Company No. : 646226 – K
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 December 2010 – unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To-Date Ended	Preceding Year To-Date Ended
	31-Dec		31-Dec	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Revenue	332,309	217,811	1,168,605	642,650
Profit from operations	33,390	10,835	116,575	26,509
Finance costs	(1,200)	(1,453)	(5,026)	(5,768)
Profit before tax	32,190	9,382	111,549	20,741
Tax expense	10,797	(2,658)	(11,436)	(5,816)
Profit for the period	42,987	6,724	100,113	14,925
Other comprehensive income, net of tax				
Exchange differences on translation foreign operations	684	(31)	(257)	37
Total other comprehensive income for the period, net of tax	684	(31)	(257)	37
Total comprehensive income for the period	43,671	6,693	99,856	14,962
Profit attributable to:				
Owners of the Company	42,907	6,670	100,015	14,265
Non-controlling interests	80	54	98	660
Profit for the period	42,987	6,724	100,113	14,925
Total comprehensive income attributable to:				
Owners of the Company	43,591	6,639	99,758	14,302
Non-controlling interests	80	54	98	660
Total comprehensive income for the period	43,671	6,693	99,856	14,962
Basic earnings per ordinary share (sen)	17.88	2.78	41.67	5.94

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 FOURTH QUARTER ENDED 31 DECEMBER 2010

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2010 – unaudited

	31 December 2010 RM'000	31 December 2009 RM'000 restated
Assets		
Non-current assets		
Property, plant and equipment	145,097	106,656
Prepaid lease payments	1,625	1,761
Intangible assets	2,860	-
Other long term investments	3,590	3,590
	153,172	112,007
Current assets		
Derivative financial assets	2,119	-
Inventories	154,924	229,982
Trade and other receivables	148,888	59,099
Deposits, bank and cash balances	11,911	10,002
	317,842	299,083
Total assets	**471,014**	**411,090**
Equity		
Share capital	60,000	60,000
Treasury shares	(20)	-
Share premium	7,718	7,718
Foreign currency translation reserve	(273)	(16)
Retained profits	114,463	37,580
Equity attributable to owners of the Company	181,888	105,282
Non-controlling interests	4,587	2,031
Total equity	186,475	107,313
Non-current liabilities		
Bank borrowings	12,998	20,244
Hire purchase payable	215	143
Deferred tax liabilities	15,528	13,356
	28,741	33,743
Current liabilities		
Derivative financial liabilities	3,418	-
Trade and other payables	57,858	60,917
Bank borrowings	192,429	207,575
Hire purchase payable	338	252
Tax payable	1,755	1,290
	255,798	270,034
Total liabilities	284,539	303,777
Total equity and liabilities	**471,014**	**411,090**
Net assets per share (sen) attributable to owners of the Company	74.60	43.87

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.

GUAN CHONG BERHAD

Company No. : 646226 – K
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2010 – unaudited

	Attributable To Owners Of The Company						Non-controlling Interests	Total Equity
	Non-distributable				Distributable			
	Share Capital RM'000	Treasury Share 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	-	-	-	-	66	66	2,703	2,769
Share buy-back	-	(20)	-	-	-	(20)	-	(20)
Total comprehensive income for the period	-	-	-	(257)	100,015	99,758	98	99,856
Dividends	-	-	-	-	(18,300)	(18,300)	(245)	(18,545)
Balance at 31 December 2010	60,000	(20)	7,718	(273)	114,463	181,888	4,587	186,475
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	-	-	-	37	14,265	14,302	660	14,962
Dividends	-	-	-	-	(6,600)	(6,600)	(392)	(6,992)
Balance at 31 December 2009	60,000	-	7,718	(16)	37,580	105,282	2,031	107,313

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 FOURTH QUARTER ENDED 31 DECEMBER 2010

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 31 December 2010 – unaudited

