

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

For the period ended 30 September 2020 – unaudited

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Quarter Ended <b>30 Sept 2020</b> <b>RM'000</b>	Preceding Year Corresponding Quarter Ended <b>30 Sept 2019</b> <b>RM'000</b>	Current Year To-Date Ended <b>30 Sept 2020</b> <b>RM'000</b>	Preceding Year To-Date Ended <b>30 Sept 2019</b> <b>RM'000</b>
Revenue		841,587	744,608	2,661,746	2,145,743
<b>Profit from operations</b>		64,480	78,946	232,735	231,125
Finance costs		(6,375)	(8,950)	(19,889)	(26,398)
Share of profit of associates		349	319	608	1,475
<b>Profit before tax</b>	A10	58,454	70,315	213,454	206,202
Tax expense	A11	(11,675)	(9,783)	(37,534)	(31,533)
<b>Profit for the period</b>		46,779	60,532	175,920	174,669
<b>Other comprehensive income, net of tax</b>					
Exchange differences on translation foreign operations		(8,300)	5,953	17,793	5,920
Share of other comprehensive income of associates		(19)	20	79	21
<b>Total other comprehensive income for the period, net of tax</b>		(8,319)	5,973	17,872	5,941
<b>Total comprehensive income for the period</b>		38,460	66,505	193,792	180,610
<b>Profit attributable to:</b>					
Owners of the Company		46,779	60,532	175,920	174,669
Non-controlling interests		-	-	-	-
<b>Profit for the period</b>		46,779	60,532	175,920	174,669
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		38,460	66,505	193,792	180,610
Non-controlling interests		-	-	-	-
<b>Total comprehensive income for the period</b>		38,460	66,505	193,792	180,610
<b>Basic earnings per ordinary share (sen)</b>	A12(a)	4.61	6.33	17.35	18.28
<b>Diluted earnings per ordinary share (sen)</b>	A12(b)	4.36	6.33	16.38	18.28

The above condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020**
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 September 2020 – unaudited

		30 September 2020 RM'000	31 December 2019 RM'000
	Note		
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		614,350	481,687
Prepaid lease payments	A13	10,432	10,721
Intangible assets	A14	44,245	11,955
Investment property		21,564	22,234
Investment in associates		5,179	8,121
		<b>695,770</b>	<b>534,718</b>
<b>Current assets</b>			
Inventories		1,411,752	1,035,115
Trade and other receivables		523,138	412,332
Derivative financial assets		40,154	12,196
Tax recoverable		1,064	653
Deposits, bank and cash balances		63,316	46,790
		<b>2,039,424</b>	<b>1,507,086</b>
<b>Total assets</b>		<b>2,735,194</b>	<b>2,041,804</b>
<b>Equity</b>			
Share capital		259,619	220,407
Treasury shares		(720)	(226)
Foreign currency translation reserve		56,935	39,063
Retained profits		845,850	690,378
<b>Total equity</b>		<b>1,161,684</b>	<b>949,622</b>
<b>Non-current liabilities</b>			
Loans and borrowings	A16	137,611	45,488
Provision for employee benefit		2,448	2,411
Deferred tax liabilities		44,598	44,251
Lease liabilities		1,224	1,783
		<b>185,881</b>	<b>93,933</b>
<b>Current liabilities</b>			
Trade and other payables		383,434	325,177
Derivative financial liabilities		40,150	9,404
Loans and borrowings	A16	923,129	637,226
Tax payable		39,530	24,340
Lease liabilities		1,386	2,102
		<b>1,387,629</b>	<b>998,249</b>
<b>Total liabilities</b>		<b>1,573,510</b>	<b>1,092,182</b>
<b>Total equity and liabilities</b>		<b>2,735,194</b>	<b>2,041,804</b>
<b>Net assets per share (sen)</b>			
attributable to owners of the Company		114.56	99.37

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the period ended 30 September 2020 – unaudited

