

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)

(Incorporated in Malaysia)

Financial Year End : 31 December 2012
 Quarter : Third Quarter

Quarterly report on results for the 3rd quarter ended 30 September 2012. These figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.9.2012 RM'000	Preceding Year Quarter 30.9.2011 RM'000	Current Year To Date 30.9.2012 RM'000	Preceding Year To Date 30.9.2011 RM'000
Revenue	54,253	39,921	164,998	122,593
Cost Of Sales	(40,739)	(31,457)	(123,877)	(94,753)
Gross Profit	13,514	8,464	41,121	27,840
Other Income	337	506	1,121	1,729
Distribution Costs	(3,430)	(3,486)	(9,278)	(8,603)
Administrative Expenses	(4,418)	(2,558)	(10,957)	(9,141)
Finance Costs	-	-	-	(2)
Profit Before Taxation	6,003	2,926	22,007	11,823
Income Tax Expenses	(1,468)	(41)	(5,203)	(1,348)
Total Comprehensive Income	4,535	2,885	16,804	10,475
Attributable To:				
- Equity Holders Of The Parent	4,535	2,885	16,804	10,475
- Non-controlling Interest	-	-	-	-
	<u>4,535</u>	<u>2,885</u>	<u>16,804</u>	<u>10,475</u>
Earnings Per Share Attributable To Equity Holders Of The Parent				
: Basic Earnings Per Share (Sen)	2.64	1.68	9.79	6.10

Notes :

The Condensed Financial Statements should be read in conjunction with the accompanying explanatory notes attached to the financial statements.

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2012**

(These figures have not been audited)

	As At End Of Current Quarter (Unaudited) 30.9.2012	As At Preceding Financial Year (Audited) 31.12.2011
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	116,863	101,043
Investment	1	1
	<u>116,864</u>	<u>101,044</u>
Current Assets		
Inventories	29,924	25,336
Trade Receivables	37,733	40,904
Tax Recoverable	634	1,616
Other Debtors, Deposit & Prepayment	8,085	7,164
Fixed Deposit With Licensed Bank	28,001	39,411
Cash & Bank Balances	4,758	3,575
	<u>109,135</u>	<u>118,006</u>
TOTAL ASSETS	<u><u>225,999</u></u>	<u><u>219,050</u></u>
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Parent		
Share Capital	85,800	85,800
Share Premium	44,355	44,355
Revenue Reserves	70,139	58,483
Exchange Translation Reserves	31	31
Total Equity	<u>200,325</u>	<u>188,669</u>
Non-Current Liabilities		
Deferred Income Tax Liabilities	2,432	73
	<u>2,432</u>	<u>73</u>
Current Liabilities		
Trade Payables	17,257	22,768
Other Creditors & Accruals	3,958	7,361
Current Income Tax Liabilities	2,027	179
	<u>23,242</u>	<u>30,308</u>
TOTAL LIABILITIES	<u>25,674</u>	<u>30,381</u>
TOTAL EQUITY AND LIABILITIES	<u><u>225,999</u></u>	<u><u>219,050</u></u>
Net Assets (NA) Per Share (RM)	1.17	1.10

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<---Non Distributable--->			<--Distributable-->	
	Share Capital	Share Premium	Exchange Translation Reserve	Retained Profit	Total
9 months ended 30 September 2011	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2011	85,800	44,355	31	46,027	176,213
Foreign currency translation differences			2	-	2
Total comprehensive income	-	-	-	10,475	10,475
Interim dividend of 3.8% less 25% income tax paid on 11 April 2011	-	-	-	(2,445)	(2,445)
As at 30 September 2011	85,800	44,355	33	54,057	184,245
					-
					-
9 months ended 30 September 2012	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2012	85,800	44,355	31	58,483	188,669
Total comprehensive income	-	-	-	16,804	16,804
Interim tax exempt (single-tier) dividend of 6% paid on 16 April 2012	-	-	-	(5,148)	(5,148)
As at 30 September 2012	85,800	44,355	31	70,139	200,325
					-
					-

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2012
(These figures have not been audited)**

