

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2010**
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the period ended 30 June 2010 – unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To-Date	To-Date
	Ended	Quarter Ended	Ended	Ended
	30-Jun		30-Jun	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Revenue	270,781	120,891	539,733	262,531
<b>Profit from operations</b>	26,315	4,603	55,005	6,869
Finance costs	(1,158)	(1,354)	(2,648)	(2,984)
<b>Profit before tax</b>	25,157	3,249	52,357	3,885
Tax expense	(5,655)	(758)	(13,019)	(1,143)
<b>Profit for the period</b>	19,502	2,491	39,338	2,742
<b>Other comprehensive income, net of tax</b>				
Exchange differences on translation foreign operations	(111)	37	(236)	45
<b>Total other comprehensive income for the period, net of tax</b>	(111)	37	(236)	45
<b>Total comprehensive income for the period</b>	19,391	2,528	39,102	2,787
<b>Profit attributable to:</b>				
Owners of the Company	19,516	2,226	39,241	2,377
Non-controlling interests	(14)	265	97	365
<b>Profit for the period</b>	19,502	2,491	39,338	2,742
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	19,405	2,263	39,005	2,422
Non-controlling interests	(14)	265	97	365
<b>Total comprehensive income for the period</b>	19,391	2,528	39,102	2,787
<b>Basic earnings per ordinary share (sen)</b>	8.13	0.93	16.35	0.99

The above condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2010****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2010 – unaudited

	30 June 2010 RM'000	31 December 2009 RM'000 restated
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	108,074	106,656
Prepaid lease payments	1,693	1,761
Intangible assets	1,500	-
Other long term investments	3,590	3,590
	<u>114,857</u>	<u>112,007</u>
<b>Current assets</b>		
Derivative financial assets	541	5,667
Inventories	207,154	229,982
Trade and other receivables	126,069	59,099
Deposits, bank and cash balances	24,979	10,002
	<u>358,743</u>	<u>304,750</u>
<b>Total assets</b>	<b><u>473,600</u></b>	<b><u>416,757</u></b>
<b>Equity</b>		
Share capital	60,000	60,000
Share premium	7,718	7,718
Foreign currency translation reserve	(252)	(16)
Retained profits	67,123	32,682
<b>Equity attributable to owners of the Company</b>	<u>134,589</u>	<u>100,384</u>
<b>Non-controlling interests</b>	<u>3,825</u>	<u>2,031</u>
<b>Total equity</b>	<u>138,414</u>	<u>102,415</u>
<b>Non-current liabilities</b>		
Bank borrowings	16,616	20,244
Hire purchase payable	340	143
Deferred tax liabilities	14,489	13,356
	<u>31,445</u>	<u>33,743</u>
<b>Current liabilities</b>		
Derivative financial liabilities	3,799	10,565
Trade and other payables	63,036	60,917
Bank borrowings	225,859	207,575
Hire purchase payable	418	252
Tax payable	10,629	1,290
	<u>303,741</u>	<u>280,599</u>
<b>Total liabilities</b>	<u>335,186</u>	<u>314,342</u>
<b>Total equity and liabilities</b>	<b><u>473,600</u></b>	<b><u>416,757</u></b>
<b>Net assets per share (sen)</b>		
<b>attributable to owners of the Company</b>	<u>56.08</u>	<u>41.83</u>

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2010**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the period ended 30 June 2010 – unaudited

	← Attributable To Owners Of The Company →				Non-controlling Interests	Total Equity
	Non-distributable		Distributable			
	Share Capital	Share Premium	Foreign Currency Translation Reserve	Retained Profits		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance at 1 January 2010</b>						
- as previously reported	60,000	7,718	(16)	37,580	2,031	107,313
Effect of adopting FRS 139	-	-	-	(4,898)	-	(4,898)
<b>Balance at 1 January 2010 - as restated</b>	60,000	7,718	(16)	32,682	2,031	102,415
Acquisition of subsidiaries	-	-	-	-	1,942	1,942
Total comprehensive income for the period	-	-	(236)	39,241	97	39,102
Dividends	-	-	-	(4,800)	(245)	(5,045)
<b>Balance at 30 June 2010</b>	60,000	7,718	(252)	67,123	3,825	138,414
<b>Balance at 1 January 2009</b>						
- as previously reported	60,000	7,718	(125)	31,137	1,763	100,493
Prior year adjustment	-	-	72	(1,222)	-	(1,150)
<b>Balance at 1 January 2009 - as restated</b>	60,000	7,718	(53)	29,915	1,763	99,343
Total comprehensive income for the period	-	-	44	2,377	365	2,786
Dividends	-	-	-	(1,200)	(392)	(1,592)
<b>Balance at 30 June 2009</b>	60,000	7,718	(9)	31,092	1,736	100,537

