



FINANCIAL STATEMENTS

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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, 2004.

INCORPORATION AND COMMENCEMENT OF BUSINESS

The Company was incorporated on 6th June, 2000 and commenced business during the financial year.

PRINCIPAL ACTIVITIES

The Company's principal activity is that of investment holding. The principal activities of the subsidiary companies are stated in Note 3 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/ (Loss) after taxation	7,553,723	(10,396)
Retained profit/ (Accumulated loss) brought forward	42,128,288	(5,641)
Merger deficit set-off	49,682,011 (30,659,431)	(16,037) —
Retained profit/ (Accumulated loss) carried forward	19,022,580	(16,037)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

In conjunction with, as an integral part of the listing exercise undertaken by the Company, the Company implemented a restructuring exercise which was approved by the Securities Commission ("SC") and the Foreign Investment Committee vide the SC's letters dated 19th August, 2004 and 13th December, 2004, and by the Ministry of International Trade and Industry ("MITI") vide its letters dated 11th May, 2004 and 27th May, 2004, which involved the following transactions:

(a) Share Split

The subdivision of the existing 2 (two) ordinary shares of RM1.00 each of the Company into 4 (four) ordinary shares of RM0.50 each which was implemented on 7th October, 2004.

(b) Acquisitions

- i) Acquisition of the entire issued and paid-up share capital of Cocoland Industry Sdn Bhd comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM32,967,365 satisfied by the issuance of 50,844,093 new ordinary shares of the Company at an issue price of approximately RM0.65 per share.
- ii) Acquisition of the entire issued and paid-up share capital of L.B. Food Sdn Bhd comprising 1,500,000 ordinary shares of RM1.00 each for a purchase consideration of RM9,613,210 satisfied by the issuance of 14,873,576 new ordinary shares of the Company at an issue price of approximately RM0.65 per share.
- iii) Acquisition of the entire issued and paid-up share capital of B Plus Q Sdn Bhd comprising 500,000 ordinary shares of RM1.00 each for a purchase consideration of RM9,242,197 satisfied by the issuance of 14,282,327 new ordinary shares of the Company at an issue price of approximately RM0.65 per share.

The acquisitions were completed on 8th October, 2004.

(c) Public Issue

The Company issued its prospectus dated 24th December, 2004 for the public issue of 10,000,000 new ordinary shares at nominal value of RM0.50 each at an issue price of RM0.65 per share payable in full on application, comprising:

- (i) 1,800,000 new ordinary shares available for application by eligible employees of the Group;
- (ii) 600,000 new ordinary shares reserved for Bumiputera investors nominated and approved by MITI;
- (iii) 6,000,000 new ordinary shares available for application by the Malaysian public; and
- (iv) 1,600,000 new ordinary shares by way of private placement to identified public investors.

The gross proceeds raised from the public issue amounted to RM6.5 million.

On completion of (a) to (c) above, the issued and fully paid-up share capital of the Company comprise 90,000,000 ordinary shares of RM0.50 each.

(d) Listing

The listing of and quotation for the entire enlarged issued and paid-up share capital of the Company comprising 90,000,000 ordinary shares of RM0.50 each on the Second Board of the Bursa Malaysia Securities Berhad.

The Company was admitted to the official list of the Second Board of the Bursa Malaysia Securities Berhad and official quotation of its entire paid-up share capital commenced on 18th January, 2005.

DIVIDENDS

No dividends were paid or declared by the Company since the end of the previous financial year. The directors do not recommend any dividend in respect of the financial year ended 31st December, 2004.

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

During the financial year,

- i) the authorised share capital of the Company was subdivided from 100,000 ordinary shares of RM1.00 each to 200,000 ordinary shares of RM0.50 each. The authorised share capital was then increased from RM100,000 to RM50,000,000 by the creation of an additional 99,800,000 new ordinary shares of RM0.50 each.
- ii) the existing issued and fully paid-up share capital of the Company was subdivided from 2 (two) existing fully paid ordinary shares of RM1.00 each into 4 (four) ordinary shares of RM0.50 each; and
- iii) the issued and fully paid up share capital of the Company was increased from RM2 to RM40,000,000 by an allotment of 79,999,996 new ordinary shares of RM0.50 each for acquisitions of the entire issued and fully paid up share capital of Cocoland Industry Sdn Bhd, L.B. Food Sdn Bhd and B Plus Q Sdn Bhd for a total consideration of RM39,999,998.

These new shares rank pari-passu with the then existing shares of the Company.

There were no issue of debentures during the financial year.



OPTIONS GRANTED OVER UNISSUED SHARES

No share options were granted during the financial year.

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.

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 (Appointed on 8.10.2004)
 Liew Fook Meng (Appointed on 8.10.2004)
 Lau Kee Von (Appointed on 8.10.2004)
 Lau Pak Lam (Appointed on 8.10.2004)
 Liew Yoon Kee (Appointed on 8.10.2004)
 Chow Kee Kan @ Chow Tuck Kwan (Appointed 8.10.2004)
 Yap Foo Teng (Resigned on 8.10.2004)
 Raja Noorbaini Binti Raja Azam (Resigned on 8.10.2004)

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 during the financial year ended 31st December, 2004 are follows:-

