

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2012 – unaudited

	Note	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	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue		354,340	290,000	354,340	290,000
Profit from operations		45,283	34,968	45,283	34,968
Finance costs		(2,600)	(1,177)	(2,600)	(1,177)
Profit before tax	A10	42,683	33,791	42,683	33,791
Tax expense	A11	(11,249)	(3,659)	(11,249)	(3,659)
Profit for the period		31,434	30,132	31,434	30,132
Other comprehensive income, net of tax					
Exchange differences on translation foreign operations		(318)	760	(318)	760
Total other comprehensive income for the period, net of tax		(318)	760	(318)	760
Total comprehensive income for the period		31,116	30,892	31,116	30,892
Profit attributable to:					
Owners of the Company		31,303	30,084	31,303	30,084
Non-controlling interests		131	48	131	48
Profit for the period		31,434	30,132	31,434	30,132
Total comprehensive income attributable to:					
Owners of the Company		30,985	30,828	30,985	30,828
Non-controlling interests		131	64	131	64
Total comprehensive income for the period		31,116	30,892	31,116	30,892
Basic earnings per ordinary share (sen)	A12(a)	9.86	9.44	9.86	9.44
Diluted earnings per ordinary share (sen)	A12(b)	9.51	9.38	9.51	9.38

The above condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012 – unaudited

	31 March 2012 RM'000	31 December 2011 RM'000
Note		
Assets		
Non-current assets		
Property, plant and equipment	240,332	236,626
Prepaid lease payments	A13 22,460	7,017
Intangible assets	A14 9,080	2,596
Other long term investments	3,590	3,590
Deferred tax assets	736	736
	<u>276,198</u>	<u>250,565</u>
Current assets		
Derivative financial assets	1,031	203
Inventories	411,300	466,392
Trade and other receivables	118,000	150,235
Prepayments and other assets	33,203	20,062
Deposits, bank and cash balances	28,803	13,191
	<u>592,337</u>	<u>650,083</u>
Total assets	<u>868,535</u>	<u>900,648</u>
Equity		
Share capital	79,936	79,936
Treasury shares	(5,195)	(5,195)
Share premium	4	4
Foreign currency translation reserve	(395)	(76)
Retained profits	215,355	190,341
Equity attributable to owners of the Company	<u>289,705</u>	<u>265,010</u>
Non-controlling interests	3,151	6,348
Total equity	<u>292,856</u>	<u>271,358</u>
Non-current liabilities		
Loans and borrowings	A16 51,955	8,917
Deferred tax liabilities	15,969	14,157
	<u>67,924</u>	<u>23,074</u>
Current liabilities		
Derivative financial liabilities	2,876	5,670
Trade and other payables	125,679	149,157
Loans and borrowings	A16 362,992	427,671
Dividend payables	-	12,700
Tax payable	16,208	11,018
	<u>507,755</u>	<u>606,216</u>
Total liabilities	<u>575,679</u>	<u>629,290</u>
Total equity and liabilities	<u>868,535</u>	<u>900,648</u>
Net assets per share (sen)		
attributable to owners of the Company	<u>91.25</u>	<u>83.47</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 2011 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2012 – 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	
Balance at 1 January 2012	79,936	(5,195)	4	(77)	190,342	265,010	6,348	271,358
Changes in ownership interest in subsidiary	-	-	-	-	60	60	(3,328)	(3,268)
Total comprehensive income for the period	-	-	-	(318)	31,303	30,985	131	31,116
Dividends	-	-	-	-	(6,350)	(6,350)	-	(6,350)
Balance at 31 March 2012	79,936	(5,195)	4	(395)	215,355	289,705	3,151	292,856
Balance at 1 January 2011	60,000	(20)	7,718	(872)	115,596	182,422	4,723	187,145
Issuance of bonus shares	19,935	-	(7,718)	-	(12,217)	-	-	-
Conversion of free warrants	1	-	4	-	-	5	-	5
Purchase of treasury shares	-	(5,175)	-	-	-	(5,175)	-	(5,175)
Total comprehensive income for the period	-	-	-	795	125,895	126,690	1,625	128,315
Dividends	-	-	-	-	(38,932)	(38,932)	-	(38,932)
Balance at 31 December 2011	79,936	(5,195)	4	(77)	190,342	265,010	6,348	271,358

