

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the period ended 31 March 2011 – unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To-Date Ended	Preceding Year To-Date Ended
	31-Mar		31-Mar	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	290,000	268,952	290,000	268,952
<b>Profit from operations</b>	34,968	28,690	34,968	28,690
Finance costs	(1,177)	(1,490)	(1,177)	(1,490)
<b>Profit before tax</b>	33,791	27,200	33,791	27,200
Tax expense	(3,659)	(7,364)	(3,659)	(7,364)
<b>Profit for the period</b>	30,132	19,836	30,132	19,836
<b>Other comprehensive income, net of tax</b>				
Exchange differences on translation foreign operations	760	(125)	760	(125)
<b>Total other comprehensive income for the period, net of tax</b>	760	(125)	760	(125)
<b>Total comprehensive income for the period</b>	30,892	19,711	30,892	19,711
<b>Profit attributable to:</b>				
Owners of the Company	30,084	19,725	30,084	19,725
Non-controlling interests	48	111	48	111
<b>Profit for the period</b>	30,132	19,836	30,132	19,836
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	30,828	19,600	30,828	19,600
Non-controlling interests	64	111	64	111
<b>Total comprehensive income for the period</b>	30,892	19,711	30,892	19,711
<b>Basic earnings per ordinary share (sen)</b>	9.44	6.17	9.44	6.17
<b>Diluted earnings per ordinary share (sen)</b>	9.38	N/A	9.38	N/A

*The above condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.*

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 March 2011 – unaudited

	31 March 2011 RM'000	31 December 2010 RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	167,542	140,436
Prepaid lease payments	7,225	7,308
Intangible assets	2,860	2,860
Other long term investments	3,590	3,590
Deferred tax assets	306	303
	<u>181,523</u>	<u>154,497</u>
<b>Current assets</b>		
Derivative financial assets	-	2,119
Inventories	193,453	155,988
Trade and other receivables	142,300	160,357
Deposits, bank and cash balances	27,707	11,414
	<u>363,460</u>	<u>329,878</u>
<b>Total assets</b>	<b><u>544,983</u></b>	<b><u>484,375</u></b>
<b>Equity</b>		
Share capital	79,935	60,000
Treasury shares	(3,796)	(20)
Share premium	-	7,718
Foreign currency translation reserve	(128)	(872)
Retained profits	126,295	115,596
<b>Equity attributable to owners of the Company</b>	<u>202,306</u>	<u>182,422</u>
<b>Non-controlling interests</b>	<u>4,787</u>	<u>4,723</u>
<b>Total equity</b>	<b><u>207,093</u></b>	<b><u>187,145</u></b>
<b>Non-current liabilities</b>		
Loans and borrowings	11,713	13,213
Deferred tax liabilities	13,262	13,591
	<u>24,975</u>	<u>26,804</u>
<b>Current liabilities</b>		
Derivative financial liabilities	3,467	3,418
Trade and other payables	51,762	71,817
Loans and borrowings	253,815	192,767
Tax payable	3,871	2,424
	<u>312,915</u>	<u>270,426</u>
<b>Total liabilities</b>	<u>337,890</u>	<u>297,230</u>
<b>Total equity and liabilities</b>	<b><u>544,983</u></b>	<b><u>484,375</u></b>
<b>Net assets per share (sen)</b>		
attributable to owners of the Company	<u>62.71</u>	<u>74.82</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 2010 and the accompanying explanatory notes attached to the interim financial statements.

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the period ended 31 March 2011 – unaudited

	← Attributable To Owners Of The Company →					Non-controlling Interests	Total Equity	
	Non-distributable		Distributable					
	Share Capital	Treasury Share	Share Premium	Foreign Currency Translation Reserve	Retained Profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Balance at 1 January 2011</b>	60,000	(20)	7,718	(872)	115,596	182,422	4,723	187,145
Issuance of bonus shares	19,935	-	(7,718)	-	(12,217)	-	-	-
Purchase of treasury shares	-	(3,776)	-	-	-	(3,776)	-	(3,776)
Total comprehensive income for the period	-	-	-	744	30,084	30,828	64	30,892
Dividends	-	-	-	-	(7,168)	(7,168)	-	(7,168)
<b>Balance at 31 March 2011</b>	<b>79,935</b>	<b>(3,796)</b>	<b>-</b>	<b>(128)</b>	<b>126,295</b>	<b>202,306</b>	<b>4,787</b>	<b>207,093</b>
<b>Balance at 1 January 2010</b>								
- 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)
<b>Balance at 1 January 2010 - as restated</b>	<b>60,000</b>	<b>-</b>	<b>7,718</b>	<b>(16)</b>	<b>32,682</b>	<b>100,384</b>	<b>2,031</b>	<b>102,415</b>
Total comprehensive income for the period	-	-	-	(125)	19,725	19,600	111	19,711
Dividends:								
- by the Company	-	-	-	-	(3,000)	(3,000)	-	(3,000)
- by subsidiaries to non-controlling interest	-	-	-	-	-	-	(245)	(245)
<b>Balance at 31 March 2010</b>	<b>60,000</b>	<b>-</b>	<b>7,718</b>	<b>(141)</b>	<b>49,407</b>	<b>116,984</b>	<b>1,897</b>	<b>118,881</b>

