

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the period ended 31 December 2015 – unaudited

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To-Date Ended	Preceding Year To-Date Ended
		31 December		31 December	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Revenue		581,018	503,893	2,307,913	1,818,871
<b>Profit / (Loss) from operations</b>		18,730	(12,414)	56,692	(3,546)
Finance costs		(2,337)	(1,002)	(17,266)	(14,935)
Share of loss of associate		(915)	-	(915)	-
<b>Profit / (Loss) before tax</b>	A10	15,478	(13,416)	38,511	(18,481)
Tax expense	A11	(15,275)	3,442	(16,298)	1,189
<b>Profit / (Loss) for the period</b>		203	(9,974)	22,213	(17,292)
<b>Other comprehensive income, net of tax</b>					
Exchange differences on translation					
foreign operations		(6,683)	8,996	32,875	9,203
Hedge of net investment		-	-	-	-
<b>Total other comprehensive income for the period, net of tax</b>		(6,683)	8,996	32,875	9,203
<b>Total comprehensive income for the period</b>		(6,480)	(978)	55,088	(8,089)
<b>Profit / (Loss) attributable to:</b>					
Owners of the Company		859	(9,452)	22,653	(17,558)
Non-controlling interests		(656)	(523)	(440)	265
<b>Profit / (Loss) for the period</b>		203	(9,975)	22,213	(17,292)
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		(5,824)	(455)	55,528	(8,354)
Non-controlling interests		(656)	(523)	(440)	265
<b>Total comprehensive income for the period</b>		(6,480)	(978)	55,088	(8,089)
<b>Basic earnings / (loss) per ordinary share (sen)</b>	A12(a)	0.18	(1.98)	4.76	(3.69)
<b>Diluted earnings / (loss) per ordinary share (sen)</b>	A12(b)	0.18	(1.98)	4.76	(3.69)

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 FOURTH QUARTER ENDED 31 DECEMBER 2015**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2015 – unaudited

		31 December 2015	31 December 2014
	Note	RM'000	RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		464,398	409,509
Prepaid lease payments	A13	14,308	12,909
Intangible assets	A14	11,945	11,945
Investment property		6,908	5,833
Investment in associates		4,085	-
Deferred tax assets		126	54
		<b>501,770</b>	<b>440,250</b>
<b>Current assets</b>			
Derivative financial assets		13,399	11,315
Inventories		692,976	724,648
Trade and other receivables		269,811	207,320
Prepayments and other assets		9,464	33,094
Deposits, bank and cash balances		28,557	41,317
		<b>1,014,207</b>	<b>1,017,694</b>
<b>Total assets</b>		<b>1,515,977</b>	<b>1,457,944</b>
<b>Equity</b>			
Share capital		119,629	119,629
Treasury shares		(5,195)	(5,195)
Foreign currency translation reserve		50,105	17,230
Retained profits		211,406	188,749
<b>Equity attributable to owners of the Company</b>		<b>375,945</b>	<b>320,413</b>
<b>Non-controlling interests</b>		<b>430</b>	<b>3,958</b>
<b>Total equity</b>		<b>376,375</b>	<b>324,371</b>
<b>Non-current liabilities</b>			
Amount owing to holding company		-	12,320
Loans and borrowings	A16	129,543	145,041
Provision for employee benefit		829	701
Deferred tax liabilities		20,300	14,842
		<b>150,672</b>	<b>172,904</b>
<b>Current liabilities</b>			
Derivative financial liabilities		13,151	12,772
Trade and other payables		273,062	225,090
Loans and borrowings	A16	700,082	720,773
Dividend payables		-	1,715
Tax payable		2,635	319
		<b>988,930</b>	<b>960,669</b>
<b>Total liabilities</b>		<b>1,139,602</b>	<b>1,133,573</b>
<b>Total equity and liabilities</b>		<b>1,515,977</b>	<b>1,457,944</b>
<b>Net assets per share (sen)</b>			
<b>attributable to owners of the Company</b>		<b>78.93</b>	<b>67.27</b>

