

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 December 2017 – 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	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue		493,830	543,577	2,150,306	2,315,866
Profit from operations		48,486	11,432	135,344	71,079
Finance costs		(6,431)	(5,795)	(22,580)	(18,554)
Share of (loss) / profit of associates		(225)	(369)	(744)	(317)
Profit before tax	A10	41,830	5,268	112,020	52,208
Tax expense	A11	(11,004)	(2,532)	(22,862)	(9,447)
Profit for the period		30,826	2,736	89,158	42,761
Other comprehensive (loss) / income, net of tax					
Exchange differences on translation					
foreign operations		(10,924)	16,660	(25,026)	10,444
Remeasurement of employee benefits liability		(59)	(249)	(59)	(249)
Share of other comprehensive income of associates		231	-	231	-
Total other comprehensive (loss) / income for the period, net of tax		(10,752)	16,411	(24,854)	10,195
Total comprehensive income for the period		20,074	19,147	64,304	52,956
Profit attributable to:					
Owners of the Company		30,826	2,736	89,158	42,575
Non-controlling interests		-	-	-	186
Profit for the period		30,826	2,736	89,158	42,761
Total comprehensive income attributable to:					
Owners of the Company		20,074	19,148	64,304	52,770
Non-controlling interests		-	-	-	186
Total comprehensive income for the period		20,074	19,148	64,304	52,956
Basic earnings per ordinary share (sen)	A12(a)	6.45	0.57	18.66	8.91
Diluted earnings per ordinary share (sen)	A12(b)	6.45	0.57	18.66	8.91

The above condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017 – unaudited

		31 December 2017	31 December 2016
	Note	RM'000	RM'000
Assets			
Non-current assets			
Property, plant and equipment		375,058	374,338
Prepaid lease payments	A13	10,669	12,501
Intangible assets	A14	11,945	11,945
Investment property		24,170	25,846
Investment in associates		6,450	6,962
Deferred tax assets		-	-
		428,292	431,592
Current assets			
Derivative financial assets		5,283	11,200
Inventories		862,206	713,324
Trade and other receivables		223,777	274,282
Current tax assets		67	242
Deposits, bank and cash balances		39,912	62,646
		1,131,245	1,061,694
Total assets		1,559,537	1,493,286
Equity			
Share capital		121,832	120,040
Treasury shares		(5,195)	(5,195)
Share premium		-	1,792
Foreign currency translation reserve		35,727	60,753
Retained profits		324,226	246,844
Equity attributable to owners of the Company		476,590	424,234
Total equity		476,590	424,234
Non-current liabilities			
Loans and borrowings	A16	17,463	54,563
Provision for employee benefit		1,653	1,459
Deferred tax liabilities		33,042	20,337
		52,158	76,359
Current liabilities			
Derivative financial liabilities		18,722	35,553
Trade and other payables		242,225	301,421
Loans and borrowings	A16	769,842	655,719
		1,030,789	992,693
Total liabilities		1,082,947	1,069,052
Total equity and liabilities		1,559,537	1,493,286
Net assets per share (sen)			
attributable to owners of the Company		99.72	88.80

* With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium account has been transferred into the share capital account. Pursuant to the subsection 618 (3) of the New Act, the Group may exercise the right to use the credit amounts being transferred from the share premium account within 24 months after the commencement of the New Act.

