

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 For the period ended 31 December 2012 – unaudited

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current	Preceding Year	Current Year	Preceding Year
		Quarter	Corresponding	To-Date	To-Date
		Ended	Quarter Ended	Ended	Ended
		31 December	31 December	31 December	31 December
		2012	2011	2012	2011
		RM'000	RM'000	RM'000	RM'000
Revenue		425,819	391,454	1,441,476	1,381,816
Profit from operations		38,584	44,878	165,414	156,677
Finance costs		(4,420)	(2,649)	(12,178)	(6,598)
Profit before tax	A10	34,164	42,229	153,236	150,079
Tax expense	A11	(8,715)	(6,481)	(33,510)	(22,584)
Profit for the period		25,449	35,748	119,726	127,495
Other comprehensive income, net of tax					
Exchange differences on translation foreign operations		(302)	(8,365)	855	820
Hedge of net investment		-	-	-	-
Total other comprehensive income for the period, net of tax		(302)	(8,365)	855	820
Total comprehensive income for the period		25,147	27,383	120,581	128,315
Profit attributable to:					
Owners of the Company		24,823	35,422	118,841	125,895
Non-controlling interests		626	326	885	1,600
Profit for the period		25,449	35,748	119,726	127,495
Total comprehensive income attributable to:					
Owners of the Company		24,521	27,164	119,696	126,690
Non-controlling interests		626	219	885	1,625
Total comprehensive income for the period		25,147	27,383	120,581	128,315
Basic earnings per ordinary share (sen)	A12(a)	5.21	7.43	24.95	26.41
Diluted earnings per ordinary share (sen)	A12(b)	4.96	7.20	23.73	25.57

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 FOURTH QUARTER ENDED 31 DECEMBER 2012

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012 – unaudited

	Note	31 December 2012 RM'000	31 December 2011 RM'000
Assets			
Non-current assets			
Property, plant and equipment		312,422	236,626
Prepaid lease payments	A13	13,075	7,017
Intangible assets	A14	12,720	2,596
Other long term investments		-	3,590
Deferred tax assets		-	736
		<u>338,217</u>	<u>250,565</u>
Current assets			
Derivative financial assets		1,564	203
Inventories		530,977	466,392
Trade and other receivables		214,738	150,235
Prepayments and other assets		11,857	20,062
Deposits, bank and cash balances		52,248	13,191
		<u>811,384</u>	<u>650,083</u>
Total assets		<u>1,149,601</u>	<u>900,648</u>
Equity			
Share capital		119,629	79,936
Treasury shares		(5,195)	(5,195)
Share premium		-	4
Foreign currency translation reserve		778	(77)
Retained profits		232,024	190,342
Equity attributable to owners of the Company		<u>347,236</u>	<u>265,010</u>
Non-controlling interests		<u>3,905</u>	<u>6,348</u>
Total equity		<u>351,141</u>	<u>271,358</u>
Non-current liabilities			
Loans and borrowings	A16	113,265	8,917
Provision for employee benefit		360	-
Deferred tax liabilities		17,462	14,157
		<u>131,087</u>	<u>23,074</u>
Current liabilities			
Derivative financial liabilities		2,057	5,670
Trade and other payables		139,429	149,157
Loans and borrowings	A16	512,158	427,671
Dividend payables		-	12,700
Tax payable		13,729	11,018
		<u>667,373</u>	<u>606,216</u>
Total liabilities		<u>798,460</u>	<u>629,290</u>
Total equity and liabilities		<u>1,149,601</u>	<u>900,648</u>
Net assets per share (sen)			
attributable to owners of the Company		<u>72.91</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 FOURTH QUARTER ENDED 31 DECEMBER 2012

