

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2014

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2014 – 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 March 2014	31 March 2013	31 March 2014	31 March 2013
		RM'000	RM'000	RM'000	RM'000
Revenue		479,620	364,283	479,620	364,283
Profit from operations		11,358	25,394	11,358	25,394
Finance costs		(4,919)	(2,674)	(4,919)	(2,674)
Profit before tax	A10	6,439	22,720	6,439	22,720
Tax expense	A11	(1,000)	(5,855)	(1,000)	(5,855)
Profit for the period		5,439	16,865	5,439	16,865
Other comprehensive income, net of tax					
Exchange differences on translation foreign operations		(437)	1,383	(437)	1,383
Hedge of net investment		-	-	-	-
Total other comprehensive income for the period, net of tax		(437)	1,383	(437)	1,383
Total comprehensive income for the period		5,002	18,248	5,002	18,248
Profit attributable to:					
Owners of the Company		5,283	16,539	5,283	16,539
Non-controlling interests		156	326	156	326
Profit for the period		5,439	16,865	5,439	16,865
Total comprehensive income attributable to:					
Owners of the Company		4,846	17,922	4,846	17,922
Non-controlling interests		156	326	156	326
Total comprehensive income for the period		5,002	18,248	5,002	18,248
Basic earnings per ordinary share (sen)	A12(a)	1.11	3.47	1.11	3.47
Diluted earnings per ordinary share (sen)	A12(b)	1.09	3.33	1.09	3.33

The above condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2014

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014 – unaudited

	Note	31 March 2014 RM'000	31 December 2013 RM'000
Assets			
Non-current assets			
Property, plant and equipment		403,972	403,612
Prepaid lease payments	A13	12,810	13,029
Intangible assets	A14	14,093	14,130
Deferred tax assets		74	74
		<u>430,949</u>	<u>430,845</u>
Current assets			
Derivative financial assets		22,367	8,427
Inventories		755,450	849,960
Trade and other receivables		237,054	186,608
Prepayments and other assets		23,299	20,146
Deposits, bank and cash balances		24,560	27,442
		<u>1,062,730</u>	<u>1,092,583</u>
Total assets		<u>1,493,679</u>	<u>1,523,428</u>
Equity			
Share capital		119,629	119,629
Treasury shares		(5,195)	(5,195)
Foreign currency translation reserve		7,589	8,026
Retained profits		211,589	206,306
Equity attributable to owners of the Company		<u>333,612</u>	<u>328,766</u>
Non-controlling interests		5,064	4,908
Total equity		<u>338,676</u>	<u>333,674</u>
Non-current liabilities			
Loans and borrowings	A16	124,774	121,298
Provision for employee benefit		462	464
Deferred tax liabilities		16,227	15,618
		<u>141,463</u>	<u>137,380</u>
Current liabilities			
Derivative financial liabilities		19,560	12,642
Trade and other payables		114,369	217,809
Loans and borrowings	A16	878,975	820,803
Tax payable		636	1,120
		<u>1,013,540</u>	<u>1,052,374</u>
Total liabilities		<u>1,155,003</u>	<u>1,189,754</u>
Total equity and liabilities		<u>1,493,679</u>	<u>1,523,428</u>
Net assets per share (sen)			
attributable to owners of the Company		<u>70.05</u>	<u>69.03</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 2013 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2014

