

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2015 – unaudited

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To-Date Ended	Preceding Year To-Date Ended
		30 September		30 September	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Revenue		708,831	411,551	1,726,895	1,314,978
Profit / (Loss) from operations		28,078	(8,645)	37,962	8,868
Finance costs		(4,074)	(4,385)	(14,929)	(13,933)
Profit / (Loss) before tax	A10	24,004	(13,030)	23,033	(5,065)
Tax expense	A11	(2,558)	13	(1,023)	(2,253)
Profit / (Loss) for the period		21,446	(13,017)	22,010	(7,318)
Other comprehensive income, net of tax					
Exchange differences on translation					
foreign operations		26,663	2,878	39,558	207
Hedge of net investment		-	-	-	-
Total other comprehensive income for the period, net of tax		26,663	2,878	39,558	207
Total comprehensive income for the period		48,109	(10,139)	61,568	(7,111)
Profit / (Loss) attributable to:					
Owners of the Company		21,686	(13,239)	21,794	(8,106)
Non-controlling interests		(239)	222	216	788
Profit / (Loss) for the period		21,447	(13,017)	22,010	(7,318)
Total comprehensive income attributable to:					
Owners of the Company		48,349	(10,361)	61,352	(7,899)
Non-controlling interests		(239)	222	216	788
Total comprehensive income for the period		48,110	(10,139)	61,568	(7,111)
Basic earnings / (loss) per ordinary share (sen)	A12(a)	4.55	(2.78)	4.58	(1.70)
Diluted earnings / (loss) per ordinary share (sen)	A12(b)	4.55	(2.78)	4.58	(1.70)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015 – unaudited

		30 September 2015	31 December 2014
	Note	RM'000	RM'000
Assets			
Non-current assets			
Property, plant and equipment		476,018	409,509
Prepaid lease payments	A13	14,815	12,909
Intangible assets	A14	11,945	11,945
Investment property		7,136	5,833
Deferred tax assets		129	54
		510,043	440,250
Current assets			
Derivative financial assets		14,945	11,315
Inventories		643,525	724,648
Trade and other receivables		460,111	207,320
Prepayments and other assets		40,934	33,094
Deposits, bank and cash balances		30,766	41,317
		1,190,281	1,017,694
Total assets		1,700,324	1,457,944
Equity			
Share capital		119,629	119,629
Treasury shares		(5,195)	(5,195)
Foreign currency translation reserve		56,788	17,230
Retained profits		210,554	188,749
Equity attributable to owners of the Company		381,776	320,413
Non-controlling interests		4,033	3,958
Total equity		385,809	324,371
Non-current liabilities			
Amount owing to holding company		-	12,320
Loans and borrowings	A16	146,831	145,041
Provision for employee benefit		881	701
Deferred tax liabilities		13,633	14,842
		161,345	172,904
Current liabilities			
Derivative financial liabilities		6,481	12,772
Trade and other payables		242,385	225,090
Loans and borrowings	A16	900,421	720,773
Dividend payables		-	1,715
Tax payable		3,883	319
		1,153,170	960,669
Total liabilities		1,314,515	1,133,573
Total equity and liabilities		1,700,324	1,457,944
Net assets per share (sen)			
attributable to owners of the Company		80.16	67.27

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2015 – unaudited

	← Attributable To Owners Of The Company →				Non-controlling Interests	Total Equity	
	Non-distributable		Distributable				
	Share Capital	Treasury Share	Foreign Currency Translation Reserve	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	Total RM'000	RM'000	RM'000
Balance at 1 January 2015	119,629	(5,195)	17,230	188,749	320,413	3,958	324,371
Profit for the period	-	-	-	21,794	21,794	216	22,010
Other comprehensive income for the period:							
foreign currency translation	-	-	39,558	-	39,558	-	39,558
Total comprehensive income for the period	-	-	39,558	21,794	61,352	216	61,568
Change in ownership interest in subsidiary with no change in control	-	-	-	11	11	(141)	(130)
Balance at 30 September 2015	119,629	(5,195)	56,788	210,554	381,776	4,033	385,809
Balance at 1 January 2014	119,629	(5,195)	8,026	206,306	328,766	4,908	333,674
(Loss) / Profit for the year	-	-	-	(17,557)	(17,557)	265	(17,292)
Other comprehensive income for the year:							
foreign currency translation	-	-	9,204	-	9,204	-	9,204
Total comprehensive income for the year	-	-	9,204	(17,557)	(8,353)	265	(8,088)
Issuance of new shares in subsidiary	-	-	-	-	-	500	500
Dividend payable by:							
- subsidiary to non-controlling interest	-	-	-	-	-	(1,715)	(1,715)
Contribution from/distribution to owners of the Company	-	-	-	-	-	(1,215)	(1,215)
Balance at 31 December 2014	119,629	(5,195)	17,230	188,749	320,413	3,958	324,371

