

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

(Incorporated in Malaysia)

Financial Year End : 31 December 2006
Quarter : First Quarter

Quarterly report on results for the 1st quarter ended 31 March 2006. These figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Year Quarter 31.03.2006 RM'000	Preceding Year Quarter 31.03.2005 RM'000	Current Year To Date 31.03.2006 RM'000	Preceding Year To Date 31.03.2005 RM'000
Revenue	27,763	24,118	27,763	24,118
Cost Of Sales	<u>(20,265)</u>	<u>(18,730)</u>	<u>(20,265)</u>	<u>(18,730)</u>
Gross Profit	7,498	5,388	7,498	5,388
Other Income	133	77	133	77
Distribution Costs	(2,031)	(1,558)	(2,031)	(1,558)
Administrative Expenses	(2,641)	(1,872)	(2,641)	(1,872)
Other Expenses	-	-	-	-
Finance Costs	<u>(4)</u>	<u>(88)</u>	<u>(4)</u>	<u>(88)</u>
Profit Before Tax	2,955	1,947	2,955	1,947
Income Tax Expenses	<u>(603)</u>	<u>(322)</u>	<u>(603)</u>	<u>(322)</u>
Profit For The Period	<u>2,352</u>	<u>1,625</u>	<u>2,352</u>	<u>1,625</u>
Attributable To:				
Equity Holders Of The Parent	2,352	1,625	2,352	1,625
Minority Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,352</u>	<u>1,625</u>	<u>2,352</u>	<u>1,625</u>
Earnings Per Share Attributable To Equity Holders Of The Parent				
: Basic Earnings Per Share (Sen)	2.61	1.81	2.61	1.81

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)

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CONDENSED CONSOLIDATED BALANCE SHEET**AS AT 31 MARCH 2006****(These figures have not been audited)**

	As At End Of Current Quarter (Unaudited) 31.03.2006 RM'000	As At Preceding Financial Year (Audited) 31.12.2005 RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	48,189	42,252
Prepaid Lease Payments	5,361	5,388
Investment	1	1
	<u>53,551</u>	<u>47,641</u>
Current Assets		
Inventories	12,855	13,147
Trade Receivables	17,165	18,088
Tax Recoverable	947	968
Other Debtors, Deposit & Prepayment	1,671	1,507
Fixed Deposit With Licensed Bank	7,719	4,918
Cash & Bank Balances	2,148	1,933
	<u>42,505</u>	<u>40,561</u>
TOTAL ASSETS	<u>96,056</u>	<u>88,202</u>
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Parent		
Share Capital	45,000	45,000
Share Premium	375	375
Revenue Reserves	26,135	23,783
	<u>71,510</u>	<u>69,158</u>
Minority Interest	<u>-</u>	<u>-</u>
Total Equity	<u>71,510</u>	<u>69,158</u>
Non-Current Liabilities		
Hire Purchase Creditors	248	109
Term Loans	3,308	57
Deferred Taxation	3,347	3,315
	<u>6,903</u>	<u>3,481</u>
Current Liabilities		
Trade Payables	13,067	10,966
Other Creditors & Accruals	2,970	3,293
Amount Due To Directors	138	138
Hire Purchase Creditors	63	188
Term Loan- Current Portion	761	16
Bank Overdrafts	170	945
Taxation	474	17
	<u>17,643</u>	<u>15,563</u>
Total Liabilities	<u>24,546</u>	<u>19,044</u>
TOTAL EQUITY AND LIABILITIES	<u>96,056</u>	<u>88,202</u>
Net Assets (NA) Per Share (RM)	0.79	0.77

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

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Retained Profit	Total
	RM'000	RM'000	RM'000	RM'000
3 months ended 31 March 2006				
As at 1 January 2006	45,000	375	23,783	69,158
Net profit for the periods	-	-	2,352	2,352
As at 31 March 2006	<u>45,000</u>	<u>375</u>	<u>26,135</u>	<u>71,510</u>
12 months ended 31 December 2005				
As at 1 January 2005	40,000	-	19,022	59,022
Cumulative movements during the periods				
Public issue	5,000	1,500	-	6,500
Set-off against share listing expenses	-	(1,125)	-	(1,125)
Net profit for the periods	-	-	8,361	8,361
Dividend	-	-	(3,600)	(3,600)
As at 31 December 2005	<u>45,000</u>	<u>375</u>	<u>23,783</u>	<u>69,158</u>

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE 3 MONTHS ENDED 31 MARCH 2006
(These figures have not been audited)**