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2014 – unaudited

	Attributable To Owners Of The Company				Non-controlling Interests	Total Equity	
	Non-distributable		Distributable				
	Share Capital RM'000	Treasury Share RM'000	Foreign Currency Translation Reserve RM'000	Retained Profits RM'000	Total RM'000	RM'000	
Balance at 1 January 2014	119,629	(5,195)	8,026	206,306	328,766	4,908	333,674
Profit for the year	-	-	-	5,283	5,283	156	5,439
Other comprehensive income for the year: foreign currency translation	-	-	(437)	-	(437)	-	(437)
Total comprehensive income for the year	-	-	(437)	5,283	4,846	156	5,002
Balance at 31 March 2014	119,629	(5,195)	7,589	211,589	333,612	5,064	338,676
Balance at 1 January 2013	119,629	(5,195)	(720)	226,706	340,420	3,905	344,325
Profit for the year	-	-	-	3,414	3,414	913	4,327
Other comprehensive income for the year: foreign currency translation	-	-	8,746	-	8,746	-	8,746
Total comprehensive income for the year	-	-	8,746	3,414	12,160	913	13,073
Incorporation of subsidiaries	-	-	-	-	-	90	90
Dividends	-	-	-	(23,814)	(23,814)	-	(23,814)
Contribution from/distribution to owners of the Company	-	-	-	(23,814)	(23,814)	90	(23,724)
Balance at 31 December 2013	119,629	(5,195)	8,026	206,306	328,766	4,908	333,674

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 2013 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2014

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 For the period ended 31 March 2014 – unaudited

	Three Month Ended	
	31-Mar-14	31-Mar-13
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	6,439	22,720
Adjustments for:		
Non-cash and non-operating items	12,987	(2,747)
Operating profit before working capital changes	<u>19,426</u>	<u>19,973</u>
Changes in working capital		
Net change in current assets	32,302	3,576
Net change in current liabilities	(106,154)	13,047
Cash generated from operations	<u>(54,426)</u>	<u>36,596</u>
Tax paid	(3,673)	(2,411)
Interest paid	(3,932)	(2,123)
Interest received	43	137
Net cash (used in)/ from operating activities	<u>(61,988)</u>	<u>32,199</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,989)	(20,173)
Acquisition of subsidiary	-	(319)
Payment for the lease rental	(124)	(124)
Others	-	236
Net cash (used in) investing activities	<u>(13,113)</u>	<u>(20,380)</u>
Cash flows from financing activities		
Bank and other borrowings	66,415	(27,879)
Changes in Fixed deposit pledged	2	(650)
Dividend paid	-	(7,144)
Net cash from/ (used in) financing activities	<u>66,417</u>	<u>(35,673)</u>
Net decrease in cash and cash equivalents	(8,684)	(23,854)
Effect of exchange rate changes	5,921	(77)
Cash and cash equivalents at the beginning of financial period	<u>25,255</u>	<u>51,166</u>
Cash and cash equivalents at the end of financial period	<u>22,492</u>	<u>27,235</u>
Cash and cash equivalents at the end of financial period comprise of :		
Deposits, bank and cash balances	24,560	28,327
Bank overdrafts	(1,000)	-
	<u>23,560</u>	<u>28,327</u>
Less : Non-cash and cash equivalents		
Fixed deposit pledged to bank as collateral	(1,068)	(1,092)
	<u>22,492</u>	<u>27,235</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 2013 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2014

A. Explanatory notes pursuant to MFRS 134

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of Guan Chong Berhad (“GCB” or the “Company”) and its subsidiaries (“Group”) for the financial year ended 31 December 2013. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2013.

A2. Significant accounting policies

The audited financial statements of the Group for the year ended 31 December 2013 were prepared in accordance with MFRS. The significant accounting policies adopted in preparing this Condensed Report are consistent with those of the audited financial statements for the financial year ended 31 December 2013, except for those standards, amendments and IC interpretation which are effective from the annual period beginning on or after 1 January 2014. The adoptions of these standards, amendments and IC interpretations have no material impact on this Condensed Report.

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.

A7. Dividends paid

There was no dividend declared or paid by the Company during the current quarter under review.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2014

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 Month Ended 31 March 2014	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:						
Total external revenue	192,610	273,132	4,019	9,859	-	479,620
Internal segment revenue	68,149	391,200	261,883	6	(721,238)	-
Total revenue	260,759	664,332	265,902	9,865	(721,238)	479,620
Segment result	11,700	3,078	3,868	(230)	(797)	17,619
Interest income						43
Finance cost						(4,919)
Depreciation & amortisation						(6,304)
Profit before tax						6,439
Tax expenses						(1,000)
Profit for the period						5,439
Segment assets	698,000	228,155	523,968	26,355	-	1,476,478
Deferred tax assets						74
Tax recoverable						17,127
Total assets						1,493,679
Segment liabilities	38,955	89,567	5,306	563	-	134,391
Deferred tax liabilities						16,227
Tax payables						636
Borrowings						1,003,749
						1,155,003

