

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2010 – unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To-Date Ended	Preceding Year To-Date Ended
	30-Sep 2010 RM'000	2009 RM'000	30-Sep 2010 RM'000	2009 RM'000
Revenue	296,563	162,308	836,296	424,839
Profit from operations	28,180	8,805	83,185	15,674
Finance costs	(1,178)	(1,331)	(3,826)	(4,315)
Profit before tax	27,002	7,474	79,359	11,359
Tax expense	(9,214)	(2,015)	(22,233)	(3,158)
Profit for the period	17,788	5,459	57,126	8,201
Other comprehensive income, net of tax				
Exchange differences on translation foreign operations	(705)	23	(941)	68
Total other comprehensive income for the period, net of tax	(705)	23	(941)	68
Total comprehensive income for the period	17,083	5,482	56,185	8,269
Profit attributable to:				
Owners of the Company	17,867	5,218	57,108	7,595
Non-controlling interests	(79)	241	18	606
Profit for the period	17,788	5,459	57,126	8,201
Total comprehensive income attributable to:				
Owners of the Company	17,162	5,241	56,167	7,663
Non-controlling interests	(79)	241	18	606
Total comprehensive income for the period	17,083	5,482	56,185	8,269
Basic earnings per ordinary share (sen)	7.44	2.17	23.80	3.16

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 THIRD QUARTER ENDED 30 SEPTEMBER 2010**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
As at 30 September 2010 – unaudited

	30 Sept 2010 RM'000	31 December 2009 RM'000 restated
Assets		
Non-current assets		
Property, plant and equipment	134,811	106,656
Prepaid lease payments	1,659	1,761
Intangible assets	1,500	-
Other long term investments	3,590	3,590
	<u>141,560</u>	<u>112,007</u>
Current assets		
Derivative financial assets	-	5,667
Inventories	165,693	229,982
Trade and other receivables	87,037	59,099
Deposits, bank and cash balances	23,208	10,002
	<u>275,938</u>	<u>304,750</u>
Total assets	<u>417,498</u>	<u>416,757</u>
Equity		
Share capital	60,000	60,000
Share premium	7,718	7,718
Foreign currency translation reserve	(957)	(16)
Retained profits	78,690	32,682
Equity attributable to owners of the Company	<u>145,451</u>	<u>100,384</u>
Non-controlling interests	<u>3,657</u>	<u>2,031</u>
Total equity	<u>149,108</u>	<u>102,415</u>
Non-current liabilities		
Bank borrowings	14,798	20,244
Hire purchase payable	292	143
Deferred tax liabilities	15,297	13,356
	<u>30,387</u>	<u>33,743</u>
Current liabilities		
Derivative financial liabilities	10,718	10,565
Trade and other payables	43,764	60,917
Bank borrowings	165,724	207,575
Hire purchase payable	383	252
Tax payable	17,414	1,290
	<u>238,003</u>	<u>280,599</u>
Total liabilities	<u>268,390</u>	<u>314,342</u>
Total equity and liabilities	<u>417,498</u>	<u>416,757</u>
Net assets per share (sen)		
attributable to owners of the Company	<u>60.60</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 THIRD QUARTER ENDED 30 SEPTEMBER 2010

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2010 – unaudited

	← Attributable To Owners Of The Company →				Non-controlling Interests	Total Equity	
	Non-distributable		Distributable				
	Share Capital RM'000	Share Premium RM'000	Foreign Currency Translation Reserve RM'000	Retained Profits RM'000	Total RM'000	RM'000	RM'000
Balance at 1 January 2010							
- as previously reported	60,000	7,718	(16)	37,580	105,282	2,031	107,313
Effect of adopting FRS 139	-	-	-	(4,898)	(4,898)	-	(4,898)
Balance at 1 January 2010 - as restated	60,000	7,718	(16)	32,682	100,384	2,031	102,415
Acquisition of subsidiaries	-	-	-	-	-	1,853	1,853
Total comprehensive income for the period	-	-	(941)	57,108	56,167	18	56,185
Dividends	-	-	-	(11,100)	(11,100)	(245)	(11,345)
Balance at 30 September 2010	60,000	7,718	(957)	78,690	145,451	3,657	149,108
Balance at 1 January 2009							
- as previously reported	60,000	7,718	(125)	31,137	98,730	1,763	100,493
Prior year adjustment	-	-	72	(1,222)	(1,150)	-	(1,150)
Balance at 1 January 2009 - as restated	60,000	7,718	(53)	29,915	97,580	1,763	99,343
Total comprehensive income for the period	-	-	68	7,595	7,663	606	8,269
Dividends	-	-	-	(3,000)	(3,000)	(392)	(3,392)
Balance at 30 September 2009	60,000	7,718	15	34,510	102,243	1,977	104,220