Name of Directors	No of ordinary shares of RM0.50 each					*Deemed interest at 13.1.2005
	Balance at 1.1.2004	Subdivision	Bought	Sold	Balance at 31.12.2004	
Dato' Azman Bin Mahmood	—	—	—	—	—	—
*Liew Fook Meng	—	—	7,292,852	—	7,292,852	48,963,728
*Lau Kee Von	—	—	7,632,649	—	7,632,649	48,963,728
*Lau Pak Lam	—	—	7,292,958	—	7,292,958	48,963,728
*Liew Yoon Kee	—	—	7,292,958	—	7,292,958	48,963,728
Chow Kee Kan @ Chow Tuck Kwan	—	—	—	—	—	—
Yap Foo Teng	1	1	—	—	2	—
Raja Noorbaini Binti Raja Azam	1	1	—	—	2	—

* Subsequent to the completion of the Acquisitions, in conjunction with the public listing exercise undertaken by the Company, the above 4 directors, namely Messrs Liew Fook Meng, Lau Kee Von, Lau Pak Lam and Liew Yoon Kee transferred all their entire new Company's shares allotted and issued to them arising from the said acquisitions to Leverage Success Sdn Bhd for the purpose of consolidating their interest in the Company. Concurrent with the consolidation of interests, the 4 shares held by Mr Yap Foo Teng and Raja Noorbaini Binti Raja Azam were also transferred to Leverage Success Sdn Bhd. On completion of the consolidation of interest exercise, on 13th January, 2005, Leverage Success Sdn Bhd was the registered shareholder of 48,963,728 new Company shares of RM0.50 each. Accordingly, Leverage Success Sdn Bhd is the ultimate holding company of Cocoland Holdings Berhad.

**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 26 April, 2005.

LIEW FOOK MENG
Director

LAU KEE VON
Director

KUALA LUMPUR



AUDITORS' REPORT

to the members of Cocoland Holdings Berhad

We have audited the financial statements set out on pages 28 to 54. These financial statements are the responsibility of the Company's directors. 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:-
 - (i) the state of affairs of the Group and of the Company as at 31st December, 2004 and of their results and cash flows for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company;

and

- (b) the accounting and other records, and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiaries of which we have acted as auditors, have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiaries 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 consolidated financial statements and we have received satisfactory information and explanations as required by us for these purposes.

The auditors' report on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Companies Act, 1965.

WONG WENG FOO & CO.
AF: 0829
CHARTERED ACCOUNTANTS

WONG WENG FOO
1218/03/06 (J/PH)

KUALA LUMPUR
Dated this: 26 APRIL 2005



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 28 to 54 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting 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, 2004 and of their results and cash flows for the year ended on that date.

Signed on behalf of the Board of directors in accordance with a resolution dated 26 April 2005.

LIEW FOOK MENG
Director

LAU KEE VON
Director

KUALA LUMPUR

STATUTORY DECLARATION

I, **LIEW FOOK MENG** being the director responsible for the financial management of **COCOALAND HOLDINGS BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 28 to 54 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 26 April 2005)

Before me:-

K. MARIASOOSAY
Commissioner for Oaths
No. W344



CONSOLIDATED BALANCE SHEET

as at 31st December 2004

	Note	2004 RM
NON CURRENT ASSETS		
Property, plant and equipment	2	42,039,974
Investment	4	1,000
CURRENT ASSETS		
Inventories	5	9,414,848
Trade receivables	6	16,216,077
Other receivables, deposits and prepayments	7	8,712,157
Deposits, cash and bank balances	8	3,301,301
		37,644,383
LESS: CURRENT LIABILITIES		
Trade payables		8,456,227
Other payables and accruals	9	3,942,328
Hire-purchase creditors	11	604,794
Amount due to directors	12	137,573
Term loans	13	16,459
Bank overdrafts	14	479,643
Taxation		38,394
		13,675,418
NET CURRENT ASSETS		23,968,965
		66,009,939
CAPITAL AND RESERVES		
SHARE CAPITAL	15	40,000,000
RETAINED PROFIT		19,022,580
SHAREHOLDERS' FUNDS		59,022,580
DEFERRED AND LONG TERM LIABILITIES		
Hire-purchase creditors	11	644,057
Term loans	13	3,724,302
Deferred taxation	16	2,619,000
		66,009,939

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

CONSOLIDATED INCOME STATEMENT

for the year ended 31st December 2004



	Note	2004 RM
OPERATING REVENUE		89,923,153
OTHER OPERATING INCOME		132,322
CHANGES IN INVENTORIES OF WORK IN PROGRESS AND FINISHED GOODS		1,582,727
WORK PERFORMED BY THE GROUP AND CAPITALISED	17	(8,837,985)
RAW MATERIALS AND CONSUMABLES USED		(53,623,674)
STAFF COSTS	17	(9,119,498)
DEPRECIATION	17	(4,905,963)
OPERATING EXPENSES		(5,902,444)
PROFIT FROM OPERATIONS		9,248,638
FINANCE COST	17	(157,942)
PROFIT BEFORE TAXATION	17	9,090,696
TAXATION	18	(1,536,973)
PROFIT AFTER TAXATION		7,553,723
EARNINGS PER SHARE (sen)	19	9.44

The attached notes form an integral part of the Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December 2004

	Share capital (Note 15) RM	Revaluation reserve RM	Merger reserve RM	Retained profit RM	Total RM
At 1st January 2004	2	–	–	42,128,288	42,128,290
Allotted during the year for the acquisition of subsidiaries	39,999,998	–	–	–	39,999,998
Surplus on revaluation of properties	–	6,340,567	–	–	6,340,567
Merger deficit arising from the acquisition of subsidiaries					
- Cost of investments	–	–	(39,999,998)	–	(39,999,998)
- Nominal value of shares acquired	–	–	3,000,000	–	3,000,000
	–	–	(36,999,998)	–	(36,999,998)
Merger deficit set off	–	(6,340,567)	36,999,998	(30,659,431)	–
Profit after taxation	–	–	–	7,553,723	7,553,723
At 31st December 2004	40,000,000	–	–	19,022,580	59,022,580