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2014

A8. Segmental information – (cont'd)

Three Month Ended 31 March 2013	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:						
Total external revenue	189,747	161,113	-	13,423	-	364,283
Internal segment revenue	60,787	334,070	191,480	30	(586,367)	-
Total revenue	250,534	495,183	191,480	13,453	(586,367)	364,283
Segment result	23,081	(3,449)	10,165	1,384	(1,064)	30,117
Interest income						137
Finance cost						(2,674)
Depreciation & amortisation						(4,860)
Profit before tax						22,720
Tax expenses						(5,855)
Profit for the period						16,865
Segment assets	505,121	144,274	461,288	27,049	-	1,137,732
Deferred tax assets						12
Tax recoverable						417
Total assets						1,138,161
Segment liabilities	45,756	97,876	8,143	677	-	152,452
Deferred tax liabilities						16,679
Loans and borrowings						14,806
Tax payable						598,706
						782,643

A9. Changes in the composition of the Group

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2014

A10. Profit before tax

Included in the profit before tax are the following items:

	Current Quarter Ended 31-Mar-14 RM'000	Current Year To-Date 31-Mar-14 RM'000
Amortisation of prepaid lease payments	314	314
Amortisation of intangible assets	37	37
Bad debts written off	4	4
Depreciation	5,953	5,953
Realised loss on foreign exchange	4,193	4,193
Unrealised gain on foreign exchange	(2,617)	(2,617)
Realised gain on commodity future contracts	(1,780)	(1,780)
Realised gain on forward currency contracts	(6,783)	(6,783)
Realised gain on currency option contracts	(820)	(820)
Unrealised loss on commodity future contracts	4,494	4,494
Unrealised gain on commodity option contracts	(7,869)	(7,869)
Unrealised loss on forward currency contracts	511	511
Write down of inventories	8,271	8,271
Interest expense	3,932	3,932
Interest income	(43)	(43)

A11. Tax expense

	Current Quarter Ended		Current Year To-Date Ended	
	31-Mar-14 RM'000	31-Mar-13 RM'000	31-Mar-14 RM'000	31-Mar-13 RM'000
Income tax expense:				
- Current period estimate	379	5,059	379	5,059
Deferred tax				
- Originated of temporary differences	626	796	626	796
- Under/ (over)provision in prior year	(5)	-	(5)	-
	<u>1,000</u>	<u>5,855</u>	<u>1,000</u>	<u>5,855</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 non-taxable income derived from the Group.

The Group's effective tax rate for the corresponding interim period ended 31 March 2013 was higher than the statutory tax rate due principally to certain expenses which are not deductible for tax purposes.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2014

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-14	31-Mar-13	31-Mar-14	31-Mar-13
Profit for the financial period attributable to owners of the Company (RM'000)	5,283	16,539	5,283	16,539
Weighted average number of ordinary shares in issue ('000)	476,274	476,274	476,274	476,274
Basic earnings per share (sen)	1.11	3.47	1.11	3.47

- (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-14	31-Mar-13	31-Mar-14	31-Mar-13
Profit for the financial period attributable to owners of the Company (RM'000)	5,283	16,539	5,283	16,539
Weighted average number of ordinary shares in issue ('000)	476,274	476,274	476,274	476,274
Effect of dilution of warrants	<u>6,228</u>	<u>20,699</u>	<u>6,228</u>	<u>20,699</u>
Adjusted weighted average number of ordinary shares in issue and issuales	<u>482,502</u>	<u>496,973</u>	<u>482,502</u>	<u>496,973</u>
Diluted earnings per share (sen)	1.09	3.33	1.09	3.33