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 2011 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 For the period ended 31 March 2012 – unaudited

	Three Months Ended	
	31-Mar-12	31-Mar-11
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	42,683	33,791
Adjustments for:		
Non-cash items and Non-operating items	6,123	3,288
Operating profit before working capital changes	<u>48,806</u>	<u>37,079</u>
Changes in working capital		
Net change in current assets	58,315	(21,084)
Net change in current liabilities	(12,788)	(17,323)
Cash generated from operations	<u>94,333</u>	<u>(1,328)</u>
Interest received	50	77
Interest paid	(1,936)	(745)
Tax paid	(4,220)	(2,554)
Net cash from/(used in) operating activities	<u>88,227</u>	<u>(4,550)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,737)	(30,239)
Purchase of lease rental	(15,830)	-
Acquisition of subsidiary	(9,997)	-
Others	(24)	(91)
Net cash (used in) investing activities	<u>(36,588)</u>	<u>(30,330)</u>
Cash flows from financing activities		
(Repayment)/Receipt of bank and other borrowings	(20,703)	60,993
Change in Fixed deposit pledged	(343)	-
Share buy-back	-	(3,776)
Dividend paid	(19,050)	(7,167)
Net cash used in)/from financing activities	<u>(40,096)</u>	<u>50,050</u>
Net increase in cash and cash equivalents	11,543	15,170
Effect of exchange rate changes	3,982	735
Cash and cash equivalents at the beginning of financial period	12,583	11,414
Cash and cash equivalents at the end of financial period	<u>28,108</u>	<u>27,319</u>
Cash and cash equivalents at the end of financial period comprise of :		
Deposits, bank and cash balances	28,803	27,707
Bank overdrafts	-	(388)
	<u>28,803</u>	<u>27,319</u>
Less : Non-cash and cash equivalents		
Fixed deposit pledged to bank as collateral	(695)	-
	<u>28,108</u>	<u>27,319</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 2011 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2012

A. Explanatory notes pursuant to MFRS 134

A1. First-time adoption of Malaysian Financial Reporting Standards (“MFRS”)

These condensed consolidated interim financial statements, for the period ended 31 March 2012, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the period up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with applicable Financial Reporting Standards (“FRS”).

These condensed consolidated interim financial statements are the Group’s first MFRS condensed consolidated interim financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”) has been applied.

The explanatory notes attached to these condensed consolidated 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 2011.

In preparing its MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. The impact of the transition from FRS to MFRS is described in Note A2 below.

A2. Significant accounting policies and application of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing this condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

(a) Business combination

MFRS 1 provides the option to apply MFRS 3 *Business Combinations*, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

- (i) The classification of former business combinations under FRS is maintained;
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- (iii) The carrying amount of goodwill recognised under FRS is not adjusted.

(b) Prepaid lease payments

The Group’s treatment of the prepaid lease payments, which were stated at cost under FRS is consistent with that of MFRS. Subsequent to the transition to MFRS, the prepaid lease payment will continue to be amortised over its lease terms.

(c) Foreign currency translation reserve

Under FRS, the Group recognized translation differences on foreign operations in a separate component of equity. This treatment of translation differences under FRS is consistent with the requirement of MFRS.

(d) Estimates

The estimates at 1 January 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.

The transition from FRS to MFRS has not had a material impact on the statements of financial position, statements of comprehensive income and statements of cash flows.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2012

A3. 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.

A4. 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.

A5. 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.

A6. Issuances and repayment of debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial year.