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2017 – unaudited

	Share Capital RM'000	Treasury Share RM'000	Share Premium RM'000	Currency Translation Reserve RM'000	Retained Profits RM'000	Total RM'000	RM'000	RM'000
Balance at 1 January 2017	120,040	(5,195)	1,792	60,753	246,844	424,234	-	424,234
Profit for the period	-	-	-	-	89,158	89,158	-	89,158
Other comprehensive (loss) / income for the period:								
foreign currency translation	-	-	-	(25,026)	-	(25,026)	-	(25,026)
remeasurement of post-employment benefit obligation, net of tax	-	-	-	-	(59)	(59)	-	(59)
share of other comprehensive income of associate					231	231		231
Total comprehensive (loss) / income for the year	-	-	-	(25,026)	89,330	64,304	-	64,304
Dividend paid	-	-	-	-	(11,948)	(11,948)	-	(11,948)
Effects from Companies Act 2016	1,792	-	(1,792)	-	-	-	-	-
Contribution from/distribution to owners of the Company	1,792	-	(1,792)	-	(11,948)	(11,948)	-	(11,948)
Balance at 31 December 2017	121,832	(5,195)	-	35,727	324,226	476,590	-	476,590
Balance at 1 January 2016	119,629	(5,195)	-	50,309	211,687	376,430	431	376,861
Profit for the year	-	-	-	-	42,575	42,575	186	42,761
Other comprehensive income for the year:								
foreign currency translation	-	-	-	10,444	-	10,444	-	10,444
remeasurement of post-employment benefit obligation, net of tax	-	-	-	-	(249)	(249)	-	(249)
Total comprehensive income for the year	-	-	-	10,444	42,326	52,770	186	52,956
Disposal of subsidiaries	-	-	-	-	-	-	(617)	(617)
Dividend paid	-	-	-	-	(7,169)	(7,169)	-	(7,169)
Conversion of warrants	411	-	1,792	-	-	2,203	-	2,203
Contribution from/distribution to owners of the Company	411	-	1,792	-	(7,169)	(4,966)	(617)	(5,583)
Balance at 31 December 2016	120,040	(5,195)	1,792	60,753	246,844	424,234	-	424,234

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 2016 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 December 2017 – unaudited

	Twelve Months Ended	
	31-Dec-17	31-Dec-16
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	112,193	52,208
Adjustments for:		
Non-cash and non-operating items	31,304	81,574
Operating profit before working capital changes	143,497	133,782
Changes in working capital		
Net changes in current assets	(100,457)	82,828
Net changes in current liabilities	(45,925)	(71,146)
Cash generated from operations	(2,885)	145,464
Tax paid	(1,156)	34
Interest paid	(20,703)	(18,486)
Interest received	496	1,164
Employee benefit paid	-	(3)
Net cash (used in) / from operating activities	(24,248)	128,173
Cash flows from investing activities		
Purchase of property, plant and equipment	(49,729)	(5,057)
Proceeds from disposal of subsidiaries	-	10,100
Acquisition of subsidiary	(13,122)	-
Proceeds from disposal of PPE	3,108	207
Payment for the lease rental	(124)	(124)
Net cash (used in) / from investing activities	(59,867)	5,126
Cash flows from financing activities		
Bank and other borrowings	69,962	(106,217)
(Payment to) / Advances from holding company	(7,104)	10,585
Changes in fixed deposit pledged	2,070	(13,186)
Proceed from exercised of warrants	-	2,203
Dividend paid	(11,948)	(7,169)
Net cash from / (used in) financing activities	52,980	(113,784)
Net increase in cash and cash equivalents	(31,135)	19,515
Effects of exchange rate changes	10,471	2,188
Cash and cash equivalents at the beginning of financial period	48,434	26,731
Cash and cash equivalents at the end of financial period	27,770	48,434
Cash and cash equivalents at the end of financial period comprise of :		
Deposits, bank and cash balances	39,912	62,646
Bank overdrafts	-	-
	39,912	62,646
Less : Non-cash and cash equivalents		
Fixed deposit pledged to bank as collateral	(12,142)	(14,212)
	27,770	48,434

The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2017

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 2016. 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 2016.