	Share Capital RM'000	Treasury Share RM'000	Currency Translation Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
<b>Balance as at 1 January 2020</b>	220,407	(226)	39,063	690,378	949,622
Profit for the period	-	-	-	175,920	175,920
Other comprehensive income for the period:					
foreign currency translation differences	-	-	17,793	-	17,793
share of other comprehensive expense of associates	-	-	79	-	79
<b>Total comprehensive income for the period</b>	-	-	17,872	175,920	193,792
<b>Transactions with owners</b>					
Purchase of treasury shares	-	(494)	-	-	(494)
Issuance of new shares	39,212	-	-	-	39,212
Dividends	-	-	-	(20,448)	(20,448)
<b>Contribution from/distribution to owners of the Company</b>	39,212	(494)	-	(20,448)	18,270
<b>Balance at 30 September 2020</b>	259,619	(720)	56,935	845,850	1,161,684
<b>Balance as at 1 January 2019</b>	121,832	(5,347)	44,151	506,505	667,141
Profit for the year	-	-	-	217,948	217,948
Other comprehensive loss for the year:					
foreign currency translation differences	-	-	(5,075)	-	(5,075)
remeasurement of post-employment benefit obligation, net of tax	-	-	-	(103)	(103)
share of other comprehensive loss of associates	-	-	(13)	-	(13)
<b>Total comprehensive income for the year</b>	-	-	(5,088)	217,845	212,757
<b>Transactions with owners</b>					
Disposal of treasury shares	6,114	5,121	-	-	11,235
Issuance of new shares	92,461	-	-	-	92,461
Dividends	-	-	-	(33,972)	(33,972)
<b>Total transactions with owners</b>	98,575	5,121	-	(33,972)	69,724
<b>Balance at 31 December 2019</b>	220,407	(226)	39,063	690,378	949,622

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the period ended 30 September 2020 – unaudited

	Nine Months Ended	
	30-Sep-20 RM'000	30-Sep-19 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	213,454	206,202
Adjustments for:		
Non-cash and non-operating items	30,791	50,149
Operating profit before working capital changes	244,245	256,351
Changes in working capital		
Net change in current assets	(324,342)	(244,135)
Net change in current liabilities	(117,464)	(225,271)
Cash generated from / (used in) operations	(197,561)	(213,055)
Tax paid	(23,395)	(19,498)
Tax refund	-	2,057
Interest paid	(19,828)	(26,398)
Interest received	351	336
<b>Net cash used in operating activities</b>	<b>(240,433)</b>	<b>(256,558)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(31,083)	(48,901)
Payment to holding company	358	361
Net cash outflow from acquisition of subsidiary	(119,537)	-
Proceeds from disposal of investment in associate	32,000	-
Proceeds from disposal of PPE	-	1,790
Payment for the lease rental	-	(124)
<b>Net cash used in investing activities</b>	<b>(118,262)</b>	<b>(46,874)</b>
<b>Cash flows from financing activities</b>		
Bank and other borrowings	359,810	328,212
Conversion of warrants to ordinary shares	39,213	-
Purchase of treasury shares	(494)	-
Dividend paid	(20,448)	(23,890)
Repayment of lease liabilities	(1,543)	-
<b>Net cash from financing activities</b>	<b>376,538</b>	<b>304,322</b>
Net increase in cash and cash equivalents	17,843	890
Effect of exchange rate changes	(3,024)	(384)
Cash and cash equivalents at the beginning of financial period	33,073	31,358
<b>Cash and cash equivalents at the end of financial period</b>	<b>47,892</b>	<b>31,864</b>
<b>Cash and cash equivalents at the end of financial period comprise of :</b>		
Deposits, bank and cash balances	63,316	46,260
Bank overdrafts	-	-
	63,316	46,260
Less : Non-cash and cash equivalents		
Fixed deposit pledged to bank as collateral	(15,424)	(14,396)
	<b>47,892</b>	<b>31,864</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 2019 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2020**

**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 2019. 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 2019.