The above condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2010**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the period ended 30 June 2010 – unaudited

	Three Months Ended	
	30-Jun-10	30-Jun-09
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	52,357	3,885
Adjustments for:		
Non-cash items	2,394	4,151
Non-operating items	3,180	2,255
Operating profit before working capital changes	<u>57,931</u>	<u>10,291</u>
Changes in working capital		
Net change in current assets	(44,141)	(5,476)
Net change in current liabilities	2,119	10,825
Cash generated from operations	<u>15,909</u>	<u>15,640</u>
Tax paid	(2,547)	(2,155)
Interest paid	(1,779)	(2,401)
Interest received	211	186
<b>Net cash from operating activities</b>	<u>11,794</u>	<u>11,270</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(6,763)	(2,241)
Others	574	(124)
<b>Net cash (used in) investing activities</b>	<u>(6,189)</u>	<u>(2,365)</u>
<b>Cash flows from financing activities</b>		
Bank and other borrowings	14,421	(1,939)
Dividend paid	(4,800)	(1,200)
Dividends paid to non-controlling shareholders	(245)	(392)
<b>Net cash (used in) financing activities</b>	<u>9,376</u>	<u>(3,531)</u>
Net (decrease)/increase in cash and cash equivalents	14,981	5,374
Effect of exchange rate changes	(17)	3
Cash and cash equivalents at the beginning of financial period	10,002	(154)
<b>Cash and cash equivalents at the end of financial period</b>	<u>24,966</u>	<u>5,223</u>
<b>Cash and cash equivalents at the end of financial period comprise of :</b>		
Deposits, bank and cash balances	24,979	6,962
Bank overdrafts	(13)	(1,739)
	<u>24,966</u>	<u>5,223</u>

*The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.*

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2010**

**A. Compliance with Financial Reporting Standard (FRS) 134, Interim Financial Reporting and Bursa Listing Requirements**

**A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of Guan Chong Berhad (“GCB” or the “Company”) and its subsidiaries (“Group”) for the financial year ended 31 December 2009. These 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 the financial position and performance of the Group since the year ended 31 December 2009.

**A2. Changes in Accounting Policies**

The significant accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the preparation of the financial statements of the Group for the financial year ended 31 December 2009 except for the adoption of the following new Financial Reporting Standards (“FRSs”), Amendments and Issues Committee (“IC”) Interpretations with effect from 1 January 2010.

On 1 January 2010, the Group adopted the following FRSs:-

**FRSs, Amendments and IC Interpretations**

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised 2009)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards
Amendment to FRS 2	Share-based Payment - Vesting Conditions and Cancellations
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Statement of Cash Flows
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events after the Reporting Period
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue
Amendment to FRS 119	Employee Benefits
Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 128	Investments in Associates
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendment to FRS 131	Interest in Joint Ventures
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 138	Intangible Assets
Amendment to FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 140	Investment Property
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2010**

**A2. Changes in Accounting Policies – (Cont'd)**

**FRSs, Amendments and IC Interpretations – (cont'd)**

The adoption of the above FRSs, Amendments and IC Interpretations did not result in any significant financial impact on the results of the Group except for the following:

**(a) FRS 101 (revised), Presentation of Financial Statements**

The Group applies revised FRS 101 (2009) which became effective as of 1 January 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per ordinary share.

**(b) Amendment to FRS 117: Leases**

The adoption of the Amendment to FRS 117 has resulted in retrospective change in the accounting policy relating to the classification of the leasehold land. Prior to 1 January 2010, the considerations paid for the leasehold land were classified and presented as prepaid lease payments in the statement of financial position. With the adoption of the Amendment to FRS 117, the classification of a leasehold land as finance lease or an operating lease is based on the extent to which risks and rewards incident to ownership. In making this judgment, the directors have concluded that lands with and initial lease period of 50 years or more are finance leases because the present value of the minimum lease payments is substantially equal to the fair value of the land. Accordingly, the Group changed the classification of long term leasehold lands from operating leases to finance leases in the current quarter.

The following comparative figures on the face of statement of financial position have been restated following the adoption of the amendments to FRS 117:

31 December 2009	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Property, plant and equipment	102,979	3,677	106,656
Prepaid lease payments	5,438	(3,677)	1,761

**(c) FRS 139: Financial Instruments – Recognition and Measurement**

Prior to the adoption of FRS 139, financial derivatives were recognised on their settlement dates. Outstanding derivatives at the balance sheet date were not recognised. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognised at contract dates when and only when, the Company or any subsidiary becomes a party to the contractual provisions of the instruments.