A2. Significant accounting policies

The audited financial statements of the Group for the year ended 31 December 2016 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 2016, except for those standards, amendments and IC interpretations which are effective from the annual period beginning on or after 1 January 2017. 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

Second interim single-tier dividend of 1.0 sen per ordinary share amounting to RM 4,779,177.52 in respect of the financial year ended 31 December 2017 was declared on 13 November 2017 and subsequently paid on 27 December 2017. The payment was made to shareholders whose names appeared in the Company’s Record of Depositors on 28 November 2017.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2017

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 2017	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:						
Total external revenue	1,005,184	994,329	92,274	58,519	-	2,150,306
Internal segment revenue	721,336	1,619,443	81,762	-	(2,422,541)	-
Total revenue	1,726,520	2,613,772	174,036	58,519	(2,422,541)	2,150,306
Segment result	79,316	69,917	22,299	(6,811)	(4,180)	160,541
Interest income						496
Finance costs						(22,580)
Depreciation & amortisation						(26,437)
Profit before tax						112,020
Tax expense						(22,862)
Profit for the period						89,158
Segment assets	758,060	452,775	275,900	72,735	-	1,559,470
Current tax assets						67
Total assets						1,559,537
Segment liabilities	43,700	204,942	9,408	4,550	-	262,600
Deferred tax liabilities						33,042
Borrowings						787,305
						1,082,947

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2017

A8. Segmental information – (cont'd)

Twelve Months Ended 31 December 2016	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:						
Total external revenue	922,976	1,251,706	93,720	47,465	-	2,315,867
Internal segment revenue	572,887	1,889,567	795,541	-	(3,257,995)	-
Total revenue	1,495,863	3,141,273	889,261	47,465	(3,257,995)	2,315,867
Segment result	30,588	43,844	20,323	4,088	(2,513)	96,330
Interest income						1,164
Finance costs						(18,554)
Depreciation & amortisation						(26,733)
Profit before tax						52,207
Tax expense						(9,446)
Profit for the period						42,761
Segment assets	749,778	381,320	320,328	41,617	-	1,493,043
Deferred tax assets						-
Current tax assets						242
Total assets						1,493,285
Segment liabilities	51,061	266,307	9,977	11,089	-	338,434
Deferred tax liabilities						20,337
Tax payables						-
Borrowings						710,281
						1,069,052

A9. Changes in the composition of the Group

GCB Cocoa Singapore Pte Ltd, the wholly-owned subsidiary of GCB Oversea Holdings Corporation, which in turn a wholly-owned subsidiary of GCB had on 7 February 2018 incorporated a wholly-owned subsidiary, GCB Cocoa Cote D'Ivoire in Ivory Coast ("Incorporation").

GCB Cocoa Cote D'Ivoire was incorporated with a share capital of FCFA 10,000,000.00. The intended principal business activities of GCB Cocoa Cote D'Ivoire are purchase, transportation and processing of cocoa into semi-finished and finished products.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2017

A10. Profit before tax

Included in the profit before tax are the following items:

	Current Quarter Ended 31-Dec-17 RM'000	Current Year To-Date 31-Dec-17 RM'000
Amortisation of prepaid lease payments	142	588
Depreciation	7,143	25,849
Realised loss / (gain) on foreign exchange	86	(16,919)
Realised loss on forward currency contracts	-	981
Realised (gain) / loss on commodity future contracts	(9,662)	4,442
Unrealised gain on foreign exchange	(11,241)	(12,848)
Unrealised (gain) / loss on forward currency contracts	(996)	6,754
Unrealised gain on commodity future contracts	(644)	(22,508)
Unrealised loss on commodity option contracts	6,907	5,464
Unrealised (gain) / loss on currency option contracts	(541)	11
Impairment loss on property, plant and equipment	2,024	2,024
Unrealised gain on interest rate swap	(8)	(75)
Write down of inventories	1,156	2,377
Interest expense	5,864	20,703
Interest income	(35)	(496)

A11. Tax expense

	Current Quarter Ended		Current Year To-Date Ended	
	31-Dec-17 RM'000	31-Dec-16 RM'000	31-Dec-17 RM'000	31-Dec-16 RM'000
Income tax expense:				
- Current period estimate	(2,875)	2,864	8,983	6,059
- (Over) / under provision in prior year	(234)	3,109	(234)	2,249
Deferred tax				
- Originated of temporary differences	15,013	(4,495)	15,013	(1,820)
- (Over) / under provision in prior year	(900)	1,054	(900)	2,959
	11,004	2,532	22,862	9,447