	Twelve Months Ended	
	31-Dec-10	**31-Dec-09**
	RM'000	**RM'000**
Cash flows from operating activities		
Profit before tax	111,549	20,741
Adjustments for:		
Non-cash items	6,298	7,626
Non-operating items	5,761	10,453
Operating profit before working capital changes	123,608	38,820
Changes in working capital		
Net change in current assets	(15,798)	(81,404)
Net change in current liabilities	(3,059)	29,257
Cash generated from operations	104,751	(13,327)
Tax paid	(8,799)	(4,416)
Interest paid	(3,443)	(4,507)
Interest received	366	339
Net cash from/(used in) operating activities	92,875	(21,911)
Cash flows from investing activities		
Purchase of property, plant and equipment	(51,256)	(4,282)
Others	1,802	88
Net cash (used in) investing activities	(49,454)	(4,194)
Cash flows from financing activities		
Bank and other borrowings	(22,862)	43,179
Share buy-back	(20)	-
Dividend paid	(18,300)	(6,600)
Dividends paid to non-controlling shareholders	(245)	(392)
Net cash (used in)/from financing activities	(41,427)	36,187
Net (decrease)/increase in cash and cash equivalents	1,994	10,082
Effect of exchange rate changes	(85)	74
Cash and cash equivalents at the beginning of financial period	10,002	(154)
Cash and cash equivalents at the end of financial period	**11,911**	**10,002**
Cash and cash equivalents at the end of financial period comprise of :		
Deposits, bank and cash balances	11,911	10,002
Bank overdrafts	-	-
	11,911	**10,002**

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 – FOURTH QUARTER ENDED 31 DECEMBER 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

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 – FOURTH QUARTER ENDED 31 DECEMBER 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	32,682

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 18	Transfers of Assets from Customers	1 January 2011
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012

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 except for the following:

During the current quarter, the Company repurchased 10,000 of its issued ordinary shares from the open market at an average price of RM2.00 per share. The total consideration paid for the repurchase including transaction costs was RM20,000 and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

A8. Dividends paid

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 ended 31 December 2010 to shareholders registered in the Record of Depositors at close of business on 3 December 2010 and subsequently paid on 21 December 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 December 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 31 December 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 RM 205,428,000 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:-

	RM'000
Authorised and contracted for	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 :-

	RM'000
Authorised and contracted for :	
Property, plant and equipment	22,860

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 31 December 2010 RM'000	**Current Year To-Date Ended 31 December 2010 RM'000**
SMC Food 21 Pte. Ltd.		
- Sale of goods	3,361	10,312
- Purchase of goods	1,985	7,466
SMC Food (Thailand) Company Limited		
- Purchase of goods	-	1,107

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2010

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

B1. Review of performance

The Group's revenue of RM 332.31 million for the current financial period ended 31 December 2010 is higher than the revenue in the previous corresponding financial period ended 31 December 2009 of RM 217.81 million. The increase of 52.57% in turnover is mainly due to higher sales volume and market price of cocoa products. The profit before tax for the period ended 31 December 2010 increased substantially to RM 32.19 million. This is mainly attributed by higher revenue generated in current quarter, net gains arising from foreign exchange due to appreciation of Ringgit Malaysia, gain on commodity futures contracts and net fair value gains on foreign exchange derivatives.

The profit from operations is arrived after crediting:

	Cumulative Quarter Ended 31-Dec-10 RM'000	Preceding Quarter Ended 30-Sep-10 RM'000
Dividend income	987	987
Realised gain on foreign exchange	16,438	13,505
Unrealised gain on foreign exchange	2,785	4,890
Warehouse rental income	1,093	825
Realised gain on commodity futures contracts	12,757	11,505
Net fair value (loss)/gains on financial Derivatives	3,599	(5,820)

B2. Comment on material change in profit before tax

The Group recorded a profit before tax of RM 32.19 million for the current quarter as compared to a profit before tax of RM27.00 million in the preceding quarter. The profit before tax increased substantially mainly due to higher revenue generated in current quarter due to higher sales volume of cocoa products, net fair value gains on foreign exchange derivatives in current quarter and gains arising from forward foreign exchange contracts and commodity future contracts.