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 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	Total RM'000		
Balance at 1 January 2012	79,936	(5,195)	4	(77)	190,342	265,010	6,348	271,358
Profit for the year	-	-	-	-	118,841	118,841	885	119,726
Other comprehensive income for the year: foreign currency translation	-	-	-	855	-	855	-	855
Total comprehensive income for the year	-	-	-	855	118,841	119,696	885	120,581
Change in ownership interest in subsidiary with no change in control	-	-	-	-	602	602	(3,328)	(2,726)
Issuance of bonus shares	39,689	-	(29)	-	(39,660)	-	-	-
Conversion of free warrants	4	-	25	-	-	29	-	29
Purchase of treasury shares	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	(38,101)	(38,101)	-	(38,101)
Contribution from/distribution to owners of the Company	39,693	-	(4)	-	(77,159)	(37,470)	(3,328)	(40,798)
Balance at 31 December 2012	119,629	(5,195)	-	778	232,024	347,236	3,905	351,141
Balance at 1 January 2011	60,000	(20)	7,718	(872)	115,596	182,422	4,723	187,145
Profit for the year	-	-	-	-	125,895	125,895	1,600	127,495
Other comprehensive income for the year: foreign currency translation	-	-	-	795	-	795	25	820
Total comprehensive income for the year	-	-	-	795	125,895	126,690	1,625	128,315
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)
Dividends	-	-	-	-	(38,932)	(38,932)	-	(38,932)
Contribution from/distribution to owners of the Company	19,936	(5,175)	(7,714)	-	(51,149)	(44,102)	-	(44,102)
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 FOURTH QUARTER ENDED 31 DECEMBER 2012

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

	Twelve Month Ended	
	31-Dec-12 RM'000	31-Dec-11 RM'000
Cash flows from operating activities		
Profit before tax	153,236	150,079
Adjustments for:		
Non-cash and non-operating items	28,806	35,468
Operating profit before working capital changes	<u>182,042</u>	<u>185,547</u>
Changes in working capital		
Net change in current assets	(114,187)	(333,306)
Net change in current liabilities	(23,229)	81,767
Cash generated from operations	<u>44,626</u>	<u>(65,992)</u>
Tax paid	(26,716)	(15,220)
Interest paid	(9,043)	(4,163)
Interest received	291	616
Net cash from operating activities	<u>9,158</u>	<u>(84,759)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(93,327)	(107,081)
Payment for additional leasehold land	(6,917)	-
Acquisition of subsidiary	(14,277)	-
Payment for the lease rental	(124)	(124)
Others	524	237
Net cash (used in) investing activities	<u>(114,121)</u>	<u>(106,968)</u>
Cash flows from financing activities		
Bank and other borrowings	191,484	224,591
Conversion of warrants to ordinary shares	29	4
Changes in Fixed deposit pledged	(341)	(352)
Share buy-back	-	(5,175)
Dividend paid	(50,801)	(26,232)
Dividends paid to non-controlling shareholders	-	-
Net cash from financing activities	<u>140,371</u>	<u>192,836</u>
Net increase in cash and cash equivalents	35,408	1,109
Effect of exchange rate changes	3,502	60
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>51,493</u>	<u>12,583</u>
Cash and cash equivalents at the end of financial period comprise of :		
Deposits, bank and cash balances	52,248	13,191
Bank overdrafts	(61)	(256)
	<u>52,187</u>	<u>12,935</u>
Less : Non-cash and cash equivalents		
Fixed deposit pledged to bank as collateral	(694)	(352)
	<u>51,493</u>	<u>12,583</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 – FOURTH QUARTER ENDED 31 DECEMBER 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 December 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 ended 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 – FOURTH QUARTER ENDED 31 DECEMBER 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 478,514,289 ordinary shares of RM0.25 each or RM119,628,572 as at 31 December 2012, as a result of the issuance of 14,300 new ordinary shares of RM0.25 each upon conversion of 14,300 warrants at the exercise price of RM2.00 per share and issuance of 158,757,731 new ordinary shares of RM0.25 each pursuant to the Bonus Issue.

The number of warrants outstanding as at 31 December 2012 was 89,682,668. 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 RM1.34 per share. The warrants will be expiring on 20 February 2016.

As at 31 December 2012, the Company held 2,240,700 GCB Shares as treasury shares out of its total issued and paid-up share capital of 478,514,289 GCB Shares. Such treasury shares are held at a carrying amount of RM5,194,748.