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 FOURTH QUARTER ENDED 31 DECEMBER 2015**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the period ended 31 December 2015 – unaudited

	Attributable To Owners Of The Company				Non-controlling Interests	Total Equity	
	Share Capital	Treasury Share	Foreign Currency Translation Reserve	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Balance at 1 January 2015</b>	119,629	(5,195)	17,230	188,749	320,413	3,958	324,371
Profit for the period	-	-	-	22,653	22,653	(440)	22,213
Other comprehensive income for the period:							
foreign currency translation	-	-	32,875	-	32,875	-	32,875
<b>Total comprehensive income for the period</b>	-	-	32,875	22,653	55,528	(440)	55,088
Change in ownership interest in subsidiary with no change in control	-	-	-	4	4	(3,088)	(3,084)
Contribution from/distribution to owners of the Company	-	-	-	4	4	(3,088)	(3,084)
<b>Balance at 31 December 2015</b>	119,629	(5,195)	50,105	211,406	375,945	430	376,375
<b>Balance at 1 January 2014</b>	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
<b>Total comprehensive income for the year</b>	-	-	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)
<b>Balance at 31 December 2014</b>	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 FOURTH QUARTER ENDED 31 DECEMBER 2015**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the period ended 31 December 2015 – unaudited

	Twelve Months Ended	
	31-Dec-15	31-Dec-14
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit / (Loss) before tax	38,511	(18,481)
Adjustments for:		
Non-cash and non-operating items	(28,319)	74,173
Operating profit before working capital changes	10,192	55,692
Changes in working capital		
Net change in current assets	(17,143)	56,037
Net change in current liabilities	139,644	40,864
Cash generated from operations	132,693	152,593
Tax paid	(8,711)	(1,200)
Interest paid	(17,143)	(14,935)
Interest received	439	155
<b>Net cash (used in) / from operating activities</b>	<b>107,278</b>	<b>136,613</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(20,510)	(23,156)
Proceeds from issuance of new shares in subsidiaries	-	500
Proceeds from disposal of PPE	82	5
Payment for the lease rental	(124)	(124)
<b>Net cash (used in) investing activities</b>	<b>(20,552)</b>	<b>(22,775)</b>
<b>Cash flows from financing activities</b>		
Bank and other borrowings	(48,321)	(93,885)
Payment to holding company	(12,320)	-
Changes in Fixed deposit pledged	(1,078)	105
Dividend paid	(1,715)	-
<b>Net cash from / (used in) financing activities</b>	<b>(63,434)</b>	<b>(93,780)</b>
Net increase / (decrease) in cash and cash equivalents	23,292	20,058
Effect of exchange rate changes	(37,407)	(6,077)
Cash and cash equivalents at the beginning of financial period	39,236	25,255
<b>Cash and cash equivalents at the end of financial period</b>	<b>25,121</b>	<b>39,236</b>
<b>Cash and cash equivalents at the end of financial period comprise of :</b>		
Deposits, bank and cash balances	28,557	41,317
Bank overdrafts	(854)	(1,115)
	27,703	40,202
Less : Non-cash and cash equivalents		
Fixed deposit pledged to bank as collateral	(2,582)	(966)
	<b>25,121</b>	<b>39,236</b>

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 – FOURTH QUARTER ENDED 31 DECEMBER 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 – FOURTH QUARTER ENDED 31 DECEMBER 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.