	Cumulative Current Year To Date 30.9.2012 RM'000	Cumulative Preceding Year To Date 30.9.2011 RM'000
Cash Flow From Operating Activities		
Profit Before Taxation	22,007	11,823
Adjustments for:-		
Allowance for doubtful debts no longer required	(1,820)	(1,155)
Allowance for doubtful debts	2,602	1,527
Depreciation of property, plant and equipment	6,774	5,657
Unrealised loss on foreign exchange	158	90
Gain on disposal of property, plant & equipment	(21)	(163)
Property, plant and equipment written off	4	206
Interest expense	-	4
Interest income	(736)	(1,211)
Operating profit before working capital changes	<u>28,968</u>	<u>16,778</u>
Increase in inventories	(4,588)	(1,687)
Decrease / (Increase) in receivables	2,250	(6,087)
Decrease in payables	(8,914)	(1,895)
Cash generated from operations	<u>17,716</u>	<u>7,109</u>
Interest received	736	1,211
Interest paid	-	(4)
Tax refunded	1,762	249
Tax paid	(1,761)	(1,688)
Dividends paid	(5,148)	(2,445)
Net Cash Provided By Operating Activities	<u>13,305</u>	<u>4,432</u>
Purchase of property, plant and equipment	(23,644)	(25,941)
Proceeds from disposal of property, plant and equipment	112	201
Net Cash Used In Investing Activities	<u>(23,532)</u>	<u>(25,740)</u>
Repayment of hire-purchase creditors	-	(47)
Net Cash Used In Financing Activities	<u>-</u>	<u>(47)</u>
Net Change in Cash And Cash Equivalents	(10,227)	(21,355)
Cash And Cash Equivalents At Beginning Of The Period	42,986	71,148
Cash And Cash Equivalents At End Of The Period *	<u>32,759</u>	<u>49,793</u>
* Cash & cash equivalents consists of:		
Fixed deposit with licensed banks	15,747	41,063
Short term deposits with licensed banks	12,254	6,293
Cash and bank balances	4,758	2,437
	<u>32,759</u>	<u>49,793</u>

Part A: Explanatory Notes In Compliance With Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting in Malaysia

A1. Accounting Policies and Basis Of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with MFRS134: Interim Financial Reporting in Malaysia, and with paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the Group’s audited financial statements for year ended 31 December 2011. The consolidated financial statement of the Group as at and for the year ended 31 December 2011 were prepared in accordance with Financial Reporting Standards (“FRS”).

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31st December 2011, except for the following:

Adoption of a new MASB accounting framework, the MFRS Framework

The Group has adopted the Malaysian Financial Reporting Standards (“MFRS”) framework issued by the Malaysian Accounting Standards Board (“MASB”) with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia’s existing Financial Reporting Standards (FRS) framework with the International Financial Reporting Standards (IFRS) framework issued by the International Accounting Standards Board. In adopting the new framework, the Group has applied MFRS 1 “*First-Time Adoption of Malaysian Financial Reporting Standards*”. There has been no material impact upon the adoption the MFRS on the financial statements of the Group.

A2. Qualification of Financial Statements

The audited report of the preceding annual financial statements was not subjected to any qualification.

A3. Seasonal or Cyclical Factors

The Group’s business operation results were not materially affected by any seasonal or cyclical factors.

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 3rd Quarter Ended 30 September 2012**A4. Nature and Amount of Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter under review.

A5. Nature and Amount of Changes in Estimates

There were no changes in the estimates of amounts reported that have a material effect in the current quarter.

A6. Dividend Paid

For the financial period ended 30 September 2012:

- (i) The second interim tax exempt (single-tier) dividend of 3 sen per ordinary share, amounting to RM5.148 million in respect of the financial year ended 31 December 2011, was paid on 16 April 2012; and

For the financial period ended 30 September 2011:

- (i) The second interim dividend of 1.9 sen per ordinary share, less Malaysian income tax at 25%, on 171,600,000 ordinary shares, amounting to RM2,445,300 in respect of financial year ended 31 December 2010, was paid on 11 April 2011.

A7. Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the current financial quarter.

A8. Segmental Reporting

The Group's segmental report for the current financial period ended 30 September 2012 is as below:-

	<u>Individual 3rd Quarter</u>		<u>Cumulative 3rd Quarter</u>	
	<u>Current Year</u>	<u>Preceding Year</u>	<u>Current Year</u>	<u>Preceding Year</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Group – by business segment :-</u>				
<u>Net revenue</u>				
Manufacturing	45,976	34,572	140,502	104,043
Marketing	31,870	26,274	96,088	87,862
Investment holding	10,000	-	10,000	750
Less: Inter-segment revenue	(33,593)	(20,925)	(81,592)	(70,062)
Total consolidated revenue	54,253	39,921	164,998	122,593

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 3rd Quarter Ended 30 September 2012

<u>Segment result</u>				
Manufacturing	3,778	2,568	13,154	7,720
Marketing	2,313	95	8,723	3,274
Investment holding	10,016	214	10,218	1,485
Less: Elimination	(10,104)	49	(10,088)	(656)
Total consolidated profit before tax	6,003	2,926	22,007	11,823

	As At Current Year Quarter RM'000	As At Preceding Year Quarter RM'000
<u>Group – by business segment :-</u>		
<u>Segment assets</u>		
Manufacturing	172,573	138,087
Marketing	84,996	45,570
Investment holding	147,105	134,301
Less: Elimination	(178,675)	(109,180)
Consolidated total assets	225,999	208,778
<u>Segment liabilities</u>		
Manufacturing	108,726	68,988
Marketing	53,851	23,354
Investment holding	217	126
Less: Elimination	(137,120)	(67,935)
Consolidated total liabilities	25,674	24,533

Segmental reporting by geographical location has not been prepared as the Group's operations are substantially carried out in Malaysia.