**A2. Significant accounting policies**

The audited financial statements of the Group for the year ended 31 December 2019 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 2019, except for those standards, amendments and IC interpretations which are effective from the annual period beginning on or after 1 January 2020. 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 were 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**

Final single-tier dividend of 1.0 sen per ordinary share amounting to RM10,223,777.68 in respect of the financial year ending 31 December 2019 was declared on 24 February 2020 and subsequently paid on 10 July 2020. The payment was made to shareholders whose names appeared in the Company’s Record of Depositors on 12 June 2020.

First interim single-tier dividend of 1.0 sen per ordinary share amounting to RM10,223,777.68 in respect of the financial year ending 31 December 2020 was declared on 29 May 2020 and subsequently paid on 10 July 2020. The payment was made to shareholders whose names appeared in the Company’s Record of Depositors on 16 June 2020.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2020**

**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 2020	Malaysia	Singapore	Indonesia	Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Geographical Segments:</b>						
Total external revenue	979,207	973,795	90,990	617,754	-	2,661,746
Internal segment revenue	1,387,861	2,225,075	824,202	45	(4,437,183)	-
<b>Total revenue</b>	<b>2,367,068</b>	<b>3,198,870</b>	<b>915,192</b>	<b>617,799</b>	<b>(4,437,183)</b>	<b>2,661,746</b>
<b>Segment result</b>	<b>155,534</b>	<b>52,395</b>	<b>21,659</b>	<b>48,262</b>	<b>(6,181)</b>	<b>271,669</b>
Interest income						351
Finance cost						(19,889)
Depreciation & amortisation						(38,677)
Profit before tax						213,454
Tax expenses						(37,534)
Profit for the period						175,920
<b>Segment assets</b>	<b>1,257,194</b>	<b>254,227</b>	<b>693,567</b>	<b>529,142</b>	<b>-</b>	<b>2,734,130</b>
Tax recoverable						1,064
<b>Total assets</b>						<b>2,735,194</b>
<b>Segment liabilities</b>	<b>53,528</b>	<b>244,522</b>	<b>35,200</b>	<b>95,391</b>	<b>-</b>	<b>428,641</b>
Deferred tax liabilities						44,598
Tax payables						39,530
Borrowings						1,060,740
						1,573,509

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2020**

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

Nine Months Ended 30 September 2019	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	872,596	1,138,713	87,383	47,051	-	2,145,743
Internal segment revenue	1,478,416	2,246,485	873,149	48,699	(4,646,749)	-
<b>Total revenue</b>	<b>2,351,012</b>	<b>3,385,198</b>	<b>960,532</b>	<b>95,750</b>	<b>(4,646,749)</b>	<b>2,145,743</b>
<b>Segment result</b>	<b>138,673</b>	<b>78,781</b>	<b>32,812</b>	<b>49,926</b>	<b>(44,527)</b>	<b>255,665</b>
Interest income						336
Finance cost						(26,398)
Depreciation & amortisation						(23,401)
Profit before tax						206,202
Tax expenses						(31,533)
Profit for the period						174,669
<b>Segment assets</b>	<b>1,086,475</b>	<b>128,710</b>	<b>714,982</b>	<b>105,514</b>	<b>-</b>	<b>2,035,681</b>
Tax recoverable						2,636
<b>Total assets</b>						<b>2,038,317</b>
<b>Segment liabilities</b>	<b>58,992</b>	<b>114,603</b>	<b>40,343</b>	<b>1,584</b>	<b>-</b>	<b>215,522</b>
Deferred tax liabilities						36,040
Tax payables						27,973
Borrowings						934,921
						1,214,456

**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 9 July 2020 incorporated a wholly-owned subsidiary, GCB Cocoa UK Limited.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2020**

**A10. Profit before tax**

Included in the profit before tax are the following items:

	<b>Current Quarter Ended 30-Sep-20 RM'000</b>	<b>Current Year To-Date 30-Sep-20 RM'000</b>
Amortisation of prepaid lease payments	144	434
Amortisation of leases	507	1,507
Depreciation	12,422	36,736
Gain on disposal of investment in associate	-	(27,799)
Realised (gain) / loss on foreign exchange	(10,756)	9,444
Unrealised loss / (gain) on foreign exchange	522	(13,597)
Unrealised loss / (gain) on forward currency contracts	4,502	(1,160)
Realised gain on commodity future contracts	(4,337)	(21,730)
Unrealised loss on commodity future contracts	30,163	27,322
Unrealised loss on commodity option contracts	2,720	892
Unrealised gain on currency option contracts	(502)	(437)
Reversal of impairment loss on trade receivables	(940)	(2,755)
Interest expense	6,375	19,889
Interest income	(94)	(351)