	Cumulative Current Year To Date 31.03.2006 RM'000	Cumulative Preceding Year To Date 31.03.2005 RM'000
Cash Flow From Operating Activities		
Profit Before Taxation	2,955	1,947
Adjustments for:-		
Allowance for doubtful debts	100	115
Depreciation of property, plant and equipment	1,368	1,295
Interest expense	5	88
Interest income	(36)	(147)
Operating profit before working capital changes	<u>4,392</u>	<u>3,298</u>
(Increase)/decrease in inventories	292	(1,338)
Decrease in receivables	759	2,860
Increase in payables	1,778	719
Cash generated from operations	<u>7,221</u>	<u>5,539</u>
Interest received	36	147
Interest paid	(5)	(88)
Tax paid	(93)	(60)
Net Cash Provided By Operating Activities	<u>7,159</u>	<u>5,538</u>
Purchase of plant and equipment	(7,315)	(5,076)
Net Cash Used In Investing Activities	<u>(7,315)</u>	<u>(5,076)</u>
Proceeds from issue of shares	-	6,500
Share Listing Expenses	-	(1,125)
Financing from hire-purchase creditors	60	45
Repayment of hire-purchase creditors	(110)	(161)
Proceeds from term loan	4,000	-
Repayment of term loan	(4)	(4)
Net Cash Provided By Financing Activities	<u>3,946</u>	<u>5,255</u>
Net Change in Cash And Cash Equivalents	3,790	5,717
* Cash And Cash Equivalents At Beginning Of The Period	5,907	2,822
* Cash And Cash Equivalents At End Of The Period	<u><u>9,697</u></u>	<u><u>8,539</u></u>
* Cash & cash equivalents consists of:		
Fixed deposit with licensed banks	759	2,886
Short term deposits with licensed banks	6,960	-
Cash and bank balances	2,148	7,384
Bank overdraft	(170)	(1,731)
	<u><u>9,697</u></u>	<u><u>8,539</u></u>

**Part A: Explanatory Notes In Compliance With Financial Reporting Standard (“FRS”)
134: Interim Financial Reporting**

A1. Basis Of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting and 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 audited financial statements for year ended 31 December 2005. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Cocoaland Holdings Bhd (“CHB”) and its subsidiary companies, comprising Cocoaland Industry Sdn. Bhd. (“CISB”), L.B. Food Sdn Bhd (“LBFSB”) and B Plus Q Sdn Bhd (“BPQSB”) and BPQSB’s wholly-owned subsidiary, M.I.T.E. Food Enterprise Sdn Bhd (collectively referred to as “the Group”).

A2. Changes In Accounting Policies

The significant accounting policies and method of computation adopted by the Group in these interim financial statements are consistent with those previously adopted in the preparation of the financial statements of CHB and its subsidiary companies except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for financial period beginning 1 January 2006:

FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

In addition to the above, the Group has also taken the option of early adoption of the FRS 117: Leases, for the financial period beginning 1 January 2006:

The adoption of the above FRSs does not have significant financial impact to the Group.

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A3. Comparatives

The following comparative amounts have been restated due to the adoption of new and revised FRSs:

	Previously Stated RM'000	FRS 117 RM'000	Restated RM'000
At 31 December 2005			
Property, plant and equipment	47,640	(5,388)	42,252
Prepaid lease payments	-	5,388	5,388

A4. Qualification of Financial Statements

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

A5. Seasonal or Cyclical Factors

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

A6. 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.

A7. 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.

A8. Dividend

Please refer to Explanatory Note B12.

A9. Debt and Equity Securities

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

A10. 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 operation is not presented.

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

A11. 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 2005.

A12. Subsequent Material Events

Save as disclosed in Explanatory Note B8 below, there were no material events subsequent to the reporting period up to 25 May 2006 (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 statements for the quarter under review.

A13. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial period ended 31 March 2006.

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Quarterly Unaudited Results Of The Group For The 1st Quarter Ended 31 March 2006

A14. Contingent Liabilities or Contingent Assets

As at 25 May 2006 (being a date not earlier than 7 days from the date of issue of this report), there were no material contingent liabilities incurred by the Group, which upon becoming enforceable, may have a material impact on the financial position of the Group.

A15. Capital commitments

Capital commitments of the Group as at 31 March 2006:-

	RM'000
Capital expenditure authorized and contracted for but not provided in the financial statements – in respect of purchase of Factory Equipment	65

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

B1. Review of Performance

For the financial year under review, the Group recorded a revenue and profit before taxation of RM27.8 million and RM2.9 million and as compare to the corresponding period revenue of RM24.1 million and RM1.9 million respectively.

The profit before taxation grows in tandem with the growth in revenue attributable to additional contributions from the new fruit gummy line in full commission.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Year Quarter RM'000	Immediate Preceding Quarter RM'000	Difference %
Revenue	27,763	29,726	-6.6%
Profit before taxation	2,955	4,206	-29.7%

Revenue of the Group decreased to RM27.8 million for the current quarter which represents 6.6% lower than that of RM29.7 million achieved in the immediate preceding quarter. The turnover was lower due to higher turnover generated by active festive season promotions in the previous quarter.

