—
Allowance for doubtful debts	25,520	283,903	—	—
Allowance for doubtful debts no longer required	(424,086)	(1,399)	—	—
Property, plant and equipments written off	13,275	1,314	—	—
Preliminary expenses written off	—	3,522	—	—
Loss/ (Gain) on disposal of property, plant and equipment	626	(136,999)	—	—
Income from rental of premises	(3,600)	(2,400)	—	—
Interest income				
- fixed and short term deposit interest	(291,042)	(337,979)	—	—
- other	(1,094)	(1,731)	—	—
Dividend income				
- non tax exempt				
- subsidiary companies	—	—	(15,000,050)	(5,000,000)
- unquoted investment	—	(380)	—	—
Labour costs:				
(Included in cost of sales)				
Salaries, wages, bonus & allowances	10,186,712	9,069,850	—	—
EPF and Socso	605,447	460,235	—	—
Others	506,578	284,383	—	—
	11,298,737	9,814,468	—	—

Notes to the Financial Statements (cont'd)

18. PROFIT BEFORE INCOME TAX (cont'd)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Staff costs:				
Directors' remuneration				
- fees				
- current directors	216,000	187,000	180,000	156,000
- past director	24,000	—	—	—
- other than fees				
- current directors	2,489,700	2,369,200	25,500	23,000
- past director	—	349,500	—	—
Salaries, wages, bonus & allowances	3,149,924	2,833,110	—	—
EPF and Socso	780,952	765,247	—	—
Others	197,520	268,378	—	—
	6,858,096	6,772,435	205,500	179,000
Finance cost:				
Interest expense				
- LC charges	1,200	854	—	—
- bank overdrafts	17	692	—	—
- hire-purchase	9,581	1,853	—	—
- overdue interest	46	730	—	—
- term loan interest	91,794	164,692	—	—
- bank interest	1,659	4,558	—	—
	104,297	173,379	—	—

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	1,387,500	1,351,000	12,000	11,500
Non-executive directors				
- fees				
- current directors	60,000	60,000	60,000	60,000
- past director	24,000	—	24,000	—
- other emoluments				
- current directors	9,500	11,500	9,500	11,500
- past directors	4,000	—	4,000	—

Notes to the Financial Statements (cont'd)

18. PROFIT BEFORE INCOME TAX (cont'd)

b) Directors' remuneration (cont'd)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Other directors (on board of subsidiary companies)				
Executive directors				
- salaries and other emoluments				
- current directors	1,088,700	1,006,700	—	—
- past director	—	349,500	—	—
- fees	60,000	31,000	—	—
Group	2009	2008	2009	2008
	Executive	Non-Executive	Executive	Non-Executive
The number of directors whose remuneration fell within the following ranges (per annum):-				
Directors of the Company				
RM1 - RM100,000	1	3	1	2
RM100,001 - RM200,000	—	—	—	—
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	—
RM100,001 - RM200,000	3	—	3	—
RM200,001 - RM300,000	1	—	1	—
RM300,001 - RM400,000	—	—	—	—
RM400,001 - RM500,000	1	—	1	—

19. INCOME TAX EXPENSE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current taxation:				
Estimate for the year	5,450,987	2,208,400	3,677,000	1,232,000
Under/ (Over)provision in prior years	87,125	15,217	(261)	(19,524)
	5,538,112	2,223,617	3,676,739	1,212,476
Deferred income tax liabilities:				
Transferred to deferred income tax liabilities (Note 15)	71,000	19,000	—	—
	5,609,112	2,242,617	3,676,739	1,212,476

Notes to the Financial Statements (cont'd)