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 2010 and the accompanying explanatory notes attached to the interim financial statements.

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the period ended 31 March 2011 – unaudited

	Three Months Ended	
	31-Mar-11 RM'000	31-Mar-10 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	33,791	27,200
Adjustments for:		
Non-cash items	5,876	(2,826)
Non-operating items	(2,588)	2,547
Operating profit before working capital changes	<u>37,079</u>	<u>26,921</u>
Changes in working capital		
Net change in current assets	(21,084)	12,504
Net change in current liabilities	(17,323)	(27,864)
Cash generated from operations	<u>(1,328)</u>	<u>11,561</u>
Tax paid	(2,554)	(1,625)
Interest paid	(745)	(962)
Interest received	77	145
<b>Net cash (used in)/from operating activities</b>	<u>(4,550)</u>	<u>9,119</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(30,239)	(2,588)
Others	(91)	(444)
<b>Net cash (used in) investing activities</b>	<u>(30,330)</u>	<u>(3,032)</u>
<b>Cash flows from financing activities</b>		
Bank and other borrowings	60,993	(6,526)
Share buy-back	(3,776)	-
Dividend paid	(7,167)	(3,000)
Dividends paid to non-controlling shareholders	-	(245)
<b>Net cash from/(used in) financing activities</b>	<u>50,050</u>	<u>(9,771)</u>
Net increase/(decrease) in cash and cash equivalents	15,170	(3,684)
Effect of exchange rate changes	735	(23)
Cash and cash equivalents at the beginning of financial period	<u>11,414</u>	<u>10,002</u>
<b>Cash and cash equivalents at the end of financial period</b>	<u><b>27,319</b></u>	<u><b>6,295</b></u>
<b>Cash and cash equivalents at the end of financial period comprise of :</b>		
Deposits, bank and cash balances	27,707	6,295
Bank overdrafts	(388)	-
	<u><b>27,319</b></u>	<u><b>6,295</b></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 2010 and the accompanying explanatory notes attached to the interim financial statements.*

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2011**

**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 2010. 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 2010.

**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 2010 except for the adoption of the following new and revised Financial Reporting Standards (“FRSs”), Amendments and Issues Committee (“IC”) Interpretations with effect from 1 January 2011:

**FRSs, Amendments and IC Interpretations**

FRS 1 (Revised)	First-time Adoption of Financial Reporting Standards
FRS 3 (Revised)	Business Combinations
FRS 127 (Revised)	Consolidated and Separate Financial Statements
Amendments to FRS 1 (Revised)	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sales and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments : Presentation
Amendments to FRS 138	Intangible Assets
Amendments to FRSs “Improvements to FRSs (2010)”	
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

The adoption of the above FRSs, Amendments and IC Interpretations did not result in any significant financial impact on the interim financial report upon their initial application, except for the following:

- (a) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised Standard will be applied prospectively and therefore, there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.
- (b) FRS 127 (Revised) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised Standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore, there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for its future transactions or arrangements.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2011**

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

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 124(Revised)	Related Party Disclosures	1 January 2012
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011

**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:

(i) Bonus Issue and New Free Warrants Issue

On 16 February 2011, the Company issue 79,740,033 bonus shares, credited as fully paid up on the basis of one (1) bonus share for every three (3) existing shares held by the entitled shareholders of the Company.

On 21 February 2011, 59,805,025 free warrants in Guan Chong Berhad on the basis of one (1) free warrant for every four (4) shares held by the entitled shareholders of the Company. The exercise value of the warrant is RM2.00 per share.

Upon completion, the number of issued and paid-up ordinary share capital and warrant listed and quoted on Bursa Malaysia Securities Berhad is 319,740,033 and 59,805,025 respectively.