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 2014 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2015 – unaudited

	Nine Months Ended	
	30-Sep-15	30-Sep-14
	RM'000	RM'000
Cash flows from operating activities		
Profit / (Loss) before tax	23,033	(5,065)
Adjustments for:		
Non-cash and non-operating items	13,555	46,827
Operating profit before working capital changes	36,588	41,762
Changes in working capital		
Net change in current assets	(161,289)	128,064
Net change in current liabilities	60,968	(54,867)
Cash generated from operations	(63,733)	114,959
Tax paid	(3,877)	(10,434)
Interest paid	(11,566)	(11,144)
Interest received	199	116
Net cash (used in) / from operating activities	(78,977)	93,497
Cash flows from investing activities		
Purchase of property, plant and equipment	(20,475)	(15,073)
Proceeds from disposal of PPE	82	-
Payment for the lease rental	(124)	(124)
Others	-	132
Net cash (used in) investing activities	(20,517)	(15,065)
Cash flows from financing activities		
Bank and other borrowings	122,849	(78,482)
Payment to holding company	(12,320)	-
Changes in Fixed deposit pledged	(1,749)	762
Dividend paid	(1,715)	-
Net cash from / (used in) financing activities	107,065	(77,720)
Net increase / (decrease) in cash and cash equivalents	7,571	712
Effect of exchange rate changes	(20,865)	(3,717)
Cash and cash equivalents at the beginning of financial period	39,236	25,255
Cash and cash equivalents at the end of financial period	25,942	22,250
Cash and cash equivalents at the end of financial period comprise of :		
Deposits, bank and cash balances	30,766	23,594
Bank overdrafts	(1,571)	(1,036)
	29,195	22,558
Less : Non-cash and cash equivalents		
Fixed deposit pledged to bank as collateral	(3,253)	(308)
	25,942	22,250

The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2015

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 2014. 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 2014.

A2. Significant accounting policies

The audited financial statements of the Group for the year ended 31 December 2014 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 2014, except for those standards, amendments and IC interpretation which are effective from the annual period beginning on or after 1 January 2015. 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 – THIRD QUARTER ENDED 30 SEPTEMBER 2015

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.

Nine Months Ended 30 September 2015	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:						
Total external revenue	729,728	946,877	25,461	24,829	-	1,726,895
Internal segment revenue	473,270	1,456,627	850,133	-	(2,780,030)	-
Total revenue	1,202,998	2,403,504	875,594	24,829	(2,780,030)	1,726,895
Segment result	(694)	21,346	13,130	22,655	1,618	58,055
Interest income						199
Finance cost						(14,929)
Depreciation & amortisation						(20,292)
Loss before tax						23,033
Tax expenses						(1,023)
Profit for the period						22,010
Segment assets	652,594	482,858	524,989	31,364	-	1,691,805
Deferred tax assets						129
Tax recoverable						8,390
Total assets						1,700,324
Segment liabilities	26,570	215,934	5,971	1,272	-	249,747
Deferred tax liabilities						13,633
Tax payables						3,883
Borrowings						1,047,252
						1,314,515

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2015

A8. Segmental information – (cont'd)

Nine Month Ended 30 September 2014	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:						
Total external revenue	567,716	709,598	11,561	26,103	-	1,314,978
Internal segment revenue	326,324	1,325,947	719,072	18	(2,371,361)	-
Total revenue	894,040	2,035,545	730,633	26,121	(2,371,361)	1,314,978
Segment result	23,365	(8,283)	10,967	4,390	(3,070)	27,369
Interest income						116
Finance cost						(13,933)
Depreciation & amortisation						(18,617)
Profit before tax						(5,065)
Tax expenses						(2,253)
Profit for the period						(7,318)
Segment assets	709,986	128,460	507,531	23,330	-	1,369,307
Deferred tax assets						425
Tax recoverable						18,810
Total assets						1,388,542
Segment liabilities	23,300	124,881	4,910	19,448	-	172,539
Deferred tax liabilities						14,719
Tax payables						1,413
Borrowings						873,308
						1,061,979

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 – THIRD QUARTER ENDED 30 SEPTEMBER 2015

A10. Profit before tax

Included in the profit before tax are the following items:

	Current Quarter Ended 30-Sep-15 RM'000	Current Year To-Date 30-Sep-15 RM'000
Amortisation of prepaid lease payments	181	517
Bad debts written off	-	2
Depreciation	6,820	19,774
Realised loss on foreign exchange	60,695	92,800
Unrealised gain on foreign exchange	(8,769)	(11,893)
Realised (gain) / loss on commodity future contracts	(585)	880
Realised gain on forward currency contracts	(1,281)	-
Unrealised gain on commodity future contracts	(8,114)	(4,106)
Unrealised gain on commodity option contracts	(798)	(4,447)
Unrealised loss on forward currency contracts	314	31
Unrealised gain on currency option contracts	-	(790)
Write down of inventories	36	2,870
Interest expense	2,861	11,566
Interest income	(82)	(199)