A9. Valuations of Property, Plant and Equipment

The property, plant and equipment except for freehold land are stated at cost/valuation less accumulated depreciation and impairment losses. There was no revaluation of property, plant and equipment for the current quarter and financial year to date.

The valuation of property, plant and equipment of the Group have been brought forward without amendment from the financial statements for the year ended 31 December 2011.

A10. Subsequent Material Events

There were no material events subsequent to the reporting period up to 21 November 2012 (latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) which have not been reflected in the financial statement for the quarter under review.

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)

Quarterly Unaudited Results Of The Group For The 3rd Quarter Ended 30 September 2012

A11. Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current financial quarter under review.

A12. Contingent Liabilities or Contingent Assets

There were no changes in other contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2011.

A13. Capital Commitments

The outstanding amount of capital commitments as at 30 September 2012 are as follows:-

	RM'000
Property, plant and equipment :- - Approved and contracted for	4,197

A14. Significant Related Party Transactions

The Group has the following significant transactions with the related parties during the periods:-

	Current Year Quarter RM'000	Preceding Year Quarter RM'000
Prepare, package, pack and deliver Fraser and Neave Limited group of companies' products :- - Sales - Purchase of ingredients*	3,966 813	6,050 1,623

* *The purchase of ingredients are exclusively used for the preparing of the Fraser and Neave Limited group of companies products.*

The above transactions had been entered into in the ordinary course of business on normal commercial terms with Fraser and Neave Limited group of companies. These transactions are within the ambit of the mandate approved by the shareholders of the Company on 19 June 2012.

Part B: Additional Explanatory Notes In Compliance With Listing Requirements Of The Bursa Malaysia Securities Berhad

B1. Review of Performance

For the first 9 months under review, the Group posted a 35% year-on-year revenue growth from RM122.6 million to RM165.0 million; this was mainly due to the increase in selling price and trading volume of our Fruit Gummy and Beverage products, with revenue growth of 32% and 181% respectively.

The Group's profit before taxation of RM22.0 million for the first 9 months under review registered an 86% increase over the previous corresponding period. This improvement was largely attributable to the Group's continued effort in improving production efficiency by way of process automation and better quality control in manufacturing operation.

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

Manufacturing segment

Higher revenue from the Manufacturing segment mainly due to stronger demand from its Contract Manufacturing business for its Beverage and Gummy products. Lower material costs and better economies of scale are factors which contributed to better profitability.

Marketing segment

Marketing segment achieved higher revenue due to the increase in products' selling price and higher demand from overseas market. The significant increase in profit before taxation was mainly due to higher margin sales mix.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Year Quarter RM'000	Immediate Preceding Quarter RM'000	Difference %
Revenue	54,253	58,828	-7.8%
Profit before taxation	6,003	9,565	-37.2%

Group's revenue of RM54.2 million for the current quarter registered a 7.8% decrease over the immediate preceding quarter mainly due to lower revenue generated from our Beverage production line.

The profit before taxation of the current quarter decreased by RM3.5 million or 37.2% to RM6.0 million. This was mainly due to higher foreign exchange loss, couple with the higher advertisement and promotion expense incurred during the current quarter.

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 3rd Quarter Ended 30 September 2012**B3. Commentary On Prospects**

New production facility for Hard Candy line has commenced its commercial operation in the 2nd quarter of financial year 2012 whilst the new Fruit Gummy line will commence its commercial operation in the 1st quarter of financial year 2013. This will enable the Group to widen its existing customer base and further reinforce the Group's presence both locally and overseas.

The Group's performance will continue to be impacted by the volatile material costs and intense competition in domestic and export markets. The regional economy and consumer sentiment may be impacted adversely by the uncertain global economic conditions at present. However, the Group will continue to take the necessary measures to mitigate the abovementioned risk factors.

Barring any unforeseen circumstances, the Board is optimistic of achieving satisfactory result in the financial year ending 2012.

B4. Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast or profit estimate previously in any public document.