The number of warrants outstanding as at 31 March 2012 was 59,802,800. Each warrant entitles the holder the right to subscribe for a new ordinary share of RM0.25 each in the Company at an exercise price of RM2.00 per share. The warrants will be expiring on 20 February 2016.

As at 31 March 2012, the Company held 2,240,700 GCB Shares as treasury shares out of its total issued and paid-up share capital of 319,742,258 GCB Shares. Such treasury shares are held at a carrying amount of RM5,194,748.

A7. Dividends paid

First interim tax-exempt single-tier dividend of 8% equivalent to 2.0 sen per ordinary share amounting to RM6,350,031 in respect of financial year ending 31 December 2012 was declared on 24 February 2012 and subsequently paid on 22 March 2012. The payment was made to the shareholders whose names appeared in the Company's Record of Depositors on 14 March 2012.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2012

A8. 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 Months Ended 31 March 2012	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:						
Total external revenue	184,024	170,293	23	-	-	354,340
Internal segment revenue	64,010	203,172	143,722	30	(410,934)	-
Total revenue	248,034	373,465	143,745	30	(410,934)	354,340
Segment result	37,249	5,825	7,973	(1,087)	(1,150)	48,810
Interest income						50
Finance cost						(2,600)
Depreciation & amortisation						(3,577)
Profit before tax						42,683
Tax expenses						(11,249)
Profit for the period						31,434
Segment assets	511,439	73,487	272,622	7,234	-	864,782
Other long term investment						3,590
Unallocated assets						163
Total assets						868,535
Segment liabilities	364,640	196,787	13,794	458	-	575,679
						575,679

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2012

A8. Segmental information – (cont'd)

Three Months Ended 31 March 2011	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:						
Total external revenue	220,005	69,995	-	-	-	290,000
Internal segment revenue	96,528	92,927	35,439	-	(224,894)	-
Total revenue	316,533	162,922	35,439	-	(224,894)	290,000
Segment result	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
Segment assets	425,422	22,134	92,903	868	-	541,327
Other long term investment						3,590
Unallocated assets						66
Total assets						544,983
Segment liabilities	308,533	23,502	5,174	600	-	337,809
Unallocated liabilities						81
						337,890

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2012

A9. Changes in the composition of the Group

- (a) On 6 January 2012, the Group acquired 100% of the equity interest in Cocomarich Sdn Bhd (“CSB”). The Group acquired CSB as it was the registered and beneficial owner of 10% equity interest in PT Asia Cocoa Indonesia (“ACI”). ACI is manufacturer in and merchant of cocoa, cocoa liquor, cocoa butter, cocoa cake and cocoa powder. Upon the completion on 16 February 2012, CSB became a wholly owned subsidiary of GCB and ACI in turn became an indirect wholly owned subsidiary of GCB.

The acquisition of CSB has been accounted for using the acquisition method. The condensed consolidated interim financial statements include the results of CSB for the three-month period from the date of acquisition.

The fair value of the identifiable assets and liabilities of CSB as at the date of acquisition was:

	Fair value recognised on acquisition RM'000
Assets	
Investment	3,454
Other receivables	22
Cash and cash equivalents	3
	<u>3,479</u>
Liabilities	
Other payables	*
Net identifiable assets	3,479
Goodwill arising on acquisition (Note A14)	6,521
Purchase consideration transferred	<u>10,000</u>
Analysis of cash flows on acquisition:	
Net cash acquired	3
Cash paid	<u>(10,000)</u>
Net cash outflow	<u>(9,997)</u>

* Amount less than RM 1,000

- (b) On 26 January 2012, GCB subscribed to 5,400,000 new ordinary shares of RM1.00 each in GCB Specialty Chocolate Sdn Bhd (“GCBSC”) by way of RM2,700,000 in cash and RM2,700,000 through debt capitalisation. Upon completion of the subscription, GCBSC became 90% equity owned subsidiary of GCB.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2012