A11. Tax expense

	Current Quarter Ended		Current Year To-Date Ended	
	30-Sep-15 RM'000	30-Sep-14 RM'000	30-Sep-15 RM'000	30-Sep-14 RM'000
Income tax expense:				
- Current period estimate	1,071	2,123	1,651	3,511
- Under/ (over)provision in prior year	1,986	(5)	1,986	(5)
Deferred tax				
- Originated of temporary differences	(499)	(2,149)	(2,359)	(1,266)
- (Over) provision in prior year	-	18	(255)	13
	2,558	(13)	1,023	2,253

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 higher than the statutory tax rate principally due to additional tax provision as a result of better performance.

The Group's effective tax rate for the corresponding interim period ended 30 September 2014 was higher than the statutory tax rate due principally to certain expenses which were added back for tax computation purposes and losses of subsidiary companies that are not available for set-off against taxable profit of other subsidiaries.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2015

A12. Earnings / (Loss) per share

- (a) Basic earnings per share are calculated by dividing the net (loss) / 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-Sep-15	30-Sep-14	30-Sep-15	30-Sep-14
Profit / (Loss) for the financial period attributable to owners of the Company (RM'000)	21,686	(13,239)	21,794	(8,106)
Weighted average number of ordinary shares in issue ('000)	476,274	476,274	476,274	476,274
Basic earnings / (loss) per share (sen)	4.55	(2.78)	4.58	(1.70)

- (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-Sep-15	30-Sep-14	30-Sep-15	30-Sep-14
Profit / (Loss) for the financial period attributable to owners of the Company (RM'000)	21,686	(13,239)	21,794	(8,106)
Weighted average number of ordinary shares in issue ('000)	476,274	476,274	476,274	476,274
Effect of dilution of warrants	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuales	476,274	476,274	476,274	476,274
Diluted earnings / (loss) per share (sen)	* 4.55	(2.78) *	4.58	(1.70)

* There is no dilutive effect of the potential ordinary shares convert under warrants issued since the exercise price is above the average market value at the company's shares.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2015

A13. Prepaid lease payments

	30-Sep-15 RM'000	31-Dec-14 RM'000
Cost:		
At 1 January	12,909	13,029
Add: Payment for sub-leases	124	124
Additions	-	-
	13,033	13,153
Less: Amortisation of prepaid lease payments	(517)	(621)
Sub-lease rental	(225)	(259)
Foreign exchange difference	2,524	636
At 30 September / 31 December	14,815	12,909
Analysed as:		
Sub-leases of warehouse	982	1,084
Leasehold land	13,833	11,825
	14,815	12,909

A14. Intangible assets

	Goodwill RM'000	Technical know-how RM'000	Clientele list RM'000	Total RM'000
Cost:				
At 1 January 2015 / 31 December 2014	12,650	1,016	972	14,638
Acquisition of subsidiary	-	-	-	-
Adjustment	-	-	-	-
At 30 September 2015	12,650	1,016	972	14,638
Accumulated amortisation and impairment				
At 1 January 2014	-	(152)	(292)	(444)
Amortisation	-	(51)	(97)	(148)
Impairment	(705)	(813)	(583)	(2,101)
At 31 December 2014 and 1 January 2015	(705)	(1,016)	(972)	(2,693)
Amortisation	-	-	-	-
Impairment	-	-	-	-
At 30 September 2015	(705)	(1,016)	(972)	(2,693)
Net carrying amount:				
At 31 December 2014	11,945	-	-	11,945
At 30 September 2015	11,945	-	-	11,945

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2015

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
30 September 2015				
Financial assets				
Derivative assets :				
- forward foreign currency contracts	-	2,179	-	2,179
- commodity futures contract	12,766	-	-	12,766
	12,766	2,179	-	14,945
Financial liabilities				
Derivative liabilities :				
- forward foreign currency contracts	-	84	-	84
- commodity futures contract	6,397	-	-	6,397
	6,397	84	-	6,481
31 December 2014				
Financial assets				
Derivative assets :				
- forward foreign currency contracts	-	3,089	-	3,089
- commodity futures contract	8,226	-	-	8,226
	8,226	3,089	-	11,315
Financial liabilities				
Derivative liabilities :				
- forward foreign currency contracts	-	284	-	284
- commodity futures contract	11,698	-	-	11,698
- option foreign currency contracts	-	790	-	790
	11,698	1,074	-	12,772