With the adoption of FRS 139, financial assets and financial liabilities recognised and unrecognised in the prior financial year are classed into the following categories:

	Pre-FRS 139	Post-FRS 139
1	Other long term investment	Available-for-sale investment
2	Trade and other receivables	Loans and receivables
3	Unrecognised derivative assets	Financial assets at fair value through profit or loss
4	Unrecognised derivative liabilities	Financial Liabilities at fair value through profit or loss

The measurement bases applied to the financial assets and financial liabilities in the prior financial year are changed to conform to the measurement standards of FRS 139 in the current quarter. At initial recognition, all financial assets and financial liabilities are measured at their fair value plus in the case of financial instruments not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the instruments. Subsequent to their initial recognition, the financial assets and financial liabilities are measured as follows:

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2010**

**A2. Changes in Accounting Policies – (Cont'd)**

**(c) FRS 139: Financial Instruments – Recognition and Measurement – (cont'd)**

	Category	Measurement basis
1	Financial instruments at fair value through profit or loss	At fair value through profit or loss
2	Held-to-maturity investments	At amortised cost effective interest method
3	Loans and receivables	At amortised cost effective interest method
4	Available-for-sale investments	At fair value through other comprehensive income, unless fair value cannot be reliably measured, in which case, they are measured at cost.
5	Loans and other financial liabilities	At amortised cost effective interest method

Financial assets and financial liabilities designated as hedged items and hedging financial derivatives are accounted for using the specified hedge accounting requirements of FRS 139. All financial assets other than those classified as at fair value through profit or loss are subject to impairment test of FRS 136.

In accordance with FRS 139, the recognition, derecognition, measurement and hedge accounting requirements are applied prospectively from 1 January 2010. The effects of the remeasurement on 1 January 2010 of the financial assets and financial liabilities brought forward from the previous financial year are adjusted to the opening retained profits and other opening reserves as disclosed in the statement of changes in equity.

The application of the above new policies has the following effects:

	<b>Retained profits RM'000</b>
At 1 January 2010 - as previously reported	37,580
Adjustment arising from adoption of FRS 139	
- Recognition of derivatives previously not recognised	(4,898)
At 1 January 2010 - as restated	<u>32,682</u>

The Group has not adopted the following new/revised FRSs, Amendments and IC Interpretations that were in issued but not yet effective:

	<b>Effective date</b>
FRS 1	First-time Adoption of Financial Reporting Standards 1 July 2010
FRS 3	Business Combination 1 July 2010
FRS 127	Consolidated and Separate Financial Statements 1 July 2010
Amendments to FRS 2	Share-based Payment 1 July 2010
Amendments to FRS 5	Non-current Assets held for Sale and Discontinued Operations 1 July 2010
Amendments to FRS138	Intangible Assets 1 July 2010
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives 1 July 2010
IC Interpretation 12	Service Concession Arrangements 1 July 2010
IC Interpretation 15	Agreements for the Construction of Real Estate 1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation 1 July 2010
IC Interpretation 17	Distribution of Non-cash Assets To Owners 1 July 2010
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards – Limited Exemption From Comparative FRS 7 Disclosures for First-time Adopters 1 January 2011
Amendments to FRS 7	Financial Instruments: Disclosures Improving Disclosures about Financial Instruments 1 January 2011

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2010**

**A3. Auditors' report on preceding annual financial statements**

The audited financial statements of the preceding financial year were not subjected to any qualification.

**A4. Seasonal or cyclical factors**

The cocoa processing industry is, to a certain extent, subject to the seasonal pattern of the consumption of cocoa-based products within a year.

**A5. Unusual nature and amounts affecting assets, liabilities, equity, net income or cash flows**

Other than those stated in the notes, there are no other items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size, or incidence.

**A6. Material changes in estimates**

There was no material changes in estimates of amounts reported that will have a material effect during the current quarter under review.

**A7. Issuances and repayment of debt and equity securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter under review.

**A8. Dividends paid**

On 22 April 2010, the board declared the second interim dividend of 4% less tax at 25% equivalent to 0.75 sen net per ordinary share amounting to RM1,800,000 in respect of financial year ending 31 December 2010 to shareholders registered in the Record of Depositors at close of business on 12 May 2010 and subsequently will be paid on 19 May 2010.