A10. Profit before tax

Included in the profit before tax are the following items:

	Current Quarter Ended 31-Mar-12 RM'000	Current Year To-Date 31-Mar-12 RM'000
Amortisation of prepaid lease payments	172	172
Amortisation of intangible assets	37	37
Depreciation	3,368	3,368
Dividend income from other long term investment	(265)	(265)
Realised (Gain)/Loss on foreign exchange	(9,233)	(9,233)
Unrealised (Gain)/Loss on foreign exchange	4,382	4,382
Realised (Gain)/Loss on derivative financial instruments	(1,324)	(1,324)
Unrealised (Gain)/Loss on derivative financial instruments	(3,580)	(3,580)
(Gain)/Loss on disposal of property, plant and equipment	3	3
Impairment loss reversal on trade receivables	(306)	(306)
Interest expense	1,936	1,936
Interest income	(50)	(50)
Write off of property, plant and equipment	4	4

Other than the items highlighted above which have been included in the statement of comprehensive income, there were no gain or loss on disposal of quoted or unquoted investments and exceptional items for the current quarter ended 31 March 2012.

A11. Tax expense

	Current Quarter Ended		Current Year To-Date Ended	
	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11
	RM'000	RM'000	RM'000	RM'000
Income tax expense:				
Current period estimate	9,410	4,000	9,410	4,000
Deferred tax	1,839	(341)	1,839	(341)
	<u>11,249</u>	<u>3,659</u>	<u>11,249</u>	<u>3,659</u>

Income tax expense is recognized in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. The effective tax rate for the current interim period was higher than the statutory tax rate principally due to certain expenses which are not deductible for tax purposes.

The Group's effective tax rate for the corresponding interim period ended 31 March 2011 was lower than the statutory tax rate due principally to the claim of tax incentive in relation to the increase export allowance.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2012

A12. 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-12	31-Mar-11	31-Mar-12	31-Mar-11
Profit for the financial period attributable to owners of the Company (RM'000)	31,303	30,084	31,303	30,084
Weighted average number of ordinary shares in issue ('000)	317,502	318,705	317,502	318,705
Basic earnings per share (sen)	9.86	9.44	9.86	9.44

- (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-12	31-Mar-11	31-Mar-12	31-Mar-11
Profit for the financial period attributable to owners of the Company (RM'000)	31,303	30,084	31,303	30,084
Weighted average number of ordinary shares in issue ('000)	317,502	318,705	317,502	318,705
Effect of dilution of warrants	11,484	2,022	11,484	2,022
Adjusted weighted average number of ordinary shares in issue and issuales	<u>328,985</u>	<u>320,727</u>	<u>328,985</u>	<u>320,727</u>
Diluted earnings per share (sen)	9.51	9.38	9.51	9.38

A13. Prepaid lease payments

	31-Mar-12 RM'000	31-Dec-11 RM'000
Cost:		
At 1 January	7,017	7,308
Add: Payment for sub-leases	124	124
Additions	15,980	-
	<u>23,121</u>	<u>7,432</u>
Less: Amortisation of prepaid lease payments	(172)	(239)
Sub-lease rental	(158)	(259)
Foreign exchange difference	(331)	83
At 31 March / 31 December	<u>22,460</u>	<u>7,017</u>
 Analysed as:		
Sub-leases of warehouse	1,456	1,490
Leasehold land	21,004	5,527
	<u>22,460</u>	<u>7,017</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2012

A14. Intangible assets

	Goodwill RM'000	Technical know- how RM'000	Clientele list RM'000	Total RM'000
Cost:				
At 1 January 2012 / 31 December 2011	756	1,016	972	2,744
Acquisition of subsidiary (Note A9)	6,521	-	-	6,521
At 31 March 2012	7,277	1,016	972	9,265
Accumulated amortisation and impairment				
At 1 January 2011	-	-	-	-
Amortisation	-	(51)	(97)	(148)
At 31 December 2011 and 1 January 2012	-	(51)	(97)	(148)
Amortisation	-	(13)	(24)	(37)
At 31 March 2012	-	(64)	(121)	(185)
Net carrying amount:				
At 31 December 2011	756	965	875	2,596
At 31 March 2012	7,277	952	851	9,080