B3. Commentary of prospects

The Board of Directors is optimistic about the performance of GCB in the future financial year since the new cocoa processing plant located in Batam, Indonesia going to commence its production in 1st quarter 2011. 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 2011 to be satisfactory.

B4. Profit forecast or profit guarantee

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2010

B5. Tax expense

	Current Quarter Ended		Current Year To-Date Ended	
	31-Dec-10	31-Dec-09	31-Dec-10	31-Dec-09
	RM'000	RM'000	RM'000	RM'000
Income tax expense:				
Current period estimate	(11,028)	2,372	9,264	5,353
Deferred tax	231	286	2,172	463
	(10,797)	2,658	11,436	5,816

The reversal of the tax provision for the current quarter under review is mainly due to the adjustment of current tax. This adjustment arises mainly from tax incentive of Increased Export Allowance amounting to approximately RM18.7 million, being 70% of its statutory income.

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").

The Proposals have obtained all the relevant approvals from the following:

(a) 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.
(b) The shareholders of the Company, which was obtained on 20 December 2010.
(c) The Controller of Foreign Exchange (via Bank Negara Malaysia) had vide its letter dated 24 December 2010(received and announced on 29 December 2010 by OSK) approved the issuance of free Warrants to the non-resident entitled shareholders of GCB, as well as any additional Warrants based on changes to be made from time to time in accordance with the provisions of the Deed Poll, pursuant to the Proposed Free Warrants Issue.

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	192,767
Long-term borrowings	13,213
Total Borrowings	205,980

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 31 December 2010 are as follows:

	Derivative	Contract Amount RM'000	Fair Value - Net Gains (Losses) RM'000	Purpose
1	Forward Foreign Exchange Contracts:			For hedging currency risk
	Sale Contracts			
	- Less than 1 year	168,915	2,004	
	Purchase Contracts			
	- Less than 1 year	72,674	589	
	- 1 year to 3 years	14,534	425	
2	Target Redemption Forward Currency Option:			For hedging currency risk
	Sale Contracts			
	- Less than 1 year	0	0	
	Purchase Contracts			
	- Less than 1 year	21,379	(1,879)	
3	Commodity Futures			For hedging price risk
	Sale Contracts			
	- Less than 1 year	60,746	1,257	
	- 1 year to 3 years	13,609	621	
	Purchase Contracts			
	- Less than 1 year	63,834	(2,959)	
	- 1 year to 3 years	14,534	(1,358)	

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.

GUAN CHONG BERHAD
Company No. : 646226 – K
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2010

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 31 January 2011, the board declared the first interim dividend of 3 sen less tax at 25% equivalent to 2.25 sen net per ordinary share in respect of financial year ending 31 December 2011 to shareholders registered in the Record of Depositors at close of business on 22 February 2011 and subsequently will be paid on 8 March 2011.

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	
	31-Dec-10	31-Dec-09	31-Dec-10	31-Dec-09
Profit for the financial period attributable to owners of the Company (RM'000)	42,907	6,670	100,015	14,265
Weighted average number of ordinary shares in issue ('000)	240,000	240,000	240,000	240,000
Basic earnings per share (sen)	17.88	2.78	41.67	5.94

B14. Realised and Unrealised Profits/Losses Disclosure

The retained profits as at 31 December 2010 and 30 September 2010 is analysed as follows:-

	Current Quarter Ended 31-Dec-10 RM'000	Preceding Quarter Ended 30-Sep-10 RM'000
Total retained profits of the Company and the subsidiaries:		
- Realised	103,142	79,669
- Unrealised	11,112	(1,538)
	114,254	78,131
Less: Consolidated adjustments	209	559
Total group retained profits as per consolidated financial statements	114,463	78,690

BY ORDER OF THE BOARD

Tay Hoe Lian
Managing Director
Dated: 31.01.2011