

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 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
		30 Jun 2012 RM'000	30 Jun 2011 RM'000	30 Jun 2012 RM'000	30 Jun 2011 RM'000
Revenue		312,843	334,641	667,183	624,641
Profit from operations		43,289	41,372	88,572	76,340
Finance costs		(3,212)	(1,136)	(5,812)	(2,313)
Profit before tax	A10	40,077	40,236	82,760	74,027
Tax expense	A11	(4,822)	(4,859)	(16,071)	(8,518)
Profit for the period		35,255	35,377	66,689	65,509
Other comprehensive income, net of tax					
Exchange differences on translation foreign operations		2,540	499	2,222	1,259
Total other comprehensive income for the period, net of tax		2,540	499	2,222	1,259
Total comprehensive income for the period		37,795	35,876	68,911	66,768
Profit attributable to:					
Owners of the Company		35,302	34,450	66,605	64,534
Non-controlling interests		(47)	927	84	975
Profit for the period		35,255	35,377	66,689	65,509
Total comprehensive income attributable to:					
Owners of the Company		37,842	34,912	68,827	65,740
Non-controlling interests		(47)	964	84	1,028
Total comprehensive income for the period		37,795	35,876	68,911	66,768
Basic earnings per ordinary share (sen)	A12(a)	11.12	10.84	20.98	20.28
Diluted earnings per ordinary share (sen)	A12(b)	10.57	10.30	20.08	19.48

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 SECOND QUARTER ENDED 30 JUNE 2012

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012 – unaudited

	Note	30 June 2012 RM'000	31 December 2011 RM'000
Assets			
Non-current assets			
Property, plant and equipment		265,753	236,626
Prepaid lease payments	A13	22,796	7,017
Intangible assets	A14	9,043	2,596
Other long term investments		3,590	3,590
Deferred tax assets		736	736
		<u>301,918</u>	<u>250,565</u>
Current assets			
Derivative financial assets		2,322	203
Inventories		512,406	466,392
Trade and other receivables		111,800	150,235
Prepayments and other assets		18,138	20,062
Deposits, bank and cash balances		27,361	13,191
		<u>672,027</u>	<u>650,083</u>
Total assets		<u>973,945</u>	<u>900,648</u>
Equity			
Share capital		79,936	79,936
Treasury shares		(5,195)	(5,195)
Share premium		6	4
Foreign currency translation reserve		2,145	(77)
Retained profits		242,720	190,342
Equity attributable to owners of the Company		<u>319,612</u>	<u>265,010</u>
Non-controlling interests		<u>3,104</u>	<u>6,348</u>
Total equity		<u>322,716</u>	<u>271,358</u>
Non-current liabilities			
Loans and borrowings	A16	87,396	8,917
Deferred tax liabilities		13,105	14,157
		<u>100,501</u>	<u>23,074</u>
Current liabilities			
Derivative financial liabilities		126	5,670
Trade and other payables		115,551	149,157
Loans and borrowings	A16	423,343	427,671
Dividend payables		-	12,700
Tax payable		11,708	11,018
		<u>550,728</u>	<u>606,216</u>
Total liabilities		<u>651,229</u>	<u>629,290</u>
Total equity and liabilities		<u>973,945</u>	<u>900,648</u>
Net assets per share (sen)			
attributable to owners of the Company		<u>100.66</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 SECOND QUARTER ENDED 30 JUNE 2012

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2012 – unaudited

	← Attributable To Owners Of The Company →					Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	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			
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 with no change in control	-	-	-	-	60	60	(3,328)	(3,268)
Conversion of free warrants	*	-	2	-	-	2	-	2
Total comprehensive income for the period	-	-	-	2,222	66,605	68,827	84	68,911
Dividends	-	-	-	-	(14,287)	(14,287)	-	(14,287)
Balance at 30 June 2012	79,936	(5,195)	6	2,145	242,720	319,612	3,104	322,716
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

* Amount less than RM1,000

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 SECOND QUARTER ENDED 30 JUNE 2012