A15. Fair value hierarchy

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs that are based on observable market data, either directly or indirectly
- Level 3 – Inputs that are based on observable market data

As at reporting date, the Group held the following financial assets that are measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 March 2012				
Financial assets				
Derivative assets :				
- forward foreign currency contracts	-	104	-	104
- commodity futures contract	927	-	-	927
	927	104	-	1,031
Financial liabilities				
Derivative liabilities :				
- forward foreign currency contracts	-	2,418	-	2,418
- option foreign currency contract	-	164	-	164
- commodity futures contract	294	-	-	294
	294	2,582	-	2,876
31 December 2011				
Financial assets				
Derivative assets :				
- forward foreign currency contracts	-	178	-	178
- commodity futures contract	25	-	-	25
	25	178	-	203
Financial liabilities				
Derivative liabilities :				
- commodity futures contract	5,670	-	-	5,670

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2012

A16. Loans and borrowings

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

		Denominated in currency	31-Mar-12 RM'000	31-Dec-11 RM'000
Current				
Secured	- Bank overdraft	RM	-	255
	- Bankers' acceptances	RM	2,294	7,600
	- Term loans	RM	3,691	4,623
		USD	8,860	87,820
	- Trade loans	USD	345,074	324,405
	- Revolving credit	RM	2,700	2,700
	- Obligation under finance leases	RM	373	268
			362,992	427,671
Non-Current				
Secured	- Term loans	RM	6,759	7,601
		USD	44,609	1,017
	- Obligation under finance leases	RM	587	299
			51,955	8,917
			414,947	436,588

A17. Contingent liabilities

There were no material contingent liabilities as at 31 March 2012.

A18. 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	4,482
	4,482

(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	19,302
	19,302

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2012

A19. 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.

(b) Related party transactions

	Current Quarter Ended	Current Year To-Date
	31 March 2012	Ended
	RM'000	31 March 2012
		RM'000
SMC Food 21 Pte. Ltd.		
- Sale of goods	1,639	1,639
- Purchase of goods	1,652	1,652
	_____	_____

A20. Material events subsequent to the end of the current quarter

There was no material events subsequent to the current quarter ended 31 March 2012 that have not been reflected in this quarterly report.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2012

B. Explanatory notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

B1. Review of performance

The Group's revenue of RM 354.340 million for the current quarter ended 31 March 2012 is higher than the revenue in the previous corresponding quarter ended 31 March 2011 of RM 290,000 million. The increase of 22.2% in turnover is mainly due to higher sales volume of cocoa products. The increase in sales volume is mainly supported by our subsidiary in Indonesia which has become fully operational for Line 1. The profit before tax for the quarter ended 31 March 2012 increased to RM 42.683 million. This is mainly attributed by higher sales volume, realised foreign exchange gain and net fair value gain on derivative financial instruments.

B2. Comment on material change in profit before tax

The Group recorded a profit before tax of RM 42.683 million for the current quarter as compared to a profit before tax of RM 42.219 million in the preceding quarter. There is no material change in profit before tax as compared to the preceding quarter.

B3. Commentary of prospects

The Board of Directors is optimistic about the performance of GCB in the current financial year. The management team believes GCB is well-positioned for growth as many initiatives to improve our competitiveness and profitability have been carried out strategically.

Barring any unforeseen circumstances, the Board of Directors of GCB expects that the Group's financial performance for the financial year 2012 to be satisfactory.