A7. Dividends paid

Fourth interim tax-exempt single-tier dividend of 8% equivalent to 2.0 sen per ordinary share in respect of the financial year ended 31 December 2012 was declared on 16 November 2012 and subsequently paid on 18 December 2012. The payment was made to shareholders whose names appeared in the Company's Record of Depositors on 4 December 2012.

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

Twelve Month Ended 31 December 2012	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:						
Total external revenue	641,215	800,214	46	-	-	1,441,475
Internal segment revenue	271,439	1,142,777	570,760	120	(1,985,096)	-
Total revenue	912,654	1,942,991	570,806	120	(1,985,096)	1,441,475
Segment result	78,262	66,266	35,566	1,326	(179)	181,241
Interest income						291
Finance cost						(12,178)
Depreciation & amortisation						(16,118)
Profit before tax						153,236
Tax expenses						(33,510)
Profit for the period						119,726
Segment assets	550,265	143,675	431,828	23,833	-	1,149,601
Other long term investment						-
Unallocated assets						-
Total assets						1,149,601
Segment liabilities	435,590	347,531	13,324	2,015	-	798,460
						798,460

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2012

A8. Segmental information – (cont'd)

Twelve Month Ended 31 December 2011	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:						
Total external revenue	1,079,565	302,137	114	-	-	1,381,816
Internal segment revenue	194,157	1,310,061	435,272	138,520	(2,078,010)	-
Total revenue	1,273,722	1,612,198	435,386	138,520	(2,078,010)	1,381,816
Segment result	103,826	43,016	25,736	135,962	(140,543)	167,997
Interest income						616
Finance cost						(6,598)
Depreciation & amortisation						(11,936)
Profit before tax						150,079
Tax expenses						(22,584)
Profit for the period						127,495
Segment assets	547,177	75,289	272,466	868	-	895,800
Other long term investment						3,590
Unallocated assets						1,258
Total assets						900,648
Segment liabilities	52,909	93,278	8,477	12,863	-	167,527
Loans and borrowings						436,588
Unallocated liabilities						25,175
						629,290

A9. Changes in the composition of the Group

- (a) On 29 November 2012, GCB Cocoa Singapore Pte Ltd, the wholly-owned indirect subsidiary of Guan Chong Berhad ("GCB") subscribed to 270 shares of USD1,000 each in PT GCB Cocoa Indonesia ("PTGCBI"), representing 90% of the issued and paid-up capital in PT GCBI for a total cash consideration of USD270,000. Cocoarich Sdn Bhd ("CSB"), wholly-owned subsidiary of GCB, subscribed 30 shares of USD1,000 each in PTGCBI, representing 10% of the issued and paid-up capital in PTGCBI for a total cash consideration of USD30,000. (Collectively referred as "Incorporation").

Upon completion of the incorporation, PTGCBI became wholly-owned indirect subsidiary of GCB. The principal activities of PTGCBI are trading of cocoa beans, cocoa ingredients and cocoa products.

The incorporation is not expected to have material effect on the share capital, major shareholding, earnings, net assets and gearing of GCB group for the financial year ended 31 December 2012.

- (b) On 26 December 2012, GCB America, Inc ("GCBA"), the wholly-owned subsidiary of GCB, entered into a membership interest purchase agreement to acquire from Michael J.Kostic's ("MJK") on the remaining 51% membership interest in Carlyle Cocoa Co., LLC ("Carlyle"), a limited liability company formed under the laws of the state of Delaware, United States of America, for a total cash consideration of USD3,600,000. Upon the completion of the acquisition, Carlyle became a wholly-owned indirect subsidiary of GCB.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2012

A10. Profit before tax

Included in the profit before tax are the following items:

	Current Quarter Ended 31-Dec-12 RM'000	Current Year To-Date 31-Dec-12 RM'000
Amortisation of prepaid lease payments	(309)	541
Amortisation of intangible assets	37	148
Depreciation	4,448	15,429
Dividend income from other long term investment	8	(2,299)
Realised (Gain)/Loss on foreign exchange	785	(5,266)
Unrealised (Gain)/Loss on foreign exchange	(2,034)	952
Realised (Gain)/Loss on derivative financial instruments	(16,225)	(26,190)
Unrealised (Gain)/Loss on derivative financial instruments	4,894	(877)
(Gain)/Loss on disposal of property, plant and equipment	(95)	(169)
Impairment loss on property, plant and equipment	2,543	2,543
Impairment loss on trade receivables	385	385
Impairment loss reversal on trade receivables	-	(306)
Interest expense	2,548	9,043
Interest income	(102)	(291)
Write off of property, plant and equipment	5	10