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

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st December 2004



	2004 RM
Cash Flows From Operating Activities	
Profit before taxation	9,090,696
Adjustments for:-	
Bad debt written off	36,757
Allowance for doubtful debts	912,399
Depreciation	4,905,963
Dividend income	(230)
Gain on disposal of property, plant and equipment	(440)
Interest expense	157,942
Interest income	(29,504)
Operating profit before working capital changes	15,073,583
Increase in inventories	(1,582,727)
Decrease in receivables	1,319,847
Decrease in payables	(11,125,605)
Cash generated from operating activities	3,685,098
Interest paid	(157,942)
Interest received	29,504
Tax refunded	1,557,983
Tax paid	(1,227,563)
Net cash provided by operating activities	3,887,080
Cash Flows from Investing Activities	
Proceeds from disposal of property, plant and equipment	55,200
Dividend received	230
Purchase of property, plant and equipment	(5,916,804)
Net cash used in investing activities	(5,861,374)



CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

for the year ended 31st December 2004

	2004 RM
Cash Flows From Financing Activities	
Proceeds from term loans	3,745,277
Repayment of term loans	(4,516)
Financing from hire-purchase creditors	1,309,479
Repayment of hire-purchase creditors	(528,297)
Net cash provided by financing activities	4,521,943
Net changes in cash and cash equivalents	2,547,649
*Cash and cash equivalents brought forward	274,009
*Cash and cash equivalents carried forward	2,821,658
 *Cash and cash equivalents consist of:-	
Fixed deposits with licensed banks	394,485
Short term deposits with a license bank	280,000
Cash and bank balances	2,626,816
Bank overdrafts	(479,643)
	2,821,658

The attached notes form an integral part of the Financial Statements

BALANCE SHEET

as at 31st December 2004



	Note	2004 RM	2003 RM
NON CURRENT ASSETS			
Investment in subsidiary companies	3	39,999,998	—
CURRENT ASSETS			
Prepayments	7	510,618	—
Cash in hand	8	2	2
		510,620	2
LESS: CURRENT LIABILITIES			
Other payables		4,328	5,141
Accruals		8,000	500
Amount due to a subsidiary company	10	514,327	—
		526,655	5,641
NET CURRENT LIABILITIES		(16,035)	(5,639)
		39,983,963	(5,639)
CAPITAL AND RESERVES			
SHARE CAPITAL	15	40,000,000	2
ACCUMULATED LOSS		(16,037)	(5,641)
SHARHOLDERS' FUNDS/ (CAPITAL DEFICIENCY)		39,983,963	(5,639)

The attached notes form an integral part of the Financial Statements



INCOME STATEMENT

for the year ended 31st December 2004

	Note	2004 RM	2003 RM
REVENUE		—	—
OPERATING EXPENSES			
- CURRENT YEAR		(10,396)	(4,272)
- OVERPROVISION IN PRIOR YEARS		—	50,810
(LOSS)/ PROFIT BEFORE TAXATION	17	(10,396)	46,538
TAXATION	18	—	—
(LOSS)/ PROFIT FOR THE YEAR		(10,396)	46,538

The attached notes form an integral part of the Financial Statements

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December 2004



	Share capital (Note 15) RM	Accumulated loss RM	Total RM
At 1st January 2003	2	(52,179)	(52,177)
Profit for the year	–	46,538	46,538
At 31st December 2003/ 1st January 2004	2	(5,641)	(5,639)
Allotted during the year	39,999,998	–	39,999,998
Loss for the year	–	(10,396)	(10,396)
At 31st December 2004	40,000,000	(16,037)	39,983,963

The attached notes form an integral part of the Financial Statements



CASH FLOW STATEMENT

for the year ended 31st December 2004

	2004 RM	2003 RM
Cash Flows From Operating Activities		
(Loss)/ Profit for the year	(10,396)	46,538
Operating (loss)/ profit before working capital changes	(10,396)	46,538
Increase in receivables	(510,618)	—
Increase/ (Decrease) in payables	521,014	(46,538)
Net cash flow from operating activities	—	—
Cash Flows From Investing Activities	—	—
Cash Flows From Financing Activities	—	—
Net change in cash and cash equivalents	—	—
*Cash & cash equivalents brought forward	2	2
*Cash & cash equivalents carried forward	2	2
 *Cash & cash equivalents consist of:		
Cash in hand	2	2

The attached notes form an integral part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

31st December 2004



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

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

1.2 Basis of Consolidation

The financial statements of all subsidiary companies qualify for the merger method of accounting in accordance with FRS 122 "Business Combinations". Accordingly, the merger method of accounting has been adopted to consolidate the financial statements of all the subsidiary companies as at 31st December, 2004.

Under the merger method of accounting, 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. All significant intercompany transactions and balances are eliminated on consolidation.

1.3 Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost as modified by the revaluation of certain freehold and leasehold properties of the Group less accumulated depreciation and accumulated impairment loss.

Freehold lands are not depreciated.

Long term and short term leasehold land and buildings are amortised over their respective lease periods which range from 10 to 78 years.

Depreciation on other property, plant and equipment is calculated on the straight line method to write off the cost of the assets 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%



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31st December 2004

1.4 Investments

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

1.5 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. Where necessary, allowance is made for obsolete, slow moving or defective inventories.

1.6 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.

1.7 Income Tax

Income tax on the profit for the year comprises current and deferred tax. Current tax 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 tax 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 tax liabilities are recognised for all taxable temporary differences and deferred 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 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 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 tax asset to be utilised, the carrying amount of the deferred 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.