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 THIRD QUARTER ENDED 30 SEPTEMBER 2010

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 For the period ended 30 September 2010 – unaudited

	Nine Months Ended	
	30-Sep-10 RM'000	30-Sep-09 RM'000
Cash flows from operating activities		
Profit before tax	79,359	11,359
Adjustments for:		
Non-cash items	11,917	6,154
Non-operating items	4,893	3,150
Operating profit before working capital changes	96,169	20,663
Changes in working capital		
Net change in current assets	35,459	(123,129)
Net change in current liabilities	(17,153)	65,204
Cash generated from operations	114,475	(37,262)
Tax paid	(4,169)	(2,984)
Interest paid	(2,712)	(3,403)
Interest received	316	261
Net cash from operating activities	107,910	(43,388)
Cash flows from investing activities		
Purchase of property, plant and equipment	(35,494)	(2,636)
Others	480	(11)
Net cash (used in) investing activities	(35,014)	(2,647)
Cash flows from financing activities		
Bank and other borrowings	(50,270)	60,866
Dividend paid	(11,100)	(3,000)
Dividends paid to non-controlling shareholders	(245)	(392)
Net cash (used in) financing activities	(61,615)	57,474
Net (decrease)/increase in cash and cash equivalents	11,281	11,439
Effect of exchange rate changes	(700)	60
Cash and cash equivalents at the beginning of financial period	10,002	(154)
Cash and cash equivalents at the end of financial period	20,583	11,345
Cash and cash equivalents at the end of financial period comprise of :		
Deposits, bank and cash balances	23,208	11,921
Bank overdrafts	(2,625)	(576)
	20,583	11,345

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 – THIRD QUARTER ENDED 30 SEPTEMBER 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 – THIRD QUARTER ENDED 30 SEPTEMBER 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 – THIRD QUARTER ENDED 30 SEPTEMBER 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:

	Retained profits RM'000
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:

		Effective date
FRS 1(Revised)	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3(Revised)	Business Combinations	1 July 2010
FRS 127(Revised)	Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 2	Scope of FRS 2 and Revised FRS 3(2010)	1 July 2010
Amendments to FRS 5	Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS138	Consequential Amendments Arising from Revised FRS3(2010)	1 July 2010
Amendments to IC Interpretation 9	Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
IC Interpretation 12	Service Concession Arrangements	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 1	Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
IC Interpretation 4	Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 28	Transfers of Assets from Customers	1 January 2011
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 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 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 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 paid on 2 September 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 30 September 2010 that have not been reflected in this quarterly report.

A12. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter under review.

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 September 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 RM180,522,000 as of the end of the financial period.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2010

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	RM'000 1,485

(b) Capital commitments

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

Authorised and contracted for :	RM'000
Property, plant and equipment	28,136

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

	Current Quarter Ended	Current Year To-Date
	30 September 2010	Ended
	RM'000	30 September 2010
		RM'000
SMC Food 21 Pte. Ltd.		
- Sale of goods	2,561	6,952
- Purchase of goods	2,001	5,481
SMC Food (Thailand) Company Limited		
- Purchase of goods	-	1,107
	_____	_____

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2010

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

B1. Review of performance

The Group's revenue of RM296.56 million for the current financial period ended 30 September 2010 is higher than the revenue in the previous corresponding financial period ended 30 September 2009 of RM162.31 million. The increase of 82.72% in turnover is mainly due to higher sales volume and market price of cocoa products. The profit before tax for the period ended 30 September 2010 increased substantially to RM27.00 million. This is mainly attributed by higher revenue generated in current quarter, and net gains arising from foreign exchange in relation to foreign currency loan due to appreciation of Ringgit Malaysia.