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2015

A16. Loans and borrowings

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

		Denominated in currency	30-Sep-15 RM'000	31-Dec-14 RM'000
Current				
	- Bank overdrafts	RM	1,571	1,116
	- Bankers' acceptances	RM	6,164	6,944
	- Term loans	RM	1,984	3,827
		USD	73,732	51,090
	- Trade loans	USD	753,736	593,901
	- Revolving credit	RM	62,690	63,447
	- Obligation under finance leases	RM	544	448
			900,421	720,773
Non-Current				
	- Term loans	RM	17,765	20,330
		USD	128,603	124,318
	- Obligation under finance leases	RM	463	393
			146,831	145,041
			1,047,252	865,814

A17. Contingent liabilities

There were no material contingent liabilities as at 30 September 2015.

A18. Commitments

(a) Lease commitments

At the end of the current quarter, the Group has the following outstanding land lease rental commitments:-

Authorised and contracted for	RM'000 1,722
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(b) Capital commitments

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

Authorised and contracted for :	RM'000
Property, plant and equipment	2,451

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2015

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
	30 Sept 2015	Ended
	RM'000	30 Sept 2015
		RM'000
SMC Food 21 Pte. Ltd.		
- Sale of goods	1,813	7,123
- Purchase of goods	(1,898)	(8,276)
- Sales commission	-	(97)

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

On 9 October 2015, GCB has entered into a share sale agreement (“SSA”) with SMC Food 21 Pte Ltd and SMC Food 21 (Malaysia) Sdn Bhd (“the Purchaser”) to dispose of the entire equity interest in Enrich Mix Sdn Bhd (“EM”), representing 510,000 ordinary shares (51%) of RM 1.00 each in EM to the Purchaser for a consideration of RM4,986,128 to be satisfied by way of issuance of a total of 4,986,128 new ordinary shares of RM 1.00 each in the Purchaser (“Proposed Disposal and Merger”). In addition, GCB will pump in additional investment of RM13,872, making total investment in the Purchaser total up to RM5,000,000, representing 20% of total share capital of the Purchaser.

Upon completion of the Proposed Disposal and Merger, EM will no longer be a subsidiary of GCB and the Purchaser shall become an associate of GCB.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2015

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 708.8 million for the current quarter ended 30 September 2015 is higher than the revenue in the previous corresponding quarter ended 30 September 2014 of RM 411.6 million. The increase of 72.23% in turnover is mainly due to increase in average selling price and volume of cocoa cake and powder.

The Group made a profit before tax for the quarter ended 30 September 2015 of RM 24 million as compared with the loss before tax of RM 13 million in the preceding year corresponding quarter ended 30 September 2014. This is mainly due to increase in sales turnover and gross profit as the Group managed to clear off cocoa solid stocks.

B2. Comment on material change in profit before tax

The Group recorded a profit before tax of RM 24 million for the current quarter as compared to a loss before tax of RM 0.2 million in the preceding quarter. This is mainly due to the increased sales volume and selling price of cocoa cake and powder. The higher net gain on commodity future contract and lower inventory write down also contributed to the increase in profit before tax for current quarter.

B3. Commentary of prospects

The Group expects the business environment for the financial year ending 31 December 2015 to be challenging. While the cocoa bean prices continue to be volatile, the demand for cocoa solids remains uncertain.

The Group will continue to focus on turnaround efforts which include reducing inventory level, exploring new markets for its wide range of cocoa ingredients, growing industrial chocolate business and optimising production according to market conditions.

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 – THIRD QUARTER ENDED 30 SEPTEMBER 2015

B6. Derivative financial instruments

Details of the outstanding derivative financial instruments as at 30 September 2015 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 - 1 year to 3 years Purchase Contracts - Less than 1 year	203,463 - 34,757	1,656 - 633	For hedging currency risk
2	Commodity Futures Sale Contracts - Less than 1 year - 1 year to 3 years Purchase Contracts - Less than 1 year - 1 year to 3 years	171,363 - 185,504 -	(251) - 3,278 -	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 – THIRD QUARTER ENDED 30 SEPTEMBER 2015

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 30 September 2015 and 31 December 2014 is analysed as follows:-

	Current Quarter Ended 30-Sep-15 RM'000	Preceding Year To-Date Ended 31-Dec-14 RM'000
Total retained profits of the Company and the subsidiaries:		
- Realised	236,291	232,128
- Unrealised	(9,217)	(25,448)
	227,074	206,680
Less: Consolidated adjustments	(16,520)	(17,931)
Total group retained profits as per consolidated financial statements	210,554	188,749

B10. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2014 was not qualified.

Tay Hoe Lian
 Managing Director
 Dated: 24.11.2015