19. INCOME TAX EXPENSE (cont'd)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Reconciliation of effective tax rate:-				
Profit before income tax	25,302,130	10,927,201	14,623,290	4,661,586
Taxation using statutory tax rate of 25% (2008 - 26%)	6,325,533	2,841,072	3,655,823	1,212,012
Reduction in statutory tax rate	—	(61,001)	—	—
Non-deductible expenses for tax purposes	1,521,239	1,655,432	20,922	19,726
Capital allowances utilised	(1,273,953)	(1,290,580)	—	—
Balancing charges	15,711	20,370	—	—
Reinvestment allowance utilised	(1,009,282)	(458,579)	—	—
Non taxable gain	—	(32,500)	—	—
Expenses eligible for double deduction	(526,048)	(684,900)	—	—
Capital allowances unutilised	8,380	10,283	—	—
Current year tax losses not utilised	361,168	205,434	—	—
Increase in unused tax losses	396,531	218,380	—	—
Deferred tax assets not recognised	(369,548)	(215,717)	—	—
Other items	1,256	706	255	262
Transferred to deferred income tax liabilities	71,000	19,000	—	—
	5,521,987	2,227,400	3,677,000	1,232,000
Under/ (Over)provision in prior years	87,125	15,217	(261)	(19,524)
	5,609,112	2,242,617	3,676,739	1,212,476

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, 2009 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 RM19,693,018 (2008 - RM8,684,584) by the number of ordinary shares in issue during the financial year of 120,000,000 (2008 - 120,000,000) shares.

21. SEGMENTAL REPORTING

Group - By Geographical	Revenue RM	Profit/ (Loss) before income tax RM	Assets employed RM
2009			
Malaysia	232,632,972	41,212,648	123,038,292
China	905,148	(873,468)	3,498,880
	233,538,120	40,339,180	126,537,172
Eliminations	(100,362,615)	(15,037,050)	—
	133,175,505	25,302,130	126,537,172

Notes to the Financial Statements (cont'd)

21. SEGMENTAL REPORTING (cont'd)

Group - By Geographical		Profit/ (Loss) before income tax RM	Assets employed RM
2008	Revenue RM		
Malaysia	220,169,100	17,186,215	108,903,829
China	467,842	(1,158,014)	4,524,243
	220,636,942	16,028,201	113,428,072
Eliminations	(91,919,675)	(5,101,000)	—
	128,717,267	10,927,201	113,428,072

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.

(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.

Notes to the Financial Statements (cont'd)

22. FINANCIAL INSTRUMENTS (cont'd)

(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, 2009 are not materially different from their fair values.

23. CONTINGENT LIABILITIES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 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
Bank guarantees issued to third party	600,000	592,000	–	–

24. CAPITAL COMMITMENTS

Group	2009 RM	2008 RM
Capital expenditure authorised and contracted for but not provided in the financial statements in respect of:		
- purchase of property, plant and equipment	3,744,229	526,564
- further capital outlay of USD1,000,000 (2008 - USD1,000,000) in Coco (Fujian) Foods Company Limited, China *	3,500,000	3,500,000

- * On 21st May, 2007 and 11th December, 2007, the Company's wholly-owned subsidiary, Cocoland 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 50% of the fully paid up share capital of the JV Company as at 31st December, 2009.

Notes to the Financial Statements (cont'd)

24. CAPITAL COMMITMENTS (cont'd)

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. SUBSEQUENT EVENTS

Subsequent to the balance sheet date:-

- i) As announced on Bursa Malaysia Securities Berhad ("Bursa Securities") on 14th January, 2010, the Company proposed to undertake a private placement of up to 12,000,000 new ordinary shares of RM0.50 each ("Shares") representing up to 10% of the issued and paid-up share capital of the Company ("Proposed Private Placement"). Bursa Securities vide its letter dated 26th January, 2010 had approved the listing and quotation of these Shares. On 26th March, 2010 the Company announced that the Board had resolved to fixed the issue price of the Private Placement at RM1.35 per Placement Share. The Proposed Private Placement was completed on 8th April, 2010.
- ii) On 25th February, 2010, an interim dividend of 5% per ordinary shares of RM0.50 each less 25% income tax amounting to RM2,250,000 was declared and paid on 6th April, 2010 in respect of financial year ended 31st December, 2009.

26. GENERAL INFORMATION

26.1 The Company is a public limited company, incorporated and domiciled in Malaysia, quoted on the Main Market of the Bursa Malaysia Securities Berhad.

26.2 The Company's principal place of business is Lot 100, Rawang Integrated Industrial Park, 48000 Rawang, Selangor Darul Ehsan.