Twelve Months Ended 31 December 2015	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>Geographical Segments:</b>						
Total external revenue	896,196	1,332,394	45,089	34,234	-	2,307,913
Internal segment revenue	622,791	2,152,735	1,185,479	-	(3,961,005)	-
<b>Total revenue</b>	<b>1,518,987</b>	<b>3,485,129</b>	<b>1,230,568</b>	<b>34,234</b>	<b>(3,961,005)</b>	<b>2,307,913</b>
<b>Segment result</b>	<b>17,370</b>	<b>23,141</b>	<b>18,728</b>	<b>24,521</b>	<b>(1,777)</b>	<b>81,983</b>
Interest income						439
Finance cost						(17,266)
Depreciation & amortisation						(26,645)
Profit before tax						38,511
Tax expenses						(16,298)
Profit for the period						22,213
<b>Segment assets</b>	<b>671,519</b>	<b>271,263</b>	<b>529,603</b>	<b>34,727</b>	<b>-</b>	<b>1,507,112</b>
Deferred tax assets						126
Tax recoverable						8,739
<b>Total assets</b>						<b>1,515,977</b>
<b>Segment liabilities</b>	<b>83,249</b>	<b>194,915</b>	<b>6,202</b>	<b>2,676</b>	<b>-</b>	<b>287,042</b>
Deferred tax liabilities						20,300
Tax payables						2,635
Borrowings						829,625
						1,139,602

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2015**

**A8. Segmental information – (cont'd)**

Twelve Months Ended 31 December 2014	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>Geographical Segments:</b>						
Total external revenue	810,588	955,979	19,627	32,676	-	1,818,870
Internal segment revenue	425,973	1,871,391	964,399	1,809	(3,263,572)	-
<b>Total revenue</b>	<b>1,236,561</b>	<b>2,827,370</b>	<b>984,026</b>	<b>34,485</b>	<b>(3,263,572)</b>	<b>1,818,870</b>
<b>Segment result</b>	<b>19,173</b>	<b>(3,795)</b>	<b>14,088</b>	<b>(3,569)</b>	<b>(5,044)</b>	<b>20,853</b>
Interest income						155
Finance cost						(14,935)
Depreciation & amortisation						(24,554)
Loss before tax						(18,481)
Tax expenses						1,189
Profit for the period						(17,292)
<b>Segment assets</b>	<b>703,268</b>	<b>139,695</b>	<b>572,868</b>	<b>27,217</b>	<b>-</b>	<b>1,443,048</b>
Deferred tax assets						55
Tax recoverable						14,841
Other long term investment						-
Unallocated assets						-
<b>Total assets</b>						<b>1,457,944</b>
<b>Segment liabilities</b>	<b>27,698</b>	<b>207,223</b>	<b>4,921</b>	<b>12,756</b>	<b>-</b>	<b>252,598</b>
Deferred tax liabilities						14,842
Tax payables						319
Borrowings						865,814
Unallocated liabilities						-
						1,133,573

**A9. Changes in the composition of the Group**

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”).

On 31 December 2015, GCB has pumped 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 this Disposal and Merger, EM is no longer a subsidiary of GCB and the Purchaser has become an associate of GCB.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2015**

**A10. Profit before tax**

Included in the profit before tax are the following items:

	<b>Current Quarter Ended 31-Dec-15 RM'000</b>	<b>Current Year To-Date 31-Dec-15 RM'000</b>
Amortisation of prepaid lease payments	190	707
Bad debts written off	-	2
Depreciation	6,164	25,938
Realised (gain) / loss on foreign exchange	(25,651)	67,149
Unrealised loss on foreign exchange	22,984	11,091
Realised gain on commodity future contracts	(5,927)	(5,047)
Realised gain on forward currency contracts	-	-
Unrealised gain on commodity future contracts	(949)	(5,055)
Unrealised gain on commodity option contracts	5,553	1,106
Unrealised loss on forward currency contracts	3,139	3,170
Unrealised gain on currency option contracts	-	(790)
Write down of inventories	13,852	16,722
Interest expense	5,577	17,143
Interest income	(240)	(439)

**A11. Tax expense**

	<b>Current Quarter Ended</b>		<b>Current Year To-Date Ended</b>	
	<b>31-Dec-15 RM'000</b>	<b>31-Dec-14 RM'000</b>	<b>31-Dec-15 RM'000</b>	<b>31-Dec-14 RM'000</b>
Income tax expense:				
- Current period estimate	3,628	(2,591)	5,279	920
- Under/ (over)provision in prior year	5,789	(1,040)	7,775	(1,045)
Deferred tax				
- Originated of temporary differences	6,065	288	3,706	(978)
- (Over) provision in prior year	(207)	(99)	(462)	(86)
	<b>15,275</b>	<b>(3,442)</b>	<b>16,298</b>	<b>(1,189)</b>

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 under provision of tax for prior year in relation to year 2013 for one of the foreign subsidiary.