1.8 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.



1.9 Payables

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

1.10 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.

1.11 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 1.3 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).

1.12 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.

1.13 Share Capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

1.14 Cash and Cash Equivalents

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

1.15 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)

31st December 2004

1.16 Foreign Currencies

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

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

Foreign currency	2004 RM	2003 RM
1 US Dollar	3.8	3.8
1 Singapore Dollar	2.3	2.2
1 Euro	5.2	4.7
1 Australian Dollar	3.0	2.7

1.17 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 has no further payment obligations.

1.18 Operating Revenue

Operating revenue of the Group represents invoiced value of goods sold, net of returns, discounts and allowances.

1.19 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)

31st December 2004



2. PROPERTY, PLANT AND EQUIPMENT

Group	Balance at 1.1.2004 RM	Additions RM	(Disposals) RM	Revaluation surplus RM	Balance at 31.12.2004 RM
COST/ VALUATION					
At valuation:					
Freehold lands	4,559,691	—	—	2,522,222	7,081,913
Freehold buildings	9,179,653	—	—	62,633	9,242,286
Long leasehold land and buildings	1,642,220	109,000	—	857,780	2,609,000
Short term leasehold land and building	1,840,234	—	—	1,159,766	3,000,000
At cost:					
Short term leasehold land and building	68,045	—	—	—	68,045
Motor vehicles	4,958,235	144,249	(138,800)	—	4,963,684
Plant and machinery	31,824,155	3,172,913	(23,100)	—	34,973,968
Office equipment	707,221	20,789	—	—	728,010
Furniture and fittings	211,561	9,511	—	—	221,072
Warehouse equipment	232,982	—	—	—	232,982
Electrical fittings	721,011	68,096	—	—	789,107
Renovation	2,273,464	1,082,369	—	—	3,355,833
Science lab equipment	127,314	28,750	—	—	156,064
Factory equipment	3,922,072	1,281,127	—	—	5,203,199
	62,267,858	5,916,804	(161,900)	4,602,401	72,625,163
ACCUMULATED DEPRECIATION					
At valuation:					
Freehold lands	—	—	—	—	—
Freehold buildings	1,055,092	214,824	—	(1,030,892)	239,024
Long leasehold land and buildings	264,265	35,644	—	(264,265)	35,644
Short term leasehold land and building	443,009	75,000	—	(443,009)	75,000
At cost:					
Short term leasehold land and building	66,685	1,359	—	—	68,044
Motor vehicles	3,318,123	682,006	—	—	4,000,129
Plant and machinery	17,611,517	2,977,386	(96,640)	—	20,492,263
Office equipment	472,604	49,162	(10,500)	—	511,266
Furniture and fittings	182,434	7,444	—	—	189,878
Warehouse equipment	104,267	23,298	—	—	127,565
Electrical fittings	553,162	45,572	—	—	598,734
Renovation	1,374,757	289,593	—	—	1,664,350
Science lab equipment	27,560	15,606	—	—	43,166
Factory equipment	2,051,057	489,069	—	—	2,540,126
	27,524,532	4,905,963	(107,140)	(1,738,166)	30,585,189
	RM				RM
NET BOOK VALUE	34,743,326				42,039,974



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31st December 2004

- (i) Details of independent professional valuation of freehold and leasehold lands and buildings owned by the subsidiary companies at 31st December, 2004 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 building 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.
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 and leasehold 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 and leasehold properties, which had been written off upon adopting merger accounting as a basis of consolidation, amounted to RM6,340,567.
- (iii) Deferred taxation arising on revaluation surpluses amounted to RM390,701 was not provided for in the financial statements as these properties are meant to be held for long term with no immediate intention for resale.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31st December 2004



- iv) 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.
- v) A freehold land and building of a subsidiary company is held under temporary occupational license.
- vi) Certain property, plant and equipment of certain subsidiary companies were pledged as securities for banking facilities granted to that subsidiary companies as mentioned in Note 14.
- vii) Property, plant and equipment of the Group acquired under hire-purchase instalment plans are as follows:-

**2004
RM**

At net book value:

Motor vehicles	411,315
Plant and machinery	1,336,766

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

**2004
RM**

Freehold land and buildings	12,500,659
Long term leasehold land and building	1,359,079
Short term leasehold land and building	332,626

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

**2004
RM**

Leasehold land and building	68,405
Motor vehicle	2,584,371
Plant and machinery	5,451,107
Office equipment	151,252
Furniture and fittings	267,083
Electrical fittings	202,074
Renovation	651,349
Factory equipment	411,865

9,787,506

3. INVESTMENT IN SUBSIDIARY COMPANIES

Company	2004 RM	2003 RM
Unquoted shares, at cost	39,999,998	—



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31st December 2004

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

a) Direct subsidiary companies

Name	Issued and fully paid-up share capital of RM1.00 each RM	Effective equity interest		Principal Activities
		% 2004	% 2003	
Cocoaland Industry Sdn Bhd	1,000,000	100	—	Manufacturing and trading of processed and preserved foods and fruits of all kinds
L.B. Food Sdn Bhd	1,500,000	100	—	Wholesale and retail of processed and preserved foods
B Plus Q Sdn Bhd	500,000	100	—	Manufacturer of fruit juice and foodstuffs

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

Name	Issued and fully paid-up share capital of RM1.00 each RM	Effective equity interest		Principal Activities
		% 2004	% 2003	
M.I.T.E. Food Enterprise Sdn Bhd	225,000	100	—	Trading and distribution of foodstuffs