The Group's profit before taxation decreased by 29.7% to RM2.9 million as compared to the result of the immediate preceding quarter, which was in line with lower sales and higher spending in operating costs for the current quarter under review.

B3. Commentary Prospects

Current year prospect for the Group is good. The new fruit gummy production line installed and commissioned in the 4th quarter last year is expected to contribute positively to the Group for the current year under review.

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The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

B5. Taxation

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
	31.03.2006 RM'000	31.03.2005 RM'000	31.03.2006 RM'000	31.03.2005 RM'000
Income taxation:				
• Current period estimate	571	262	571	262
Deferred taxation :				
• Transferred to deferred taxation	32	60	32	60
	603	322	603	322

The effective tax rate of the Group for the period under review was lower than the statutory tax rate of 28% mainly due to the utilization of reinvestment allowances claimed on qualifying expenditure.

B6. Sale of Unquoted Investments and/or Properties

The Group has not disposed of any investments in any unquoted investments and/or properties during the current quarter and financial year-to-date.

B7. Quoted Securities

There was no purchase or disposal of quoted securities for the current financial period to date.

B8. Status of Corporate Proposals

Save as disclosed below, the Group has not announced any corporate proposal, which has not been completed as at 25 May 2006 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

On 20 March 2006 and 21 March 2006, Avenue Securities Sdn Bhd on behalf of the Board, announced that the Company proposed to undertake the following:

- a) Proposed bonus issue of up to 30,000,000 new CHB shares to be credited as fully paid-up on the basis of one (1) new CHB share for every three (3) existing CHB shares held. The Proposed Bonus Issue will be effected by capitalising up to RM15,000,000 from the retained earnings of CHB ("Proposed Bonus Issue");
- b) Proposed increased in authorised share capital from RM50,000,000 comprising 100,000,000 CHB shares to RM100,000,000 comprising 200,000,000 CHB shares ("Proposed IASC");
- c) Proposed amendment to the Memorandum of Association of the Company ("Proposed Amendment"); and
- d) Proposed transfer of the listing of and quotation for the entire enlarged issued and paid-up share capital of CHB from the Second Board to the Main Board of Bursa Malaysia Securities ("Proposed Transfer").

The Proposed Bonus Issue is conditional upon the Proposed IASC and the Proposed Amendment but not conditional upon the Proposed Transfer.

On 26 April 2006, Avenue Securities Sdn Bhd, on behalf of the Company, submitted the application for the Proposed Transfer to the Securities Commission.

On 27 April 2006, the shareholders of the Company, at the Extraordinary General Meeting, passed the resolutions for the Proposed Bonus Issue, Proposed IASC and Proposed Amendment.

On 19 May 2006, Avenue Securities Sdn Bhd, on behalf of the Company, announced that the Securities Commission ("SC") vide its letter dated 19 May 2006 approved the Proposed Transfer subject to the following conditions:

- a) The Proposed Transfer can only be implemented upon CHB's completion of its proposed bonus issue, and duly complying with the minimum paid-up capital requirement of RM60 million for the listing on the Main Board of Bursa Malaysia Securities Berhad; and
- b) Avenue and CHB to comply with all the relevant requirements pertaining to the implementation of the proposal as stipulated in the Policies and Guidelines on Issue/Offer of Securities.

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B9. Group Borrowings

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

	As At 31.03.06 RM'000	As At 31.12.05 RM'000
Short-term borrowings-secured :-		
- Hire purchase	63	188
- Term loan	761	16
- Bank overdraft	170	945
TOTAL SHORT TERM (A)	994	1,149
Long-term borrowing-secured :-		
- Hire purchase	248	109
- Term loan	3,308	57
TOTAL LONG TERM (B)	3,556	166
TOTAL (A) + (B)	4,550	1,315

B10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk at the date of this quarterly report.

B11. Material Litigation

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

B12. Dividend

No interim ordinary dividend has been declared for the financial period ended 31 March 2006 (31 March 2005: Nil).

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B13. Earnings per share

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
	31.03.2006	31.03.2005	31.03.2006	31.03.2005
Profit for the period (RM'000)	2,352	1,625	2,352	1,625
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	90,000	89,699	90,000	89,699
Basic earnings per share (sen)	2.61	1.81	2.61	1.81
Diluted earnings per share (sen)*	N.A.	N.A.	N.A.	N.A.

Note:

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

By Order Of The Board

Liew Fook Meng
Executive Director
Dated: 29.05.2006