The Group's effective tax rate for the corresponding interim period ended 31 December 2014 was lower than the statutory tax rate principally due to higher losses incurred.



**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 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	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
Profit / (Loss) for the financial period attributable to owners of the Company (RM'000)	859	(9,452)	22,653	(17,558)
Weighted average number of ordinary shares in issue ('000)	476,274	476,274	476,274	476,274
Basic earnings / (loss) per share (sen)	0.18	(1.98)	4.76	(3.69)

- (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-15	31-Dec-14	31-Dec-15	31-Dec-14
Profit / (Loss) for the financial period attributable to owners of the Company (RM'000)	859	(9,452)	22,653	(17,558)
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 issuable	476,274	476,274	476,274	476,274
Diluted earnings / (loss) per share (sen)	* 0.18	(1.98) *	4.76	(3.69)

\* 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 – FOURTH QUARTER ENDED 31 DECEMBER 2015**

**A13. Prepaid lease payments**

	31-Dec-15 RM'000	31-Dec-14 RM'000
<b>Cost:</b>		
At 1 January	12,909	13,029
Add: Payment for sub-leases	124	124
Additions	-	-
	<b>13,033</b>	<b>13,153</b>
Less: Amortisation of prepaid lease payments	(707)	(621)
Sub-lease rental	(259)	(259)
Foreign exchange difference	2,241	636
At 31 December	<b>14,308</b>	<b>12,909</b>
Analysed as:		
Sub-leases of warehouse	948	1,084
Leasehold land	13,360	11,825
	<b>14,308</b>	<b>12,909</b>

**A14. Intangible assets**

	Goodwill RM'000	Technical know-how RM'000	Clientele list RM'000	Total RM'000
<b>Cost:</b>				
At 1 January 2015 / 31 December 2014	12,650	1,016	972	14,638
Acquisition of subsidiary	-	-	-	-
Adjustment	-	-	-	-
At 31 December 2015	<b>12,650</b>	<b>1,016</b>	<b>972</b>	<b>14,638</b>
<b>Accumulated amortisation and impairment</b>				
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	<b>(705)</b>	<b>(1,016)</b>	<b>(972)</b>	<b>(2,693)</b>
Amortisation	-	-	-	-
Impairment	-	-	-	-
At 31 December 2015	<b>(705)</b>	<b>(1,016)</b>	<b>(972)</b>	<b>(2,693)</b>
<b>Net carrying amount:</b>				
At 31 December 2014	11,945	-	-	11,945
At 31 December 2015	<b>11,945</b>	<b>-</b>	<b>-</b>	<b>11,945</b>

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000
<b>31 December 2015</b>				
<b>Financial assets</b>				
<b>Derivative assets :</b>				
- forward foreign currency contracts	-	159	-	159
- commodity futures contract	13,240	-	-	13,240
	<b>13,240</b>	<b>159</b>	<b>-</b>	<b>13,399</b>
<b>Financial liabilities</b>				
<b>Derivative liabilities :</b>				
- forward foreign currency contracts	-	39	-	39
- commodity futures contract	13,112	-	-	13,112
	<b>13,112</b>	<b>39</b>	<b>-</b>	<b>13,151</b>
<b>31 December 2014</b>				
<b>Financial assets</b>				
<b>Derivative assets :</b>				
- forward foreign currency contracts	-	3,089	-	3,089
- commodity futures contract	8,226	-	-	8,226
	<b>8,226</b>	<b>3,089</b>	<b>-</b>	<b>11,315</b>
<b>Financial liabilities</b>				
<b>Derivative liabilities :</b>				
- forward foreign currency contracts	-	284	-	284
- commodity futures contract	11,698	-	-	11,698
- option foreign currency contracts	-	790	-	790
	<b>11,698</b>	<b>1,074</b>	<b>-</b>	<b>12,772</b>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2015**