26.3 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 22nd April, 2010.

27. RELATED PARTIES TRANSACTIONS

	2009 RM	2008 RM
Company		
Dividend income from subsidiary companies		
- non tax exempt	15,000,050	5,000,000

28. 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 Financial Reporting Standards in Malaysia 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, 2009 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 22nd April, 2010.

LIEW FOOK MENG

LAU KEE VON

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 22nd April, 2010)

Before me:-

Asmah Bt Buroh

List of Properties

as at 31st December 2009

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	28	2,295	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	18 to 22	2,550	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	13 to 16	9,216	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	7	5,669	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 warehouse.	130,865 sq. ft	Freehold	—	6,502	Year 2009

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	–	3,830	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	28	125	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	7	50	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	7	50	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.	5,600 sq. ft.	Leasehold 10 years	2	271	1.1.2008

Analysis of Shareholdings

as at 30th April 2010

SHARE CAPITAL

Authorised Share Capital	: RM100,000,000.00
Issued and fully paid-up	: RM66,000,000.00
Class of Shares	: Ordinary Shares of RM0.50 each
Voting Rights	: One vote per Ordinary Share held

DISTRIBUTION SCHEDULE OF SHARES

Size of Holdings	No. of Holders	Total Holdings	% of Holdings
1 – 99	294	13,026	0.01
100 – 1,000	193	127,827	0.10
1,001 – 10,000	1,011	5,143,647	3.89
10,001 – 100,000	381	12,530,803	9.49
100,001 to less than 5% of issued shares	75	48,899,726	37.05
More than 5% of issued shares	1	65,284,971	49.46
Total	1,955	132,000,000	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Shares	% of Shares
1.	Leverage Success Sdn. Bhd.	65,284,971	49.46
2.	Citigroup Nominees (Asing) Sdn. Bhd. <i>[UBS AG Singapore for Lee Beng Hong]</i>	5,000,000	3.79
3.	Lai Ming Chun @ Lai Poh Lin	5,000,000	3.79
4.	Liew Fook Meng	4,420,800	3.35
5.	Poon Lee Wah	4,070,033	3.08
6.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>[Pledged Securities Account for Koh Kin Lip]</i>	2,000,000	1.52
7.	Chow Dai Ying	2,000,000	1.52
8.	Chew Pui Ming	1,813,000	1.37
9.	Chew Mun Kah	1,209,200	0.92
10.	Ho Sek Kee Sdn. Bhd.	1,010,000	0.77
11.	Lau Kee Von	932,800	0.71
12.	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>[Pledged Securities Account for Ting Siew Pin (CEB)]</i>	834,500	0.63
13.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>[Pledged Securities Account for Ting Siew Pin]</i>	799,500	0.61
14.	Lau Yoke Kiew	751,761	0.57
15.	Wong Yoke Chou	715,700	0.54
16.	Hon Yew Chong	665,600	0.50
17.	Lau Pa Sin	620,711	0.47
18.	Lo Keng Yip	610,000	0.46
19.	Lau Pak Lam	581,333	0.44
20.	HLB Nominees (Tempatan) Sdn. Bhd. <i>[Pledged Securities Account for Exodius Holdings Sdn. Bhd.]</i>	573,200	0.43
21.	Mayban Nominees (Tempatan) Sdn. Bhd. <i>[Mayban Life Assurance Berhad (Shareholders FD)]</i>	550,000	0.42

Analysis of Shareholdings (cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS (cont'd)

Name of Shareholders	No. of Shares	% of Shares
22. Lau Yook Chan	539,000	0.41
23. Lee Yoke Choo	506,400	0.38
24. Cimsec Nominees (Tempatan) Sdn. Bhd. [CIMB Bank for Koh Kin Lip]	500,000	0.38
25. Cimsec Nominees (Tempatan) Sdn. Bhd. [CIMB Bank for Rickoh Corporation Sdn. Bhd.]	500,000	0.38
26. Citigroup Nominees (Tempatan) Sdn. Bhd. [Pledged Securities Account for Cheong Siew Chyuan]	500,000	0.38
27. Ting Siew Pin	500,000	0.38
28. Low Yoon Sun	476,495	0.36
29. Liew Fook Meng	465,300	0.35
30. Tan Song Cheng	460,000	0.35