The profit from operations is arrived after crediting:

	Cumulative Quarter Ended 30-Sep-10 RM'000	Preceding Quarter Ended 30-Jun-10 RM'000
Dividend income	987	776
Realised gain on foreign exchange	13,505	7,299
Unrealised gain on foreign exchange	4,890	3,029
Warehouse rental income	825	530
Realised gain on commodity futures contracts	11,505	11,568
Net fair value (loss)/gains on financial Derivatives	(5,280)	1,641

B2. Comment on material change in profit before tax

The Group recorded a profit before tax of RM27.00 million for the current quarter as compared to a profit before tax of RM25.16 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

	Current Quarter Ended		Current Year To-Date Ended	
	30-Sep-10 RM'000	30-Sep-09 RM'000	30-Sep-10 RM'000	30-Sep-09 RM'000
Income tax expense:				
Current period estimate	8,406	939	20,292	2,981
Deferred tax	808	1,076	1,941	177
	<u>9,214</u>	<u>2,015</u>	<u>22,233</u>	<u>3,158</u>

The effective tax rate of the Group for the current quarter is higher than the statutory tax rate due principally to the non-allowable expenses incurred by the Group and losses incurred in certain subsidiaries.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 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

On 11 October 2010, OSK Investment Bank Berhad (“OSK”) had announced for and on behalf of the Company to undertake the following corporate proposals:

- a) a bonus issue of 80,000,000 new ordinary shares of RM0.25 each (“GCB Shares”) (“Bonus Shares”) to be credited as fully paid-up, on the basis of one (1) Bonus Share for every three (3) existing GCB Shares held at an entitlement date to be determined later (“Proposed Bonus Issue”);
- b) a free warrants issue of 60,000,000 free warrants in the Company (“Warrants”) on the basis of one (1) free Warrant for every four (4) existing GCB Shares held at the same entitlement date for the Proposed Bonus Issue to be determined later (“Proposed Free Warrants Issue”);
- c) an increase in the authorised share capital of the Company from RM100,000,000 comprising 400,000,000 GCB Shares to RM200,000,000 comprising 800,000,000 GCB Shares (“Proposed Increase in Authorised Share Capital”);
- d) amendments to the Memorandum of Association of the Company to facilitate the Proposed Increase in Authorised Share Capital (“Proposed Amendments”); and
- e) purchase by the Company of up to ten percent (10%) of its issued and paid-up share capital (“Proposed Share Buy-Back”).

(collectively referred hereinafter to as the “Proposals”).

Bursa Malaysia Securities Berhad had vide its letter dated 12 November 2010 (received and announced on 15 November 2010 by OSK) approved the Proposed Bonus Issue, the Proposed Free Warrants Issue; and listing of up to 60,000,000 new GCB Shares to be issued pursuant to the exercise of the Warrants.

The Proposals are now subject to the approval of the Controller of Foreign Exchange (via Bank Negara Malaysia) and shareholders of the Company at an extraordinary general meeting to be convened.

Other than the abovementioned, there are no other 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:

	RM’000
Short-term borrowings	166,107
Long-term borrowings	15,090
Total Borrowings	<u>181,197</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2010

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 September 2010 are as follows:

	Derivative	Contract amount RM'000	Fair value - net gains or (losses) RM'000	Purpose
1.	Forward Foreign Exchange Contracts: Sale contracts - Less than 1 year Purchase contracts - Less than 1 year - 1 year to 3 years	208,530 91,455 29,333	(3,794) (141) 1,222	For hedging currency risk
2.	Target Redemption Forward Currency Option: Sale contracts - Less than 1 year Purchase contracts - Less than 1 year	111,396 42,757	(555) (3,536)	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	112,922 26,415 146,595 32,568	8,820 1,740 (11,252) (3,222)	For hedging price risk

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 16 November 2010, the board declared the fifth interim dividend of 16% less tax at 25% equivalent to 3 sen net per ordinary share amounting to RM7,200,000 in respect of financial year ending 31 December 2010 to shareholders registered in the Record of Depositors at close of business on 3 December 2010 and subsequently will be paid on 21 December 2010.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 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-Sep-10	30-Sep-09	30-Sep-10	30-Sep-09
Profit for the financial period attributable to owners of the Company (RM'000)	17,867	5,218	57,108	7,595
Weighted average number of ordinary shares in issue ('000)	240,000	240,000	240,000	240,000
Basic earnings per share (sen)	7.44	2.17	23.80	3.16

BY ORDER OF THE BOARD

Tay Hoe Lian
Managing Director
Dated: 16.11.2010