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 temporary timing difference arising from deferred tax.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2017

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-17	31-Dec-16	31-Dec-17	31-Dec-16
Profit for the financial period attributable to owners of the Company (RM'000)	30,826	2,736	89,158	42,575
Weighted average number of ordinary shares in issue ('000)	477,918	477,736	477,918	477,736
Basic earnings per share (sen)	6.45	0.57	18.66	8.91

- (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-17	31-Dec-16	31-Dec-17	31-Dec-16
Profit for the financial period attributable to owners of the Company (RM'000)	30,826	2,736	89,158	42,575
Weighted average number of ordinary shares in issue ('000)	477,918	477,736	477,918	477,736
Adjusted weighted average number of ordinary shares in issue and issuable	477,918	477,736	477,918	477,736
Diluted earnings per share (sen)	* 6.45	0.57	* 18.66	8.91

* There is no dilutive effect on the earnings per share as all unexercised warrants have expired on 16 February 2016.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2017

A13. Prepaid lease payments

	31-Dec-17 RM'000	31-Dec-16 RM'000
Cost:		
At 1 January	12,501	14,308
Add: Payment for sub-leases	124	124
	12,625	14,432
Less: Amortisation of prepaid lease payments	(588)	(668)
Sub-lease rental	(259)	(259)
Foreign exchange difference	(1,109)	481
Disposal of subsidiaries	-	(1,485)
At 31 December	10,669	12,501
Analysed as:		
Sub-leases of warehouse	554	813
Leasehold land	10,115	11,688
	10,669	12,501

A14. Intangible assets

	Goodwill RM'000	Technical know-how RM'000	Clientele list RM'000	Total RM'000
Cost:				
At 1 January 2017	11,945	-	-	11,945
Acquisition of subsidiary	-	-	-	-
Adjustment	-	-	-	-
At 31 December 2017	11,945	-	-	11,945
Accumulated amortisation and impairment				
At 1 January 2016	(705)	(1,016)	(972)	(2,693)
Amortisation	-	-	-	-
Impairment	-	-	-	-
Disposal of subsidiary	705	1,016	972	2,693
At 31 December 2016 and 1 January 2017	-	-	-	-
Amortisation	-	-	-	-
Impairment	-	-	-	-
At 31 December 2017	-	-	-	-
Net carrying amount:				
At 31 December 2016	11,945	-	-	11,945
At 31 December 2017	11,945	-	-	11,945

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2017

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 December 2017				
Financial assets				
Derivative assets :				
- forward foreign currency contracts	-	-	-	-
- commodity futures contract	5,283	-	-	5,283
	5,283	-	-	5,283
Financial liabilities				
Derivative liabilities :				
- forward foreign currency contracts	-	5,590	-	5,590
- commodity futures contract	13,132	-	-	13,132
	13,132	5,590	-	18,722
31 December 2016				
Financial assets				
Derivative assets :				
- forward foreign currency contracts	-	1,112	-	1,112
- commodity futures contract	8,017	-	-	8,017
- option foreign currency contracts	-	12	-	12
- commodity option contracts	2,059	-	-	2,059
	10,076	1,124	-	11,200
Financial liabilities				
Derivative liabilities :				
- forward foreign currency contracts	-	-	-	-
- commodity futures contract	31,802	-	-	31,802
- option foreign currency contracts	-	21	-	21
- commodity option contracts	3,730	-	-	3,730
	35,532	21	-	35,553

As at reporting date, the Group held the following financial assets or liabilities that are not measured at fair value:

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 December 2017				
Other financial liabilities				
- hire purchases	-	132	-	132
- term loans	-	69,348	-	69,348
	-	69,480	-	69,480
31 December 2016				
Other financial liabilities				
- hire purchases	-	323	-	323
- term loans	-	124,656	-	124,656
	-	124,979	-	124,979