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2012 – unaudited

	Six Month Ended	
	30-Jun-12 RM'000	30-Jun-11 RM'000
Cash flows from operating activities		
Profit before tax	82,760	74,027
Adjustments for:		
Non-cash and non-operating items	13,612	8,234
Operating profit before working capital changes	<u>96,372</u>	<u>82,261</u>
Changes in working capital		
Net change in current assets	(5,091)	(96,625)
Net change in current liabilities	(35,554)	30,038
Cash generated from operations	<u>55,727</u>	<u>15,674</u>
Tax paid	(16,436)	(5,054)
Interest paid	(4,215)	(1,487)
Interest received	140	269
Net cash from operating activities	<u>35,216</u>	<u>9,402</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(34,521)	(39,180)
Acquisition of subsidiary	(9,997)	-
Payment for the lease rental	(16,196)	-
Others	247	124
Net cash (used in) investing activities	<u>(60,467)</u>	<u>(39,056)</u>
Cash flows from financing activities		
Bank and other borrowings	65,239	44,346
Conversion of warrants to ordinary shares	3	4
Changes in Fixed deposit pledged	(369)	-
Share buy-back	-	(4,475)
Dividend paid	(26,988)	(7,167)
Dividends paid to non-controlling shareholders	-	-
Net cash from financing activities	<u>37,885</u>	<u>32,708</u>
Net increase in cash and cash equivalents	12,634	3,054
Effect of exchange rate changes	988	1,121
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>26,205</u>	<u>15,589</u>
Cash and cash equivalents at the end of financial period comprise of :		
Deposits, bank and cash balances	27,361	15,589
Bank overdrafts	(435)	-
	<u>26,926</u>	<u>15,589</u>
Less : Non-cash and cash equivalents		
Fixed deposit pledged to bank as collateral	(721)	-
	<u>26,205</u>	<u>15,589</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 – SECOND QUARTER ENDED 30 JUNE 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 was 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 – SECOND QUARTER ENDED 30 JUNE 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 current quarter under review except for the following:

The paid-up share capital of the Company was increased from 319,742,258 ordinary shares of RM0.25 each or RM79,935,565 as at 31 December 2011 to 319,743,758 ordinary shares of RM0.25 each or RM79,935,940 as at 30 June 2012, as a result of the issuance of 1,500 new ordinary shares upon conversion of 1,500 warrants at the exercise price of RM2.00 per share.

The number of warrants outstanding as at 30 June 2012 was 59,801,300. 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 30 June 2012, the Company held 2,240,700 GCB Shares as treasury shares out of its total issued and paid-up share capital of 319,743,758 GCB Shares. Such treasury shares are held at a carrying amount of RM5,194,748.

A7. Dividends paid

Second interim tax-exempt single-tier dividend of 10% equivalent to 2.5 sen per ordinary share amounting to RM7,937,537 in respect of financial year ending 31 December 2012 was declared on 23 May 2012 and subsequently paid on 22 June 2012. The payment was made to the shareholders whose names appeared in the Company's Record of Depositors on 8 June 2012.

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

Six Months Ended 30 June 2012	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:						
Total external revenue	345,754	321,406	23	-	-	667,183
Internal segment revenue	128,631	514,605	225,717	60	(869,013)	-
Total revenue	474,385	836,011	225,740	60	(869,013)	667,183
Segment result	45,004	34,642	14,796	3,330	(1,692)	96,080
Interest income						140
Finance cost						(5,812)
Depreciation & amortisation						(7,648)
Profit before tax						82,760
Tax expenses						(16,071)
Profit for the period						66,689
Segment assets	530,662	60,960	370,839	7,704	-	970,165
Other long term investment						3,590
Unallocated assets						190
Total assets						973,945
Segment liabilities	405,165	236,390	8,871	803	-	651,229
						651,229

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2012

A8. Segmental information – (cont'd)

Six Months Ended 30 June 2011	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:						
Total external revenue	576,271	48,370	-	-		624,641
Internal segment revenue	66,367	483,348	167,750	-	(717,465)	-
Total revenue	642,638	531,718	167,750	-	(717,465)	624,641
Segment result	53,993	13,363	14,203	2,090	(2,098)	81,551
Interest income						269
Finance cost						(2,313)
Depreciation & amortisation						(5,480)
Profit before tax						74,027
Tax expenses						(8,518)
Profit for the period						65,509
Segment assets	476,464	32,682	100,417	894	-	610,457
Other long term investment						3,590
Unallocated assets						84
Total assets						614,131
Segment liabilities	318,037	43,556	9,884	246	-	371,723
Unallocated liabilities						80
						371,803

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2012

A9. Changes in the composition of the Group

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

A10. Profit before tax

Included in the profit before tax are the following items:

	Current Quarter Ended 30-Jun-12 RM'000	Current Year To-Date 30-Jun-12 RM'000
Amortisation of prepaid lease payments	333	505
Amortisation of intangible assets	37	74
Depreciation	3,702	7,070
Dividend income form other long term investment	(753)	(1,018)
Realised (Gain)/Loss on foreign exchange	1,313	(7,920)
Unrealised (Gain)/Loss on foreign exchange	5,231	9,613
Realised (Gain)/Loss on derivative financial instruments	(8,291)	(9,615)
Unrealised (Gain)/Loss on derivative financial instruments	(2,646)	(6,226)
(Gain)/Loss on disposal of property, plant and equipment	(27)	(24)
Impairment loss reversal on trade receivables	-	(306)
Interest expense	2,279	4,215
Interest income	(90)	(140)
Write off of property, plant and equipment	6	10

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	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	RM'000	RM'000	RM'000	RM'000
Income tax expense:				
Current period estimate	7,716	5,424	17,126	9,424
Deferred tax	(2,894)	(565)	(1,055)	(906)
	<u>4,822</u>	<u>4,859</u>	<u>16,071</u>	<u>8,518</u>

Income tax expense is recognised 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 lower than the statutory tax rate principally due to the claim of tax incentive in relation to the Global Trade Programme ("GTP") by our subsidiary in Singapore.

The Group's effective tax rate for the corresponding interim period ended 30 June 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 – SECOND QUARTER ENDED 30 JUNE 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	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
Profit for the financial period attributable to owners of the Company (RM'000)	35,302	34,450	66,605	64,534
Weighted average number of ordinary shares in issue ('000)	317,502	317,932	317,502	318,311
Basic earnings per share (sen)	11.12	10.84	20.98	20.28

- (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	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
Profit for the financial period attributable to owners of the Company (RM'000)	35,302	34,450	66,605	64,534
Weighted average number of ordinary shares in issue ('000)	317,502	317,932	317,502	318,311
Effect of dilution of warrants	16,483	16,465	14,200	12,980
Adjusted weighted average number of ordinary shares in issue and issuales	333,985	334,397	331,702	331,291
Diluted earnings per share (sen)	10.57	10.30	20.08	19.48

A13. Prepaid lease payments

	30-Jun-12 RM'000	31-Dec-11 RM'000
Cost:		
At 1 January	7,017	7,308
Add: Payment for sub-leases	124	124
Additions	16,929	-
	24,070	7,432
Less: Amortisation of prepaid lease payments	(932)	(239)
Sub-lease rental	(191)	(259)
Foreign exchange difference	(151)	83
At 30 June / 31 December	22,796	7,017
Analysed as:		
Sub-leases of warehouse	1,422	1,490
Leasehold land	21,374	5,527
	22,796	7,017

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 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	6,521	-	-	6,521
At 30 June 2012	<u>7,277</u>	<u>1,016</u>	<u>972</u>	<u>9,265</u>
Accumulated amortisation and impairment				
At 1 January 2011	-	-	-	-
Amortisation	-	(51)	(97)	(148)
At 31 December 2011 and 1 January 2012	-	(51)	(97)	(148)
Amortisation	-	(26)	(48)	(74)
At 30 June 2012	-	<u>(77)</u>	<u>(145)</u>	<u>(222)</u>
Net carrying amount:				
At 31 December 2011	756	965	875	2,596
At 30 June 2012	<u>7,277</u>	<u>939</u>	<u>827</u>	<u>9,043</u>

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
30 June 2012				
Financial assets				
Derivative assets :				
- forward foreign currency contracts	-	1,696	-	1,696
- commodity futures contract	626	-	-	626
	<u>626</u>	<u>1,696</u>	<u>-</u>	<u>2,322</u>
Financial liabilities				
Derivative liabilities :				
- forward foreign currency contracts	-	61	-	61
- option foreign currency contracts	-	22	-	22
- commodity futures contract	43	-	-	43
	<u>43</u>	<u>83</u>	<u>-</u>	<u>126</u>
31 December 2011				
Financial assets				
Derivative assets :				
- forward foreign currency contracts	-	178	-	178
- commodity futures contract	25	-	-	25
	<u>25</u>	<u>178</u>	<u>-</u>	<u>203</u>
Financial liabilities				
Derivative liabilities :				
- commodity futures contract	5,670	-	-	5,670

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2012

A16. Loans and borrowings

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

	Denominated in currency	30-Jun-12 RM'000	31-Dec-11 RM'000
Current			
Secured	- Bank overdrafts	RM 435	255
	- Bankers' acceptances	RM 5,376	7,600
	- Term loans	RM 3,181	4,623
		USD 8,916	87,820
		SGD 129	-
	- Trade loans	USD 404,253	324,405
	- Revolving credit	RM 700	2,700
	- Obligation under finance leases	RM 353	269
		<u>423,343</u>	<u>427,672</u>
Non-Current			
Secured	- Term loans	RM 16,660	7,601
		USD 69,162	1,017
		SGD 962	-
	- Obligation under finance leases	RM 612	299
		<u>87,396</u>	<u>8,917</u>
		<u>510,739</u>	<u>436,589</u>