4. INVESTMENT

Group	2004 RM
Unquoted shares, at cost	1,000

5. INVENTORIES

Group	2004 RM
At cost:	
Work in progress	85,577
Packing materials	3,162,778
Raw materials	3,379,386
Finished goods	2,787,107
	9,414,848

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31st December 2004



6. TRADE RECEIVABLES

Group	2004 RM
Trade receivables	17,151,051
Less: Allowance for doubtful debts	(934,974)
	16,216,077

7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group 2004 RM	Company 2004 RM	2003 RM
Other receivables	129,306	—	—
Deposits	1,997,134	—	—
Prepayments	5,638,685	510,618	—
Tax recoverable	947,032	—	—
	8,712,157	510,618	—

Included in prepayments of the Group and of the Company is an advance for special audit fees of RM19,500 (2003 – Nil) being part of corporate exercise expenses.

8. DEPOSITS, CASH AND BANK BALANCES

	Group 2004 RM	Company 2004 RM	2003 RM
Fixed deposits with licensed banks	394,485	—	—
*Short term deposit with a licensed bank	280,000	—	—
Cash and bank balances	2,626,816	2	2
	3,301,301	2	2

The interest rates and maturity periods of fixed deposits as at 31st December, 2004 are as follows:-

	Group 2004 RM	Company 2004 RM	2003 RM
Interest rates	3% to 4%	—	—
Maturity periods	1 to 15 months	—	—

* Short term deposit is placed at interest rate of 2.2% per annum and maturity period of 3 days.

The fixed deposits and short term deposits of the Group have been pledged to licensed banks for banking facilities extended to certain subsidiary companies.

Fixed deposits of a subsidiary company amounting to RM95,838 are held in the name of certain directors of the subsidiary company in trust on behalf of the subsidiary company.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31st December 2004

9. OTHER PAYABLES AND ACCRUALS

Group	2004 RM
Other payables	2,860,613
Accruals	1,081,715
	<hr/>
	3,942,328

Included in other payables is an amount of RM179,891 due to a company in which one of its substantial shareholder is related to certain directors of the Company.

10. AMOUNT DUE TO A SUBSIDIARY COMPANY

Company

This represent unsecured advances and payments made on behalf for the Company which are unsecured, interest free and have no fixed terms of repayment.

11. HIRE-PURCHASE CREDITORS

Group	2004 RM
Minimum payments	
Not later than one year	655,197
Later than one year but not later than five years	680,780
	<hr/>
	1,335,977
Less: Future hire-purchase charges	(87,126)
	<hr/>
	1,248,851
	<hr/>
Total payable	1,248,851
Less: Payable within one year	(604,794)
	<hr/>
Payable after one year	644,057
	<hr/>
Average term	2½ years
	<hr/>
Average borrowing rate ranges per annum	3.15% - 4.72%

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

12. AMOUNT DUE TO DIRECTORS

Group

There have been no fixed terms of arrangement with respect to these balances and the amount is interest free.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31st December 2004



13. TERM LOANS

Group	2004 RM
Secured:	
Term loan I at 2% above the bank's base lending rate payable by 84 equal monthly instalments of RM686 each commencing 2nd February 2004	41,742
Term loan II at 2% above the bank's base lending rate payable by 84 equal monthly instalments of RM686 each commencing 2nd February 2004	41,742
Term loan III at 1% above the bank's base lending rate, monthly instalments have not been commenced as the term loan has not been fully drawdown	3,657,277
	3,740,761
Repayable as follows:-	
Within twelve months	16,459
Later than one year and not later than two years	16,459
Later than two years and not later than five years	49,377
Later than five years	1,189
	67,025
Term loan III	3,657,277
	3,740,761

14. BANK OVERDRAFTS AND OTHER CREDIT FACILITIES (SECURED)

Group

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

- First party first legal charge for RM3.5 million over a freehold industrial factory identified as Lot 100, Rawang Integrated Industrial Park. Pending the issuance of an individual title to the property, the existing loan agreement cum assignment for RM3.5 million is to remain;
- First party first legal charge for RM10.0 million over a freehold industrial factory identified as Lot 5, Rawang Integrated Industrial Park. Pending the issuance of an individual title to the property, the existing loan agreement cum assignment for RM10.0 million is to remain;
- First party legal charge for RM1.75 million over a land together with all properties erected thereon held under Lot No. 41, H.S. (M) 6660, P.T. No 8435, Mukim of Batu, District of Gombak known as No. 41, Jalan E 1/4, Kawasan Perusahaan Taman Ehsan, 52100 Kepong, Selangor Darul Ehsan;
- First party legal charge for a freehold single-storey semi-detached house located at Golden Dragon Garden, 31900 Kampar, Perak;
- First party legal charge for RM44,000 over a freehold single storey terrace house located at PT 4324, Taman Diawan, 31900 Kampar, Perak;

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31st December 2004

- f) First party legal charge for RM44,000 over a freehold single storey terrace house located at PT 4325, Taman Diawan, 31900 Kampar, Perak;
- g) Against first and third party pledged of fixed deposits;
- h) Against fixed deposits belonging to certain directors of the subsidiary companies;
- i) A debenture created over certain subsidiary companies' fixed and floating assets; and
- j) Joint and several guarantee by the directors of the respective subsidiary companies.