B5. Income Tax

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter RM'000	Preceding Year Quarter RM'000	Current Year To Date RM'000	Preceding Year To Date RM'000
Income tax:				
• Current period estimate	664	(282)	2,835	999
• Prior year	-	-	(5)	26
Deferred taxation :				
• Transferred to deferred taxation	804	323	2,373	323
	1,468	41	5,203	1,348

The effective tax rate of the Group for the period under review was lower than the statutory rate of 25% mainly due to the utilization of reinvestment allowances claimed on qualifying expenditure.

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 3rd Quarter Ended 30 September 2012**B6. Status of Corporate Proposals**

(a) Status of Corporate Proposals :-

There were no corporate proposals announced but not completed as at 21 November 2012 which is not earlier than 7 days from the date of issue of this quarterly report.

(b) Status of Utilization of Proceeds :-

SUBSCRIPTION BY FRASER & NEAVE HOLDINGS BHD (“F&N”) OF 39,600,000 NEW ORDINARY SHARES OF RM0.50 EACH IN COCOALAND, REPRESENTING APPROXIMATELY 23.08% OF THE ENLARGED ISSUED AND PAID-UP SHARE CAPITAL OF COCOALAND, AT AN ISSUE PRICE OF RM1.38 PER SHARE

On 25 November 2010, the Company issued 39,600,000 new ordinary shares of RM0.50 each through a Private Placement at issue price of RM1.38 per share. The latest utilization of proceeds as of 30 September 2012 is as below:-

Purposes	Proposed Utilization (RM'000)	Actual Utilization (RM'000)	Transfer To Working Capital (RM'000)	Balance (RM'000)	Intended Timeframe for Utilisation after the share subscription
1) Acquisition of machinery	36,000	(36,000)	-	Nil	Within 21 months
2) Acquisition of property	10,000	(7,936)	(2,064)*	Nil	Within 6 months
3) Working capital	8,538	(10,614)	2,076*	Nil	Within 6 months
4) Estimated expenses relating to the share subscription	110	(98)	(12)*	Nil	Upon completion
TOTAL	54,648	(54,648)	-	Nil	

* Any increase or decrease in the actual expenses related to the share subscription would be clawed back from or to the working capital

B7. Group Borrowings

The Group's borrowings (all denominated in Ringgit Malaysia) as at the end of the reporting quarter are as follows:-

	As At 30.9.2012 RM'000	As At 30.9.2011 RM'000
Short-term borrowings-secured :-		
- Hire purchase	-	10
TOTAL SHORT TERM	-	10

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 3rd Quarter Ended 30 September 2012

B8. Material Litigation

There was no material litigation at the date of this quarterly report.

B9. Dividend Payable

The Board of Directors has declared a second interim tax exempt (single-tier) dividend of 5% or 2.5 sen per ordinary share (30 September 2011: 2.5 sen per ordinary share) on 171,600,000 ordinary shares, amounting to RM4,290,000 in respect of the financial year ending 31 December 2012, which will be paid on 31 December 2012. The entitlement date for the above-mentioned interim dividend is on 12 December 2012.

The total dividend of the current financial year is 10% or 5 sen per ordinary share.

B10. Earnings per share

The earnings per share for the quarter and cumulative year to date are computed as follows:-

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Year Quarter</u>	<u>Preceding Year Quarter</u>	<u>Current Year To Date</u>	<u>Preceding Year To Date</u>
Profit for the period (RM'000)	4,535	2,885	16,804	10,475
Weighted average number of ordinary shares of RM0.50 each ('000)	171,600	171,600	171,600	171,600
Basic earnings per share (sen)	2.64	1.68	9.79	6.10
Diluted earnings per share (sen)*	N.A.	N.A.	N.A	N.A

* *The Group has no potential ordinary shares in issue, therefore diluted earnings per share has not been presented.*

COCOALAND HOLDINGS BERHAD (Co. No. 516019-H)Quarterly Unaudited Results Of The Group For The 3rd Quarter Ended 30 September 2012**B11. Supplementary Information on the breakdown of realised and unrealised profits or losses**

The following analysis of realized and unrealized retained profits is prepared pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Securities Berhad Listing Requirements and in accordance with the Guidance on Special Matter No.1 – Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

	As at 30.9.2012 RM'000	As at 31.12.2011 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	104,461	87,252
- Unrealised	(2,899)	(295)
Less: Consolidation adjustments	(31,423)	(28,474)
Retained profit as per financial statement	70,139	58,483

B12. Profit before tax is stated after charging/(crediting) :-

	<u>Current Quarter</u> RM'000
Interest income	(227)
Depreciation of property, plant and equipment	2,905
Loss on disposal of property, plant and equipment	6
Allowance for doubtful debts	1,604
Allowance for doubtful debts no longer required	(1,120)
Loss/(Gain) on foreign exchange	
- realized	678
- unrealized	411

By Order Of The Board

Tai Chun Wah

Executive Director

Dated: 26 November 2012