A17. Contingent liabilities

There were no material contingent liabilities as at 30 June 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	<u>1,238</u>

(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	<u>16,640</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 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
	30 June 2012	Ended
	RM'000	30 June 2012
		RM'000
SMC Food 21 Pte. Ltd.		
- Sale of goods	689	2,015
- Purchase of goods	3,568	16,168
	_____	_____

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

There was no material events subsequent to the current quarter ended 30 June 2012 that have not been reflected in this quarterly report.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 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 312.84 million for the current quarter ended 30 June 2012 is lower than the revenue in the previous corresponding quarter ended 30 June 2011 of RM 334.64 million. The decrease of 6.5% in turnover is mainly due to lower selling price of cocoa products although the sales volume increased marginally.

The profit before tax for the quarter ended 30 June 2012 decreased marginally to RM 40.08 million as compared with to the profit before tax of RM 40.24 million in the preceding year corresponding quarter ended 30 June 2011.

B2. Comment on material change in profit before tax

The Group recorded a profit before tax of RM 40.08 million for the current quarter as compared to a profit before tax of RM 42.68 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")

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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2012

B5. Corporate proposals – (cont'd)

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.

On 6 June 2012, on behalf of the Company, HLIB announced that Bursa Securities had, vide its letter dated 5 June 2012, approved the listing of and quotation for the Public Issue Shares and Bonus Shares, subject to certain conditions. The approval of Securities Commission for the Proposed Secondary Listing was obtained vide its letter dated 31 May 2012. The Eligibility-to-list Letter was obtained from SGX-ST vide its letter dated 31 May 2012.

On 20 July 2012, on behalf of the Company, HLIB announced that the shareholders of the Company, approved the Proposals at the Extraordinary General Meeting held on 20 July 2012.

On 17 August 2012, on behalf of the Company, HLIB announced that the Company does not intend to proceed with the Secondary Listing on the SGX-ST for the time being as the Company wishes to reassess its strategic directions with regard to capital requirements for the expansion of its business.

B6. Derivative financial instruments

Details of the outstanding derivative financial instruments as at 30 June 2012 are as follows:

	Derivative	Contract Amount RM'000	Fair Value - Net Gains (Losses) RM'000	Purpose
1	Forward Foreign Exchange Contracts: Sale Contracts			For hedging currency risk
	- Less than 1 year	294,979	1,696	
	Purchase Contracts			
	- Less than 1 year	9,042	(61)	
2	Target Redemption Forward Currency Option: Sale Contracts			For hedging currency risk
	- Less than 1 year	-	-	
	Purchase Contracts			
	- Less than 1 year	29,852	(22)	
3	Commodity Futures Sale Contracts			For hedging price risk
	- Less than 1 year	(3,602)	(43)	
	Purchase Contracts			
	- Less than 1 year	15,930	626	

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2012

B6. 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.

B7. Material litigation

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

B8. Dividend declared or recommended

A final tax-exempt single-tier dividend of 8% equivalent to 2 sen per ordinary share in respect of the financial year ended 31 December 2011 was approved by the shareholders during the Annual General Meeting held on 27 June 2012 and subsequently paid on 26 July 2012. The payment was made to the shareholders whose names appeared in the Company's Record of Depositors on 12 July 2012.

On 22 August 2012, the Board of Directors declared third interim tax-exempt single-tier dividend of 10% equivalent to 2.5 sen per ordinary share in respect of the financial year ending 31 December 2012 to shareholders registered in the Record of Depositors at close of business on 7 September 2012 and subsequently will be paid on 21 September 2012.

B9. Realised and Unrealised Profits/Losses Disclosure

The retained profits as at 30 June 2012 and 31 December 2011 is analysed as follows:-

	Current Quarter Ended 30-Jun-12 RM'000	Preceding Quarter Ended 31-Dec-11 RM'000
Total retained profits of the Company and the subsidiaries:		
- Realised	288,140	235,026
- Unrealised	(21,982)	(22,953)
	<u>266,158</u>	<u>212,073</u>
Less: Consolidated adjustments	(23,438)	(21,731)
Total group retained profits as per consolidated financial statements	<u>242,720</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: 22.08.2012