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

15. SHARE CAPITAL

Company	2004		2003	
	Number of ordinary shares of RM0.50 each	RM	Number of ordinary shares of RM1 each	RM
Authorised:				
Balance at 1st January	200,000	200,000	100,000	100,000
Subdivision during the year	200,000	—	—	—
Created during the year	99,600,000	49,800,000	—	—
Balance at 31st December	100,000,000	50,000,000	100,000	100,000
Issued and fully paid:				
Balance at 1st January	2	2	2	2
Subdivision during the year	2	—	—	—
Allotted during the year	79,999,996	39,999,998	—	—
Balance at 31st December	80,000,000	40,000,000	2	2

16. DEFERRED TAXATION

Group	2004 RM
Balance at 1st January	2,392,000
Transferred from Income Statement (Note 18)	227,000
Balance at 31st December	2,619,000
The deferred tax liability is in respect of the following temporary differences:-	
Surplus of tax capital allowances over book depreciation of property, plant and equipment	2,619,000

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31st December 2004



17. PROFIT/ (LOSS) BEFORE TAXATION

	Group 2004 RM	Company 2004 RM	2003 RM
a) Profit/ (Loss) before taxation is arrived at after charging/ (crediting):-			
Auditors' remuneration			
- current year	50,500	8,000	500
- underprovision in prior years	5,500	—	—
Depreciation (Note 3)	4,905,963	—	—
Gain on disposal of property, plant and equipment	(440)	—	—
Realised gain on foreign exchange	(22,015)	—	—
Rental of premises	276,720	—	—
Allowance for doubtful debts	912,399	—	—
Bad debts written off	36,757	—	—
Interest income			
- fixed deposit interest	(29,504)	—	—
Dividend income			
- tax exempt	(230)	—	—
Loss on burglary	2,336	—	—
Labour costs:			
(Included in work performed by the Group and capitalised)			
Salaries, wages, bonus & allowances	6,287,622	—	—
EPF and Socso	453,913	—	—
Others	141,373	—	—
	6,882,908	—	—
Staff costs:			
Directors' remuneration			
- fees	50,000	—	—
- other than fees	1,926,240	—	—
Salaries, wages, bonus & allowances	6,034,370	—	—
EPF and Socso	795,960	—	—
Others	312,928	—	—
	9,119,498	—	—
Finance cost:			
Interest expense			
- LC charges	8,211	—	—
- bank overdrafts	33,628	—	—
- hire-purchase	67,259	—	—
- overdue interest	125	—	—
- term loan interest	48,719	—	—
	157,942	—	—



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31st December 2004

	Group 2004 RM	2004 RM	Company 2003 RM
b) Directors' remuneration			
Directors' remuneration is analysed as follows:			
<u>Directors of the Company</u>			
Executive directors			
- fees	18,000	—	—
- salaries and other emoluments	939,840	—	—
<u>Other directors (on board of subsidiary companies)</u>		—	—
Executive directors			
- fees	32,000	—	—
- salaries and other emoluments	986,400	—	—
		2004 RM	Group 2003 RM
		Executive	Non- Executive
The number of directors whose remuneration fell within the following ranges (per annum):-			
<u>Directors of the Company</u>			
RM1 – RM100,000		—	—
RM100,001 – RM200,000		1	—
RM200,001 – RM300,000		3	—
<u>Other directors (on board of subsidiary companies)</u>			
RM1 – RM100,000		1	—
RM100,001 – RM200,000		3	—
RM200,001 – RM300,000		2	—

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31st December 2004



18. TAXATION

Group	2004 RM
Current taxation:	
Estimate for the year	1,274,000
Underprovision in prior years	35,973
	1,309,973
Deferred taxation:	
Transferred from income statement (Note 16)	227,000
	1,536,973
Reconciliation of effective tax rate:-	
Profit before taxation	9,090,696
Taxation using Malaysian tax rate of 28%	2,545,395
Reduction in tax rate	(116,887)
Non-deductible expenses	144,190
Expenses allowed for double deduction	(152,449)
Reinvestment allowance utilised	(1,022,860)
Other items	103,611
	1,501,000
Underprovision in prior years	35,973
Total tax expenses	1,536,973

Company

No provision for taxation is applicable on the Company's result for the year ended 31st December, 2003 as the profit arose from the reversal of operating expenses overprovided in prior years of which tax expense have not been claimed.

19. EARNINGS PER SHARE

The basic and diluted earnings per share is calculated by dividing the Group's profit after taxation of RM7,553,723 by the weighted average number of ordinary share in issue during the financial year at 80,000,000 shares.

20. SEGMENTAL REPORTING

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.

The Group operates predominantly in Malaysia and accordingly, information by geographical location on the Group's operations is also not presented.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31st December 2004

21. 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 Company has formulated guidelines and policies as well as internal controls which seek to minimise 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 minimised 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 minimised.

(c) **Interest rate risk**

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

(d) **Liquidity risk and cash flow risk**

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

(e) **Market risk**

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

Fair values

In the opinion of the directors, the carrying values of financial assets and financial liabilities of the Group as at 31st December, 2004 are not materially different from their fair values.

22. EMPLOYEES

Group	2004 RM
Number of employees at end of year	745

Company

The Company had no employee during the current and previous financial years.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31st December 2004



23. CAPITAL COMMITMENTS

Group	2004 RM
Capital expenditure authorised and contracted for but not provided in the financial statements: - in respect of purchase of property, plant and equipment	2,759,071

24. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

In conjunction with, as an integral part of the listing exercise undertaken by the Company, the Company implemented a restructuring exercise which was approved by the Securities Commission ("SC") and the Foreign Investment Committee vide the SC's letters dated 19th August, 2004 and 13th December, 2004, and by the Ministry of International Trade and Industry ("MITI") vide its letters dated 11th May, 2004 and 27th May, 2004, which involved the following transactions:

(a) Share Split

The subdivision of the existing 2 (two) ordinary shares of RM1.00 each of the Company into 4 (four) ordinary shares of RM0.50 each which was implemented on 7th October, 2004.