LIST OF SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Leverage Success Sdn. Bhd.	65,284,971	49.46	0	0.00
Liew Fook Meng	4,979,533	3.77	65,284,971 (a)	49.46
Lau Kee Von	1,029,800	0.78	65,284,971 (a)	49.46
Lau Pak Lam	934,266	0.71	65,284,971 (a)	49.46
Liew Yoon Kee	73,333	0.06	65,284,971 (a)	49.46
Lau Kwai Choon	20,000	0.02	65,284,971 (a)	49.46
Lew Foo Chay @ Lau Foo Chay	0	0.00	65,284,971 (a)	49.46

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

DIRECTORS' SHAREHOLDINGS

Name of Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Dato' Azman Bin Mahmood	393,333	0.30	0	0.00
Dato' Sri Koh Kin Lip	2,500,000	1.89	500,000 (a)	0.38
Liew Fook Meng	4,979,533	3.77	65,284,971 (b)	49.46
Lau Kee Von	1,029,800	0.78	65,284,971 (b)	49.46
Lau Pak Lam	934,266	0.71	65,284,971 (b)	49.46
Liew Yoon Kee	73,333	0.06	65,284,971 (b)	49.46
Chow Kee Kan @ Chow Tuck Kwan	0	0	0	0.00

- (a) Deemed interested by virtue of his shareholding in Rickoh Corporation Sdn. Bhd. pursuant to Section 6A of the Act.

- (b) Deemed interested by virtue of their shareholdings in Leverage Success Sdn. Bhd. pursuant to Section 6A of the Act.

Appendix 1

This is the Appendix 1 referred to in the Special Resolution of the Notice of the Tenth Annual General Meeting of Cocoaland Holdings Berhad.

Amendment to the Articles of Association

The existing Article 128 (1) of the Articles of Association of the Company be deleted in its entirety and replaced with the following new Article 128 (1):-

Existing Article 128 (1)

Dividends payable by cheque

“Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post to the last registered address of the Member or person entitled thereto. Every such cheque or warrant shall be payable to the order of the person to whom it is sent and payment of the cheque shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

New Article 128 (1)

Dividends payable by cheque or direct transfer

“Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post to the last registered address of the Member or person entitled thereto or by way of telegraphic transfer or electronic transfer or remittance to such account as designated by the Member or the person entitled to such payment. Every such cheque or warrant or telegraphic transfer or electronic transfer or remittance shall be made payable to the order of the person to whom it is sent and the payment of any such cheque or warrant or telegraphic transfer or electronic transfer or remittance shall operate as a good and full discharge to the Company in respect of the payment represented thereby, notwithstanding that in the case of payment by cheque or warrant, it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant or telegraphic transfer or electronic transfer or remittance shall be sent at the risk of the person entitled to the money represented thereby.”

Proxy Form

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 10th 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 Tuesday, 15 June 2010 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 2009 and the Reports of the Directors and Auditors thereon		
2. Re-election of Lau Kee Von as Director		
3. Re-election of Lau Pak Lam as Director		
4. Re-election of Dato' Sri Koh Kin Lip as Director		
5. Approve payment of Directors' fee amounting to RM180,000 in respect of the financial year ended 31 December 2009		
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		
8. Amendment to the Articles of Association		

(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 _____ 2010

Signature: _____

Number of Shares held

NOTES:-

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy. The provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
- 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 it holds with ordinary shares of the Company standing to the credit of the said 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 Lot 6.08, 6th Floor, Plaza First Nationwide, No. 161, Jalan Tun H.S. Lee, 50000 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.

Please Fold Along This Line

STAMP

The secretary
COCOALAND HOLDINGS BERHAD (516019-H)
Lot 6.08, 6th Floor
Plaza First Nationwide
No. 161, Jalan Tun H.S. Lee
50000 Kuala Lumpur

Please Fold Along This Line