(ii) Share Buy Back

During the current quarter, the Company repurchased 1,691,800 of its issued ordinary shares from the open market at an average price of RM2.23 per share. The total consideration paid for the repurchase including transaction costs was RM3,775,640 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.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2011**

**A7. Issuances and repayment of debt and equity securities – (cont'd)**

Ordinary shares of RM0.25 each

	31 March 2011 Number of shares ('000)	31 March 2011 RM'000
At beginning of financial period	239,990	60,000
Share Buy Back	(1,692)	-
Bonus Issue (1 bonus share for every 3 shares)	79,740	19,935
At end of financial period	318,038	79,935

**A8. Dividends paid**

On 31 January 2011, the board declared the first interim tax-exempt single-tier dividend of 2.25 sen per ordinary share amounting to RM7,167,542 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 paid on 8 March 2011.

**A9. Segmental information**

The Group presenting segmental information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the assets.

Three Month Ended 31 March 2011	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>Geographical Segments:</b>						
Total external revenue	220,005	69,995	-	-		290,000
Internal segment revenue	96,528	92,927	35,439	-	(224,894)	-
<b>Total revenue</b>	316,533	162,922	35,439	-	(224,894)	290,000
<b>Segment result</b>	30,458	4,409	1,535	440	1,599	38,441
Interest income						77
Finance cost						(1,177)
Depreciation & amortisation						(3,550)
Profit before tax						33,791
Tax expenses						(3,659)
Profit for the period						30,132
<b>Segment assets</b>	425,422	22,134	92,903	868	-	541,327
Other long term investment						3,590
Unallocated assets						66
<b>Total assets</b>						544,983
<b>Segment liabilities</b>	308,533	23,502	5,174	600	-	337,809
Unallocated liabilities						81
						337,890

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2011**

**A9. Segmental information – (cont'd)**

No comparative information is prepared as Group is principally involved in manufacturing and trading of cocoa-derived food ingredients and cocoa related products which are predominantly carried out in Malaysia for the period ended 31 March 2010.

**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 2011 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 March 2011 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 264,669,000 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:-

	<b>RM'000</b>
Authorised and contracted for	1,361
	<u>1,361</u>

**(b) Capital commitments**

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

	<b>RM'000</b>
<b>Authorised and contracted for :</b>	
Property, plant and equipment	30,702
	<u>30,702</u>



**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2011**

**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>31 March 2011</b>	<b>Ended</b>
	<b>RM'000</b>	<b>31 March 2011</b>
		<b>RM'000</b>
<b>SMC Food 21 Pte. Ltd.</b>		
- Sale of goods	2,406	2,406
- Purchase of goods	3,944	3,944
<b>SMC Food (Thailand) Company Limited</b>		
- Purchase of goods	509	509

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2011**

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

**B1. Review of performance**

The Group's revenue of RM 290.00 million for the current financial period ended 31 March 2011 is higher than the revenue in the previous corresponding financial period ended 31 March 2010 of RM 268.95 million. The increase of 7.83% in turnover is mainly due to higher sales volume and market price of cocoa products. The profit before tax for the period ended 31 March 2011 increased substantially to RM 33.79 million. This is mainly attributed by higher revenue generated in current quarter, net gains arising from foreign exchange due to appreciation of Ringgit Malaysia, and net fair value gains on foreign exchange derivatives.

The profit from operations is arrived after crediting:

	<b>Cumulative Quarter Ended 31-Mar-11 RM'000</b>	<b>Preceding Quarter Ended 31-Dec-10 RM'000</b>
Dividend income	641	987
Realised gain on foreign exchange	1,174	16,438
Unrealised gain on foreign exchange	3,260	2,785
Warehouse rental income	268	1,093
Realised gain on commodity futures contracts	-	12,757
Net fair value (loss)/gains on financial Derivatives	1,879	3,599

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

The Group recorded a profit before tax of RM 33.79 million for the current quarter as compared to a profit before tax of RM32.19 million in the preceding quarter. There is no material change in profit before tax as compared to preceding quarter.