(b) Acquisitions

- Acquisition of the entire issued and paid-up share capital of Cocoaland Industry Sdn Bhd comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM32,967,365 satisfied by the issuance of 50,844,093 new ordinary shares of the Company at an issue price of approximately RM0.65 per share.
- Acquisition of the entire issued and paid-up share capital of L.B. Food Sdn Bhd comprising 1,500,000 ordinary shares of RM1.00 each for a purchase consideration of RM9,613,210 satisfied by the issuance of 14,873,576 new ordinary shares of the Company at an issue price of approximately RM0.65 per share.
- Acquisition of the entire issued and paid-up share capital of B Plus Q Sdn Bhd comprising 500,000 ordinary shares of RM1.00 each for a purchase consideration of RM9,242,197 satisfied by the issuance of 14,282,327 new ordinary shares of the Company at an issue price of approximately RM0.65 per share.

The acquisitions were completed on 8th October, 2004.

(c) Public Issue

The Company issued its prospectus dated 24th December, 2004 for the public issue of 10,000,000 new ordinary shares at nominal value of RM0.50 each at an issue price of RM0.65 per share payable in full on application, comprising:

- 1,800,000 new ordinary shares available for application by eligible employees of the Group;
- 600,000 new ordinary shares reserved for Bumiputera investors nominated and approved by MITI;
- 6,000,000 new ordinary shares available for application by the Malaysian public; and
- 1,600,000 new ordinary shares by way of private placement to identified public investors.

The gross proceeds raised from the public issue amounted to RM6.5 million.

On completion of (a) to (c) above, the issued and fully paid-up share capital of the Company comprises 90,000,000 ordinary shares of RM0.50 each.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31st December 2004

(d) Listing

The listing of and quotation for the entire enlarged issued and paid-up share capital of the Company comprising 90,000,000 ordinary shares of RM0.50 each on the Second Board of the Bursa Malaysia Securities Berhad.

25. SUBSEQUENT EVENTS

- (i) Subsequent to the consolidation of interest of certain shareholders in the Company to Leverage Success Sdn Bhd on 13th January, 2005, the directors regard Leverage Success Sdn Bhd, incorporated in Malaysia as the ultimate holding company.
- (ii) The Company was admitted to the official list of the Second Board of the Bursa Malaysia Securities Berhad and official quotation of its entire paid-up share capital commenced on 18th January, 2005.

26. GENERAL INFORMATION

- 26.1 The Company is a public limited company, incorporated and domiciled in Malaysia, quoted on The Second Board 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 26th April, 2005.

27. CURRENCY

All amounts are stated in Ringgit Malaysia.

28. COMPARATIVE FIGURES

- 28.1 Certain comparative figures have been reclassified to conform with current year's presentation.
- 28.2 As the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and consolidated cash flow of the Group is being consolidated and presented for the first time using the merger method of accounting in accordance with FRS 122 "Business Combinations", no comparative figures are available for comparison.

LIST OF PROPERTIES

as at 31st December 2004

Owner Location	Description of Asset/ Existing Use/	Area	Tenure	Approx. Age of Building	Net Book Value RM'000	Date of Valuation/ Acquisition
L.B. Food Sdn. Bhd. No. 41, Jalan E ¼ 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	23	2,466	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	13 to 17	2,925	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 office annexe, 3 blocks of single storey factory/ warehouses and a 2-storey canteen cum staff quarters.	190,634 sq. ft.	Freehold	8 to 11	9,869	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	2	6,078	1.12.2003/ Year 2001
M.I.T.E. Food Enterprise Sdn. Bhd. No. 309, Golden Dragon Garden, 31900 Kampar, Perak Darul Ridzuan	A single storey semi-detached house.	4,230 sq. ft.	Freehold	23	138	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.	1,400 sq. ft.	Leasehold 99 years Expiring on 29.12.2081	2	54	Year 2003
B Plus Q Sdn. Bhd. No. 325, Taman Diawan, Mambang Diawan, 31950 Kampar, Perak Darul Ridzuan	A single storey terrace house.	1,400 sq. ft.	Leasehold 99 years Expiring on 29.12.2081	2	54	Year 2003

Revaluation Policy

The Group does not adopt a policy of regular revaluation.

ANALYSIS OF SHAREHOLDINGS

as at 29 April 2005

1. SHARE CAPITAL

Authorised Share Capital	RM50,000,000.00
Issued and fully paid-up	RM45,000,000.00
Class of Shares	Ordinary Shares of RM0.50 each
Voting Rights	One vote per Ordinary Share held

2. DISTRIBUTION SCHEDULE OF SHARES AS AT 29 APRIL 2005

Size of Holdings	No. of Holders	Total Holdings	% of Holdings
1 – 99	3	107	0.00
100 – 1000	207	197,963	0.22
1,001 - 10,000	1,043	4,926,100	5.47
10,001 - 100,000	256	8,186,800	9.10
100,001 to less than 5% of issued capital	42	16,725,281	18.58
More than 5% of issued shares	2	59,963,749	66.63
Total	1,553	90,000,000	100.00