B4. Profit forecast or profit guarantee

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

B5. Corporate proposals

On 9 April 2012, on behalf of the Board of Directors of GCB, Hong Leong Investment Bank Berhad ("HLIB") announced that GCB proposes to undertake the following:

- (a) Proposed secondary listing of the entire enlarged issued and paid-up share capital of GCB on the Main Board of Singapore Exchange Securities Trading Limited (SGX-ST), which includes all the existing ordinary shares of RM0.25 each in GCB ("GCB Shares") which are listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Proposed Secondary Listing"). In conjunction with the Proposed Secondary Listing, GCB proposes to undertake the following:
 - (i) Proposed public issue which entail the issuance of new GCB Shares ("Public Issue Shares"), made available to retail and/or institutional investors of Singapore and selected investors ("Proposed Public Issue"); and
 - (ii) Proposed offer for sale of existing GCB Shares by Misi Galakan Sdn Bhd, Tan Bak Keng @ Tang Ka Guek, Tay How Seng, Tay How Yeh, Chan Lee Yin and Lim Yok @ Lim Kiak (collectively referred to as the "Offerors") made available to retail and/or institutional investors of Singapore and selected investors ("Proposed Offer for Sale");
- (b) Proposed bonus issue of up to 205,272,529 new GCB Shares ("Bonus Shares") to be credited as fully paid-up on the basis of 1 Bonus Share for every 2 existing GCB Shares held ("Proposed Bonus Issue").

(Collectively referred to as the "Proposals")

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2012

B5. Corporate proposals – (cont'd)

On 12 April 2012, GCB announced that HL Bank and Canaccord Genuity Singapore Pte Ltd had on 11 April 2012 submitted, on behalf of GCB, the listing application to SGX-ST to seek its approval for the Proposed Secondary Listing.

On 17 April 2012, HLIB announced that they have submitted, on behalf of GCB, the application to the Securities Commission to seek its approval for the Proposed Secondary Listing.

On 3 May 2012, HLIB announced that they have submitted, on behalf of GCB, the application to Bursa Securities to seek for its approval for the listing and quotation for the:

- (i) Public Issue Shares to be issued pursuant to the Proposed Public Issue; and
- (ii) Bonus Shares to be issued pursuant to the Proposed Bonus Issue.

B6. Derivative financial instruments

Details of the outstanding derivative financial instruments as at 31 March 2012 are as follows:

	Derivative	Contract Amount RM'000	Fair Value - Net Gain/(Losses) RM'000	Purpose
1	Forward Foreign Exchange Contracts: - Less than 1 year	253,994	(2,314)	For hedging currency risk
2	Option Foreign Exchange Contracts: - Less than 1 year	29,413	(164)	For hedging currency risk
3	Commodity Futures Contracts: Sale Contracts - Less than 1 year	14,922	848	For hedging price risk
	Purchase Contracts - Less than 1 year	18,917	(215)	

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.

B7. Material litigation

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2012

B8. Dividend declared or recommended

On 23 May 2012, the board declared the second interim tax-exempt single-tier dividend of 2.5 sen per ordinary share in respect of financial year ending 31 December 2012 to shareholders registered in the Record of Depositors at close of business on 8 June 2012 and subsequently will be paid on 22 June 2012.

B9. Realised and Unrealised Profits/Losses Disclosure

The retained profits as at 31 March 2012 and 31 December 2011 is analysed as follows:-

	Current Quarter Ended 31-Mar-12 RM'000	Preceding Quarter Ended 31-Dec-11 RM'000
Total retained profits of the Company and the subsidiaries:		
- Realised	257,884	235,026
- Unrealised	<u>(19,615)</u>	<u>(22,953)</u>
	238,269	212,073
Less: Consolidated adjustments	<u>(22,914)</u>	<u>(21,731)</u>
Total group retained profits as per consolidated financial statements	<u>215,355</u>	<u>190,342</u>

B10. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2011 was not qualified.

Tay Hoe Lian
 Managing Director
 Dated: 23.05.2012