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2017

A16. Loans and borrowings

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

		Denominated in currency	31-Dec-17 RM'000	31-Dec-16 RM'000
Current				
	- Term loans	USD	51,885	70,225
	- Trade loans	USD	683,662	539,340
	- Revolving credit	RM	34,163	45,963
	- Obligation under finance leases	RM	132	191
			769,842	655,719
Non-Current				
	- Term loans	USD	17,463	54,431
	- Obligation under finance leases	RM	-	132
			17,463	54,563
			787,305	710,282

A17. Contingent liabilities

	Group and company	
	31-Dec-17 RM'000	31-Dec-16 RM'000
Corporate guarantees - unsecured		
Issued to banks for banking facilities granted to subsidiaries		
- limit of guarantee	1,566,376	1,485,093
- amount utilised	(1,116,543)	(784,497)

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote. Accordingly, the fair values of the above corporate guarantees given to subsidiaries for banking facilities are negligible.

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'000 360

(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	19,068

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31
DECEMBER 2017**

A19. Material events subsequent to the end of the current quarter

There was no material events subsequent to the current quarter ended 31 December 2017 that have not been reflected in this quarterly report.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2017

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 493.8 million for the current quarter ended 31 December 2017 is lower than the revenue in the previous corresponding quarter ended 31 December 2016 of RM 543.6 million. The decrease of 9.2% in turnover is mainly due to decrease in sales volume of cocoa solids and overall selling price of cocoa products.

The Group made a profit before tax for the quarter 31 December 2017 of RM 41.8 million as compared with the profit before tax of RM 5.3 million in the preceding year corresponding quarter ended 31 December 2016. This is mainly due to improved margin and also unrealised gain derived from commodity future contract for current quarter ended 31 December 2017 as compared to preceding year corresponding quarter ended 31 December 2016.

B2. Comment on material change in profit before tax

The Group recorded a profit before tax of RM 41.8 million for the current quarter as compared to a profit before tax of RM 36.4 million in the immediate preceding quarter. This is mainly due to reducing bean purchase price contributing to better profit margin.

B3. Commentary of prospects

The Group expects the business environment for the financial year ending 31 December 2018 to be less volatile. Overall cocoa bean market remains highly competitive while strong growth of global demand for chocolate is projected.

The Group will continue to focus on efforts to explore new markets for its wide range of cocoa ingredients, optimise production according to market conditions and expand overall grinding capacity.

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 – FOURTH QUARTER ENDED 31 DECEMBER 2017

B6. Derivative financial instruments

Details of the outstanding derivative financial instruments as at 31 December 2017 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	427,384 -	(6,568) -	For hedging currency risk
2	Commodity Futures Sale Contracts - Less than 1 year Purchase Contracts - Less than 1 year - 1 year to 3 years	53,531 134,523 1,659	5,175 (12,056) (43)	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 2017

B8. Dividend declared or recommended

On 13 November 2017, the board declared the second interim single-tier dividend of 1 sen per ordinary share in respect of financial year ending 31 December 2017 to shareholders registered in the Record of Depositors at close of business on 28 November 2017 and subsequently will be paid on 27 December 2017.

B9. Realised and Unrealised Profits/Losses Disclosure

The retained profits as at 31 December 2017 and 31 December 2016 is analysed as follows:-

	Current Quarter Ended 31-Dec-17 RM'000	Preceding Year To-Date Ended 31-Dec-16 RM'000
Total retained profits of the Company and the subsidiaries:		
- Realised	377,762	295,723
- Unrealised	(20,195)	(33,076)
	357,567	262,647
Total share of loss from associates		
- Realised	(744)	(318)
Less: Consolidated adjustments	(32,597)	(15,485)
Total group retained profits as per consolidated financial statements	324,226	246,844

B10. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2016 was not qualified.

Tay Hoe Lian
 Managing Director
 Dated: 12.02.2018