**B3. Commentary of prospects**

The Board of Directors is optimistic about the performance of GCB in the current financial year given that the new cocoa processing plant located in Batam, Indonesia has commenced its production in 1<sup>st</sup> 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 – FIRST QUARTER ENDED 31 MARCH 2011**

**B5. Tax expense**

	Current Quarter Ended		Current Year To-Date Ended	
	31-Mar-11 RM'000	31-Mar-10 RM'000	31-Mar-11 RM'000	31-Mar-10 RM'000
Income tax expense:				
Current period estimate	4,000	4,565	4,000	4,565
Deferred tax	(341)	2,799	(341)	2,799
	<u>3,659</u>	<u>7,364</u>	<u>3,659</u>	<u>7,364</u>

The effective tax rate of the Group for the quarter under review is lower than the statutory tax rate due principally to the claim of tax incentive in relation to the increase export allowance.

**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**

- (a) 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 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”);
  - 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”);
  - 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”);
  - amendments to the Memorandum of Association of the Company to facilitate the Proposed Increase in Authorised Share Capital (“Proposed Amendments”); and
  - 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:

- 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 shareholders of the Company, which was obtained on 20 December 2010.
- 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.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2011**

**B8. Corporate proposals – (cont'd)**

The Proposals has subsequently completed as follows:

- (i) On 16 February 2011, 79,740,033 Bonus Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.
  - (ii) On 21 February 2011, 59,805,025 Warrants issued pursuant to the Free Warrants Issue were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad, marked the completion of the Free Warrants Issue.
- (b) On 1 March 2011, the Group has successfully commissioned its Cocoa grinding facility in Batam, Indonesia. With the construction and installation of the new facility, it has boosted up the total annual grinding capacity from 80,000 metric tonne to 140,000 metric tonne.

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:

	<b>RM'000</b>
Short-term borrowings	253,815
Long-term borrowings	11,713
Total Borrowings	<u>265,528</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 31 March 2011 are as follows:

	Derivative	Contract Amount RM'000	Fair Value - Net Gains (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	102,023  0 69,619	(956)  0 3,469	For hedging currency risk
2	Target Redemption Forward Currency Option: Sale Contracts - Less than 1 year  Purchase Contracts - Less than 1 year	64,213  0	0  0	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	0 15,704  29,538 55,358	0 2,721  (3,453) (5,093)	For hedging price risk

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2011**

**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**

The Board of Directors proposed a final tax-exempt single-tier dividend of 3.0 sen per ordinary share in respect of the financial year ended 31 December 2010. This dividend is subject to the shareholders' approval at the forthcoming Annual General Meeting and has not been included as a liability in the financial statements. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits for the financial year ending 31 December 2011.

**B13. Earnings per share**

- (a) Basic earnings per share are calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the financial period as follows:-

	Current Quarter Ended		Current Year To-Date Ended	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
Profit for the financial period attributable to owners of the Company (RM'000)	30,084	19,725	30,084	19,725
Weighted average number of ordinary shares in issue ('000)	318,705	319,725	318,705	319,725
Basic earnings per share (sen)	9.44	6.17	9.44	6.17

Comparative figure for the weighted average number of ordinary shares has been restated by incorporating the bonus issue credited as fully paid-up on the basis of one (1) bonus share for every three (3) ordinary shares held as at 31 March 2010.

- (b) For the purpose of calculating diluted EPS, profit for the period and the weighted average number of ordinary shares in issue during the financial period have been adjusted for the dilutive effects of all potential ordinary shares convert under warrants issued as shown below:

	Current Quarter Ended	Current Year To-Date Ended
	31-Mar-11	31-Mar-11
Profit for the financial period attributable to owners of the Company (RM'000)	30,084	30,084
Weighted average number of ordinary shares in issue ('000)	318,705	318,705
Effect of dilution of warrants	2,022	2,022
Adjusted weighted average number of ordinary shares in issue and issuable	<u>320,727</u>	<u>320,727</u>
Diluted earnings per share (sen)	9.38	9.38

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2011**

**B14. Realised and Unrealised Profits/Losses Disclosure**

The retained profits as at 31 March 2011 and 31 December 2010 is analysed as follows:-

	<b>Current Quarter Ended 31-Mar-11 RM'000</b>	<b>Preceding Quarter Ended 31-Dec-10 RM'000</b>
Total retained profits of the Company and the subsidiaries:		
- Realised	160,614	148,169
- Unrealised	(16,423)	(14,586)
	<u>144,191</u>	<u>133,583</u>
Less: Consolidated adjustments	(17,896)	(17,987)
Total group retained profits as per consolidated financial statements	<u>126,295</u>	<u>115,596</u>

**BY ORDER OF THE BOARD**

Tay Hoe Lian  
 Managing Director  
 Dated: 16.05.2011