**A9. Segmental information**

The segmental information is not prepared as the Group is principally involved in manufacturing and trading of cocoa-derived food ingredients and cocoa related products which is predominantly carried out in Malaysia.

**A10. Valuation of property, plant and equipment**

The property, plant and equipment of the Group are stated at cost less accumulated depreciation and impairment losses, if any. No revaluation of property, plant and equipment was undertaken during the current quarter under review.

**A11. Material events subsequent to the end of the current quarter**

There was no material events subsequent to the current quarter ended 31 March 2010 that have not been reflected in this quarterly report.

**A12. Changes in the composition of the Group**

On 25 June 2009, GBCS entered into Sale and Purchase Agreement with Mr Koi Chin Shean for the acquisition of 25 ordinary shares of USD 1,000 each, representing 10% equity interest in PT Asia Cocoa Indonesia for a total cash consideration of USD 25,000 (equivalent to RM 81,263).

On 28 June 2010, the Group through a wholly-owned sub-subsidiary, GCB Cocoa Singapore Pte. Ltd. ("GBCS") made a capital contribution of USD 5,375,000 (equivalent to RM 17,396,188) in cash to the capital of PT Asia Cocoa Indonesia ("ACI") in Batam, Indonesia representing 90% of the issued and paid up share capital of ACI. The investment was financed through internal generated funds of the Company.

Save as disclosed above, there were no other changes in the composition of the Group during the current quarter under review.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2010**

**A13. Contingent liabilities**

Save for the corporate guarantee granted by GCB in favour of financial institutions for credit facilities granted to its subsidiaries, neither GCB nor its subsidiaries have any contingent liabilities as at 30 June 2010 which, upon becoming enforceable, may have a material effect on the financial position of GCB or its subsidiaries. Accordingly, the Company is contingent liable to the extent of the credit facilities utilised by its subsidiaries amounting to approximately RM242,475,000 as of the end of the financial period.

**A14. Commitments**

**(a) Lease commitments**

At the end of the current quarter, the Group has the following outstanding land lease rental commitments:-

Authorised and contracted for	<b>RM'000</b> 1,485
	<b>_____</b>

**(b) Capital commitments**

At the end of the current quarter, capital expenditure of the Group contracted but not provided for are as follows :-

<b>Authorised and contracted for :</b>	<b>RM'000</b>
Property, plant and equipment	11,383
	<b>_____</b>

**A15. Significant related party transactions**

**(a) Related party relationship**

**SMC Food 21 Pte. Ltd.** – A company in which certain directors of a subsidiary have financial interest.

**SMC Food (Thailand) Company Limited** – A company in which certain directors of a subsidiary have financial interest

**(b) Related party transactions**

	<b>Current Quarter Ended</b>	<b>Current Year To-Date</b>
	<b>30 June 2010</b>	<b>Ended</b>
	<b>RM'000</b>	<b>30 June 2010</b>
		<b>RM'000</b>
<b>SMC Food 21 Pte. Ltd.</b>		
- Sale of goods	2,087	4,391
- Purchase of goods	2,437	3,480
<b>SMC Food (Thailand) Company Limited</b>		
- Purchase of goods	472	1,107
	<b>_____</b>	<b>_____</b>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2010**

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of performance**

The Group's revenue of RM270.78 million for the current financial period ended 30 June 2010 is higher than the revenue in the previous corresponding financial period ended 30 June 2009 of RM120.89 million. The increase of 123.99% in turnover is mainly due to higher sales volume and market price of cocoa products. The profit before tax for the period ended 30 June 2010 increased substantially to RM25.16 million. This is mainly attributed by higher revenue generated in current quarter, gain from commodity future contracts and net fair value gains on foreign exchange derivatives.

The profit from operations is arrived after crediting:

	<b>Cumulative Quarter Ended 30-Jun-10 RM'000</b>	<b>Preceding Quarter Ended 31-Mar-10 RM'000</b>
Dividend income	776	528
Realised gain on foreign exchange	7,299	3,359
Unrealised gain on foreign exchange	3,029	5,409
Warehouse rental income	530	268
Realised gain on commodity futures contracts	11,568	6,168
Net fair value gains on financial Derivatives	1,641	4,891

**B2. Comment on material change in profit before tax**

The Group recorded a profit before tax of RM25.16 million for the current quarter as compared to a profit before tax of RM27.20 million in the preceding quarter. There is no material change in the profit before tax as compared with the preceding quarter.