A11. Tax expense

	Current Quarter Ended		Current Year To-Date Ended	
	31-Dec-12	31-Dec-11	31-Dec-12	31-Dec-11
	RM'000	RM'000	RM'000	RM'000
Income tax expense:				
Current period estimate	8,273	2,424	29,427	22,453
Deferred tax	442	4,057	4,083	131
	<u>8,715</u>	<u>6,481</u>	<u>33,510</u>	<u>22,584</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 31 December 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 – FOURTH QUARTER ENDED 31 DECEMBER 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-Dec-12	31-Dec-11	31-Dec-12	31-Dec-11
Profit for the financial period attributable to owners of the Company (RM'000)	24,823	35,422	118,841	125,895
Weighted average number of ordinary shares in issue ('000)	476,274	476,548	476,265	476,710
Basic earnings per share (sen)	5.21	7.43	24.95	26.41

- (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-Dec-12	31-Dec-11	31-Dec-12	31-Dec-11
Profit for the financial period attributable to owners of the Company (RM'000)	24,823	35,422	118,841	125,895
Weighted average number of ordinary shares in issue ('000)	476,274	476,548	476,265	476,710
Effect of dilution of warrants	24,618	15,687	24,618	15,687
Adjusted weighted average number of ordinary shares in issue and issuales	<u>500,892</u>	<u>492,235</u>	<u>500,883</u>	<u>492,397</u>
Diluted earnings per share (sen)	4.96	7.20	23.73	25.57

A13. Prepaid lease payments

	31-Dec-12 RM'000	31-Dec-11 RM'000
Cost:		
At 1 January	7,017	7,308
Add: Payment for sub-leases	124	124
Additions	6,917	-
	<u>14,058</u>	<u>7,432</u>
Less: Amortisation of prepaid lease payments	(541)	(239)
Sub-lease rental	(259)	(259)
Foreign exchange difference	(183)	83
At 31 December	<u>13,075</u>	<u>7,017</u>
Analysed as:		
Sub-leases of warehouse	1,355	1,490
Leasehold land	<u>11,720</u>	<u>5,527</u>
	<u>13,075</u>	<u>7,017</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 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 subsidiaries	10,322	-	-	10,322
Adjustment	(50)	-	-	(50)
At 31 December 2012	11,028	1,016	972	13,016
Accumulated amortisation and impairment				
At 1 January 2011	-	-	-	-
Amortisation	-	(51)	(97)	(148)
At 31 December 2011 and 1 January 2012	-	(51)	(97)	(148)
Amortisation	-	(51)	(97)	(148)
At 31 December 2012	-	(102)	(194)	(296)
Net carrying amount:				
At 31 December 2011	756	965	875	2,596
At 31 December 2012	11,028	914	778	12,720

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 December 2012				
Financial assets				
Derivative assets :				
- forward foreign currency contracts	-	70	-	70
- commodity futures contract	1,494	-	-	1,494
	1,494	70	-	1,564
Financial liabilities				
Derivative liabilities :				
- forward foreign currency contracts	-	1,449	-	1,449
- commodity futures contract	608	-	-	608
	608	1,449	-	2,057
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 – FOURTH QUARTER ENDED 31 DECEMBER 2012

A16. Loans and borrowings

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

	Denominated in currency	31-Dec-12 RM'000	31-Dec-11 RM'000
Current			
Secured	- Bank overdrafts	RM 61	256
	- Bankers' acceptances	RM 2,767	7,600
	- Term loans	RM 3,615	4,622
		USD 16,719	87,820
		SGD 129	-
	- Trade loans	USD 474,934	324,404
	- Revolving credit	RM 13,709	2,700
	- Obligation under finance leases	RM 224	269
		<u>512,158</u>	<u>427,671</u>
Non-Current			
Secured	- Term loans	RM 17,280	7,601
		USD 94,566	1,017
		SGD 916	-
	- Obligation under finance leases	RM 503	299
		<u>113,265</u>	<u>8,917</u>
		<u>625,423</u>	<u>436,588</u>