3. THIRTY LARGEST SHAREHOLDERS AS AT 29 APRIL 2005

	Name of Shareholders	No. of Shares	% of Shares
1	Leverage Success Sdn Bhd	48,963,728	54.40
2	Imbang Angsana Sdn Bhd	11,000,021	12.22
3	Recotech Industries Sdn Bhd	2,526,407	2.81
4	HDM Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Liew Fook Meng</i>	1,500,000	1.67
5	Poon Lee Wah	941,000	1.05
6	Ho Sek Kee Sdn Bhd	850,713	0.95
7	Lau Pa Sin	765,533	0.85
8	Wong Yen Se	638,277	0.71
9	HDM Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Leong Siew Lan</i>	600,000	0.67
10	Mohamad Yunus Bin Mohamed Shariff	500,000	0.56
11	Lok Siew Dhan	478,458	0.53
12	Choong Fook Onn	424,871	0.47
13	Kok Chan Kheong	424,871	0.47
14	Lau Yoke Kiew	424,871	0.47
15	Low Yoon Sun	424,871	0.47
16	Affin Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lee Lai Seong</i>	422,900	0.47
17	A.A. Assets Nominees (Tempatan) Sdn.Bhd. <i>Pledged Securities Account For Voon Chong Kian</i>	407,200	0.45
18	Lim Foong Yee (Jane)	400,000	0.44
19	Loh Lai Kim	329,000	0.37
20	Chew Mun Kah	319,000	0.35
21	Chooi Ann Chaw	300,000	0.33
22	Azman Bin Mahmood	295,000	0.33
23	Soh Siew Sung	285,800	0.32
24	Lee Guan @ Lee Swee Poot	284,000	0.32
25	Chuan Hooi Keat	250,000	0.28
26	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Desipac Sdn Bhd</i>	239,000	0.27
27	Kuala Lumpur City Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ku Azhar Bin Ku Abdul Razak</i>	228,000	0.25
28	Ho Weng Kong	203,809	0.23
29	Eng Ah Thung @ Eng Bean Keng	200,000	0.22
30	Teh Hock Seng	200,000	0.22

ANALYSIS OF SHAREHOLDINGS (Cont'd)

as at 29 April 2005



4. INFORMATION ON SUBSTANTIAL SHAREHOLDERS AS AT 29 APRIL 2005

Name of Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Leverage Success Sdn. Bhd.	48,963,728	54.40	—	—
Liew Fook Meng	1,500,000	1.67	50,579,003	56.20 ^(a)
Lau Kee Von	—	—	52,079,003	57.87 ^(a)
Liew Yoon Kee	—	—	52,079,003	57.87 ^(a)
Lew Foo Chay @ Lau Foo Chay	—	—	52,079,003	57.87 ^(a)
Lau Pak Lam	—	—	52,079,003	57.87 ^(a)
Lau Kwai Choon	—	—	52,079,003	57.87 ^(a)
Lau Kim Chew	—	—	52,079,003	57.87 ^(a)
Imbang Angsana Sdn. Bhd.	11,000,021	12.22	—	—
Azri bin Ahmad	—	—	11,000,021	12.22 ^(b)
Soraiya binti Faisol	—	—	11,000,021	12.22 ^(b)

(a) Deemed interests by virtue of their substantial shareholdings in Leverage Success Sdn. Bhd. and their siblings' direct shareholdings in the Company.

(b) Deemed interests by virtue of their substantial shareholdings in Imbang Angsana Sdn. Bhd.

5. DIRECTORS' SHAREHOLDINGS AS AT 29 APRIL 2005

Name of Directors	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Dato' Azman bin Mahmood	295,000	0.33	—	—
Liew Fook Meng	1,500,000	1.67	50,579,003	56.20 ^(a)
Lau Kee Von	—	—	52,079,003	57.87 ^(a)
Lau Pak Lam	—	—	52,079,003	57.87 ^(a)
Liew Yoon Kee	—	—	52,079,003	57.87 ^(a)
Chow Chee Kan	—	—	—	—
@ Chow Tuck Kwan	—	—	—	—

(a) Deemed interests by virtue of their substantial shareholdings in Leverage Success Sdn. Bhd. and their siblings' direct shareholdings in the Company.

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COCOALAND HOLDINGS BERHAD

(Company No. 516019-H)
(Incorporated in Malaysia)

FORM OF PROXY

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 5th Annual General Meeting of the Company to be held at Function Room 1, Level 4, Dynasty Hotel, 218 Jalan Ipoh, 51200 Kuala Lumpur on Tuesday, 21 June 2005 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 2004 and the Reports of the Directors and Auditors thereon.		
2.	Re-election of Dato' Azman bin Mahmood as Director		
3.	Re-election of Mr. Liew Fook Meng as Director		
4.	Re-election of Mr. Lau Kee Von as Director		
5.	Re-election of Mr. Lau Pak Lam as Director		
6.	Re-election of Mr. Liew Yoon Kee as Director		
7.	Re-election of Mr. Lau Kee Von as Director		
8.	Re-election of Mr. Chow Kee Kan @ Chow Tuck Kwan as Director		
9.	Re-appointment of Messrs. Wong Weng Foo & Co. as Auditors		
10.	Proposed Authorisation to Issue Shares Pursuant to Section 132D of the Companies Act, 1965		

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

Dated this _____ day of _____ 2005

Number of Shares held

Signature: _____

NOTES:-

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a Member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- A member may appoint not more than two (2) proxies to attend the same meeting. Where a member appoints two proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy. Where a member of the company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, it may appoint at least one proxy in respect of each securities account.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.
- The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Suite 405, 4th Floor, Magnum Plaza, 128 Jalan Pudu, 55100 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.
- Any alteration in this form must be initialed.

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Stamp

THE SECRETARY
COCOALAND HOLDINGS BERHAD
SUITE 405, 4TH FLOOR
MAGNUM PLAZA
128, JALAN PUDU
55100 KUALA LUMPUR

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