**A16. Loans and borrowings**

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

		Denominated in currency	31-Dec-15 RM'000	31-Dec-14 RM'000
<b>Current</b>				
	- Bank overdrafts	RM	854	1,116
	- Bankers' acceptances	RM	6,700	6,944
	- Term loans	RM	2,081	3,827
		USD	71,076	51,090
	- Trade loans	USD	565,190	593,901
	- Revolving credit	RM	53,702	63,447
	- Obligation under finance leases	RM	479	448
			<b>700,082</b>	<b>720,773</b>
<b>Non-Current</b>				
	- Term loans	RM	16,817	20,330
		USD	112,403	124,318
	- Obligation under finance leases	RM	323	393
			<b>129,543</b>	<b>145,041</b>
			<b>829,625</b>	<b>865,814</b>

**A17. Contingent liabilities**

There were no material contingent liabilities as at 31 December 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	<b>RM'000</b> 1,453
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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 :-

<b>Authorised and contracted for :</b>	<b>RM'000</b>
Property, plant and equipment	2,177

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

**(b) Related party transactions**

	<b>Current Quarter Ended</b>	<b>Current Year To-Date</b>
	<b>31 Dec 2015</b>	<b>Ended</b>
	<b>RM'000</b>	<b>31 Dec 2015</b>
		<b>RM'000</b>
<b>SMC Food 21 Pte. Ltd.</b>		
- Sale of goods	-	7,123
- Purchase of goods	-	(8,276)
- Sales commission	-	(97)

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

There was no material events subsequent to the current quarter ended 31 December 2015 that have not been reflected in this quarterly report.

[Intentionally left blank]

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 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 581.0 million for the current quarter ended 31 December 2015 is higher than the revenue in the previous corresponding quarter ended 31 December 2014 of RM 503.9 million. The increase of 15.30% 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 31 December 2015 of RM 15.5 million as compared with the loss before tax of RM 13.4 million in the preceding year corresponding quarter ended 31 December 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 15.5 million for the current quarter as compared to a profit before tax of RM 24.0 million in the preceding quarter. This is mainly due to lower sales volume of cocoa cake and powder as compared to prior quarter. The higher realized loss on foreign exchange also contributed to lower profit before tax for current quarter.

**B3. Commentary of prospects**

The Group expects the business environment for the financial year ending 31 December 2016 begin to stabilize. While the cocoa bean prices continue to be volatile, the demand for cocoa solids will remain steady.

The Group will continue to focus on turnaround efforts which include reducing inventory level, exploring new markets for its wide range of cocoa ingredients 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.

[Intentionally left blank]

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2015**

**B6. Derivative financial instruments**

Details of the outstanding derivative financial instruments as at 31 December 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	91,715 -  24,004	(1,557) -  321	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	215,867 -  270,781 -	2,392 -  (1,327) -	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 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 31 December 2015 and 31 December 2014 is analysed as follows:-

	<b>Current Quarter Ended 31-Dec-15 RM'000</b>	<b>Preceding Year To-Date Ended 31-Dec-14 RM'000</b>
Total retained profits of the Company and the subsidiaries:		
- Realised	211,265	232,128
- Unrealised	14,395	(25,448)
	<b>225,660</b>	<b>206,680</b>
Less: Consolidated adjustments	(14,254)	(17,931)
Total group retained profits as per consolidated financial statements	<b>211,406</b>	<b>188,749</b>

**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: 29.02.2016