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2014

A13. Prepaid lease payments

	31-Mar-14 RM'000	31-Dec-13 RM'000
Cost:		
At 1 January	13,029	13,075
Add: Payment for sub-leases	124	124
Additions	-	25
	<u>13,153</u>	<u>13,224</u>
Less: Amortisation of prepaid lease payments	(156)	(604)
Sub-lease rental	(158)	(259)
Foreign exchange difference	(29)	668
At 31 December	<u>12,810</u>	<u>13,029</u>
Analysed as:		
Sub-leases of warehouse	1,185	1,219
Leasehold land	<u>11,625</u>	<u>11,810</u>
	<u>12,810</u>	<u>13,029</u>

A14. Intangible assets

	Goodwill RM'000	Technical know- how RM'000	Clientele list RM'000	Total RM'000
Cost:				
At 1 January 2014 / 31 December 2013	12,650	1,016	972	14,638
Acquisition of subsidiary	-	-	-	-
Adjustment	-	-	-	-
At 31 March 2014	<u>12,650</u>	<u>1,016</u>	<u>972</u>	<u>14,638</u>
Accumulated amortisation and impairment				
At 1 January 2013	-	(102)	(194)	(296)
Amortisation	-	(51)	(97)	(148)
Impairment	-	-	(64)	(64)
At 31 December 2013 and 1 January 2014	<u>-</u>	<u>(153)</u>	<u>(355)</u>	<u>(508)</u>
Amortisation	-	(13)	(24)	(37)
Impairment	-	-	-	-
At 31 March 2014	<u>-</u>	<u>(166)</u>	<u>(379)</u>	<u>(545)</u>
Net carrying amount:				
At 31 December 2013	<u>12,650</u>	<u>863</u>	<u>617</u>	<u>14,130</u>
At 31 March 2014	<u>12,650</u>	<u>850</u>	<u>593</u>	<u>14,093</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2014

A15. Fair value information

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 other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Inputs are unobservable inputs for the asset or liability.

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

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 March 2014				
Financial assets				
Derivative assets :				
- forward foreign currency contracts	-	2,437	-	2,437
- commodity futures contract	11,483	-	-	11,483
- commodity option contracts	-	8,447	-	8,447
	<u>11,483</u>	<u>10,884</u>	<u>-</u>	<u>22,367</u>
Financial liabilities				
Derivative liabilities :				
- forward foreign currency contracts	-	2,972	-	2,972
- commodity futures contract	16,588	-	-	16,588
	<u>16,588</u>	<u>2,972</u>	<u>-</u>	<u>19,560</u>
31 December 2013				
Financial assets				
Derivative assets :				
- forward foreign currency contracts	-	525	-	525
- commodity futures contract	7,902	-	-	7,902
	<u>7,902</u>	<u>525</u>	<u>-</u>	<u>8,427</u>
Financial liabilities				
Derivative liabilities :				
- forward foreign currency contracts	-	7,268	-	7,268
- commodity futures contract	4,554	-	-	4,554
- option foreign currency contracts	-	820	-	820
	<u>4,554</u>	<u>8,088</u>	<u>-</u>	<u>12,642</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2014

A16. Loans and borrowings

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

	Denominated in currency	31-Mar-14 RM'000	31-Dec-13 RM'000
Current			
Secured			
- Bank overdrafts	RM	1,000	1,116
- Bankers' acceptances	RM	3,887	3,711
- Term loans	RM	5,287	4,345
	USD	47,456	50,557
- Trade loans	USD	743,768	693,706
- Revolving credit	RM	77,107	66,855
- Obligation under finance leases	RM	470	513
		<u>878,975</u>	<u>820,803</u>
Non-Current			
Secured			
- Term loans	RM	20,224	21,085
	USD	104,069	99,641
- Obligation under finance leases	RM	481	572
		<u>124,774</u>	<u>121,298</u>
		<u>1,003,749</u>	<u>942,101</u>

A17. Contingent liabilities

There were no material contingent liabilities as at 31 March 2014.