A17. Contingent liabilities

There were no material contingent liabilities as at 31 December 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>13,207</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 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 December 2012	Ended
	RM'000	31 December 2012
		RM'000
SMC Food 21 Pte. Ltd.		
- Sale of goods	917	4,004
- Purchase of goods	1,824	18,705
	_____	_____

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

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

[Intentionally left blank]

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 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 425.82 million for the current quarter ended 31 December 2012 is higher than the revenue in the previous corresponding quarter ended 31 December 2011 of RM 391.45 million. The increase of 8.8% in turnover is mainly due to higher sales volume of cocoa products.

The profit before tax for the quarter ended 31 December 2012 decreased to RM 34.16 million as compared with to the profit before tax of RM 42.23million in the preceding year corresponding quarter ended 31 December 2011. This is mainly due to lower gross profit margin in current quarter and higher finance cost being incurred.

B2. Comment on material change in profit before tax

The Group recorded a profit before tax of RM 34.16 million for the current quarter as compared to a profit before tax of RM 36.31 million in the preceding quarter. There are no significant changes 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. The management team believes GCB is well-positioned for growth as many initiatives to enhance 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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2012

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.

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.

On 11 September 2012, on behalf of the Company, HLIB announced that based on the issued and paid-up share capital of the Company as at 11 September 2012, 158,757,731 new GCB Shares have been issued pursuant to the Bonus Issue. In addition, a total of 29,894,168 additional warrants arising from the adjustments made in relation to the Bonus Issue have been issued and the exercise price of the outstanding warrants have been adjusted from RM2.00 to RM1.34.

The new GCB Shares and the additional warrants have been listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 12 September 2012.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2012

B6. Derivative financial instruments

Details of the outstanding derivative financial instruments as at 31 December 2012 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	229,566 16,485	(1,379) 363	For hedging currency risk
2	Target Redemption Forward Currency Option: Sale Contracts - Less than 1 year Purchase Contracts - Less than 1 year	- -	- -	For hedging currency risk
3	Commodity Futures Sale Contracts - Less than 1 year Purchase Contracts - Less than 1 year	(33,724) 41,571	2,691 (2,168)	For hedging price risk

The fair values of the above derivatives are determined by using the market rates at the end of reporting period and changes in the fair values are recognised in the profit and loss. The subsequent cumulative change in the fair value of the commitment attributable to the hedged risk is recognised as an asset or a liability with the corresponding gain or loss recognised in the profit or loss.

There have been no significant changes to the Group's exposure credit risk, market risk and liquidity risk from the previous financial year. Also, there have been no changes to the Group's risk management objectives, policies and processes since the previous financial year end.

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 – FOURTH QUARTER ENDED 31 DECEMBER 2012

B8. Dividend declared or recommended

On 22 February 2013, the board declared the first interim tax-exempt single-tier dividend of 6% equivalent to 1.5 sen per ordinary share in respect of financial year ending 31 December 2013 to shareholders registered in the Record of Depositors at close of business on 14 March 2013 and subsequently will be paid on 28 March 2013.

The Board of Directors proposed a final tax-exempt single-tier dividend of 8% equivalent to 2.0 sen per ordinary share in respect of the financial year ended 31 December 2012. 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 2013.

Total dividend declared in respect of the financial year ended 31 December 2012 was 11sen per ordinary share.

B9. Realised and Unrealised Profits/Losses Disclosure

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

	Current Quarter Ended 31-Dec-12 RM'000	Preceding Year To-Date Ended 31-Dec-11 RM'000
Total retained profits of the Company and the subsidiaries:		
- Realised	280,211	235,026
- Unrealised	(18,505)	(22,953)
	<u>261,706</u>	<u>212,073</u>
Less: Consolidated adjustments	(29,682)	(21,731)
Total group retained profits as per consolidated financial statements	<u>232,024</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: 27.02.2013