**B3. Commentary of prospects**

The Board of Directors is optimistic about the performance of GCB in the current financial year since the global economy is showing signs of improvement. We believe GCB is well-positioned for growth as many initiatives to improve our competitiveness and profitability have been systematically carried out by the management team.

Barring any unforeseen circumstances, the Board of Directors of GCB expects that the Group's financial performance for the financial year 2010 to be satisfactory.

**B4. Profit forecast or profit guarantee**

There were no profits forecast or profit guarantee issued by the Group.

**B5. Tax expense**

	<b>Current Quarter Ended</b>		<b>Current Year To-Date Ended</b>	
	<b>30-Jun-10</b>	<b>30-Jun-09</b>	<b>30-Jun-10</b>	<b>30-Jun-09</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income tax expense:				
Current period estimate	7,321	1,505	11,886	1,505
Deferred tax	(1,666)	(1,120)	1,133	(1,120)
	<u>5,655</u>	<u>385</u>	<u>13,019</u>	<u>385</u>

The effective tax rate of the Group for the current quarter is lower than the statutory tax rate due principally to the non-taxable income derived from the Group.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2010**

**B6. Unquoted investments and/or properties**

The Group did not acquire or dispose of any unquoted investments and/or properties during the current quarter under review.

**B7. Quoted securities**

There were no acquisitions or disposals of quoted securities for the current quarter and the financial period-to-date.

**B8. Corporate proposals**

There were no corporate proposals announced but not completed as at the date of this report.

**B9. Borrowings**

The Group's borrowings at the end of the current quarter are as follows:

	<b>RM'000</b>
Short-term borrowings	226,277
Long-term borrowings	16,956
Total Borrowings	<u>243,233</u>

**B10. Derivative financial instruments**

With the adoption of FRS 139, financial derivatives are recognised on their respective contract dates. The related accounting policies are disclosed in Note A2 to the interim financial statements. There are no off-balance sheet financial instruments.

Details of the outstanding derivative financial instruments as at 30 June 2010 are as follows:

	<b>Derivative</b>	<b>Contract amount RM'000</b>	<b>Fair value - net gains or (losses) RM'000</b>	<b>Purpose</b>
1.	Forward Foreign Exchange Contracts: Sale contracts - Less than 1 year  Purchase contracts - Less than 1 year	120,172  9,725	533  8	For hedging currency risk
2.	Target Redemption Forward Currency Option: Sale contracts - Less than 1 year  Purchase contracts - Less than 1 year	103,871  64,136	(655)  (2,704)	For hedging currency risk
3.	Commodity Futures Sale contracts - Less than 1 year - 1 year to 3 years  Purchase contracts - Less than 1 year - 1 year to 3 years	86,578 27,708  90,771 29,089	1,429 779  621 (347)	For hedging price risk

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2010**

**B10. Derivative financial instruments – (Cont'd)**

The fair values of the above derivatives are determined by using the market rates at the end of reporting period and changes in the fair values are recognised in the profit and loss. The subsequent cumulative change in the fair value of the commitment attributable to the hedged risk is recognised as an asset or a liability with the corresponding gain or loss recognised in the profit or loss.

There have been no significant changes to the Group's exposure credit risk, market risk and liquidity risk from the previous financial year. Also, there have been no changes to the Group's risk management objectives, policies and processes since the previous financial year end.

**B11. Material litigation**

There was no material litigation against the Group as at the date of these interim financial statements.

**B12. Dividend declared or recommended**

On 30 June 2010, the board declared the third interim dividend of 6% less tax at 25% equivalent to 1.125 sen net per ordinary share amounting to RM2,700,000 in respect of financial year ending 31 December 2010 to shareholders registered in the Record of Depositors at close of business on 15 July 2010 and subsequently will be paid on 22 July 2010.

On 9 August 2010, the board declared the fourth interim dividend of 8 % less tax of 25% equivalent to 1.5 sen net per ordinary share amounting to RM3,600,000 in respect of financial year ending 31 December 2010 to shareholders registered in the Record of Depositors at close of business on 26 August 2010 and subsequently will be paid on 2 September 2010.

**B13. Earnings per share**

The basic earnings per share for the current quarter under review and current year to-date are computed as follows:-

	Current Quarter Ended		Current Year To-Date Ended	
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
Profit for the financial period attributable to owners of the Company (RM'000)	19,516	2,226	39,241	2,377
Weighted average number of ordinary shares in issue ('000)	240,000	240,000	240,000	240,000
Basic earnings per share (sen)	8.13	0.93	16.35	0.99

**BY ORDER OF THE BOARD**

Tay Hoe Lian  
 Managing Director  
 Dated: 09.08.2010