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>2,182</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>20,146</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2014

A19. Significant related party transactions

(a) Related party relationship

- i) **SMC Food 21 Pte. Ltd.** – A company in which certain directors of a subsidiary have financial interest.
- ii) **Sanae Foods Sdn Bhd** – A company in which certain directors of a subsidiary have financial interest.

(b) Related party transactions

	Current Quarter Ended	Current Year To-Date
	31 Mar 2014	Ended
	RM'000	31 Mar 2014
		RM'000
SMC Food 21 Pte. Ltd.		
- Sale of goods	1,961	1,961
- Purchase of goods	(1,786)	(1,786)
- Sales commission	(13)	(13)
Sanae Foods Sdn Bhd		
- Purchase of goods	21	21

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

On 9 April 2014, GCB Oversea Holdings Corporation, a wholly-owned subsidiary of the Company subscribed 4,511,867 new ordinary shares of USD 1.00 each at par for cash in its wholly-owned subsidiary, GCB Cocoa Singapore Pte. Ltd.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2014

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 479.62 million for the current quarter ended 31 March 2014 is higher than the revenue in the previous corresponding quarter ended 31 March 2013 of RM 364.28 million. The increase of 31.7% in turnover is mainly due to the increased sales volume and selling price of cocoa butter.

The profit before tax for the quarter ended 31 March 2014 decreased to 6.44 million as compared with the profit before tax of RM 22.72 million in the preceding year corresponding quarter ended 31 March 2013. This is mainly due to lower gross profit margin which was resulted from decreased in selling price of cocoa cake and powder accompanied with the increased of cocoa bean price and write down of inventories. The Group also noted higher finance cost and higher net loss on foreign exchange, which arising from weaker of Ringgit Malaysia against US Dollar and Great Britain Pound, for the quarter ended 31 March 2014 as compared to the preceding year corresponding quarter ended 31 March 2013.

B2. Comment on material change in profit before tax

The Group recorded a profit before tax of RM 6.44 million for the current quarter as compared to a loss before tax of RM 11.54 million in the preceding quarter. This is mainly due to the increased sales volume and selling price of cocoa butter, while sales volume of cocoa cake and powder picked up. The higher net gain on forward currency contract also contributed to the increase of profit before tax for current quarter.

B3. Commentary of prospects

The Group expects the business environment for the cocoa grinding industry to stage a steady recovery for the financial year ending 31 December 2014 in tandem with the recovery of developed economies.

Going forward, the Group will continue to explore new markets for its wide-ranging cocoa ingredients to reinforce our position as a global integrated producer of cocoa ingredients. The Group will also expand the market reach for our new business segment of Industrial Chocolate. At the same time, the Group will also ensure that production costs are contained to enhance our competitiveness and profitability.

B4. Profit forecast or profit guarantee

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

B5. Corporate proposals

There were no corporate proposals announced but not completed as at the date of this report.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2014

B6. Derivative financial instruments

Details of the outstanding derivative financial instruments as at 31 March 2014 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	355,111 8,278	(505) (6)	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	378,829 425,966	(15,639) 11,145	For hedging price risk
4	Commodity option Sale Contracts - Less than 1 year Purchase Contracts - Less than 1 year	- 186,569	- 7,869	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 – FIRST QUARTER ENDED 31 MARCH 2014

B8. Dividends

The Board of Directors does not recommend any dividend for the current financial quarter.

B9. Realised and Unrealised Profits/Losses Disclosure

The retained profits as at 31 March 2014 and 31 December 2013 is analysed as follows:-

	Current Quarter Ended 31-Mar-14 RM'000	Preceding Year To-Date Ended 31-Dec-13 RM'000
Total retained profits of the Company and the subsidiaries:		
- Realised	240,709	242,988
- Unrealised	(9,429)	(17,924)
	<u>231,280</u>	<u>225,064</u>
Less: Consolidated adjustments	(19,691)	(18,758)
Total group retained profits as per consolidated financial statements	<u>211,589</u>	<u>206,306</u>

B10. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2013 was not qualified.

Tay Hoe Lian
 Managing Director
 Dated: 19.5.2014