**A11. Tax expense**

	<b>Current Quarter Ended</b>		<b>Current Year To-Date Ended</b>	
	<b>30-Sep-20</b>	<b>30-Sep-19</b>	<b>30-Sep-20</b>	<b>30-Sep-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income tax expense:				
- Current period estimate	12,571	9,783	38,430	31,533
- (Over) / Under provision in prior year	(896)	-	(896)	-
	<b>11,675</b>	<b>9,783</b>	<b>37,534</b>	<b>31,533</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.



**NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2020**

**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	
	30-Sep-20	30-Sep-19 *(restated)	30-Sep-20	30-Sep-19 *(restated)
Profit for the financial period attributable to owners of the Company (RM'000)	46,779	60,532	175,920	174,669
Weighted average number of ordinary shares in issue ('000)	1,014,062	955,610	1,014,062	955,610
Basic earnings per share (sen)	4.61	6.33	17.35	18.28

- (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-20	30-Sep-19 *(restated)	30-Sep-20	30-Sep-19 *(restated)
Profit for the financial period attributable to owners of the Company (RM'000)	46,779	60,532	175,920	174,669
Weighted average number of ordinary shares in issue ('000)	1,014,062	955,610	1,014,062	955,610
Effect of dilution of warrants	59,844	-	59,844	-
Adjusted weighted average number of ordinary shares in issue and issuales	1,073,906	955,610	1,073,906	955,610
Diluted earnings per share (sen)	4.36	6.33	16.38	18.28

\* restated due to adjustment on number of ordinary shares as a result of bonus issue during 2019.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2020**

**A13. Prepaid lease payments**

	30-Sep-20	31-Dec-19
	RM'000	RM'000
<b>Cost:</b>		
At 1 January	10,721	10,187
Effect of adoption of MFRS 16	-	1,247
	10,721	11,434
Less: Amortisation of prepaid lease payments	(434)	(619)
Foreign exchange difference	145	(94)
At 30 September / 31 December	10,432	10,721
<b>Analysed as:</b>		
Sub-leases of warehouse	1,736	1,736
Leasehold land	8,696	8,985
	10,432	10,721

**A14. Intangible assets**

	Goodwill	Trademark	Software	Total
	RM'000	RM'000	RM'000	RM'000
<b>Cost:</b>				
At 1 January 2019	11,945	13	-	11,958
Additions	-	-	-	-
Translation differences	-	-	-	-
At 31 December 2019 and 1 January 2020	11,945	13	-	11,958
Additions	-	-	-	-
Acquisition of subsidiary	25,939	-	750	26,689
Translation differences	5,769	-	42	5,811
At 30 September 2020	43,653	13	792	44,458
<b>Accumulated amortisation and impairment</b>				
At 1 January 2019	-	(2)	-	(2)
Amortisation	-	(1)	-	(1)
Impairment	-	-	-	-
At 31 December 2019 and 1 January 2020	-	(3)	-	(3)
Amortisation	-	-	(210)	(210)
Impairment	-	-	-	-
At 30 September 2020	-	(3)	(210)	(213)
<b>Net carrying amount:</b>				
At 31 December 2019	11,945	10	-	11,955
At 30 September 2020	43,653	10	582	44,245

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2020**

**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:

	Fair value of financial instruments carried at fair value			Total RM000
	Level 1 RM000	Level 2 RM000	Level 3 RM000	
<b>30 September 2020</b>				
<b>Financial assets</b>				
<b>Derivative assets :</b>				
- foreign currency option contracts	-	31	-	31
- commodity futures contract	40,123	-	-	40,123
	40,123	31	-	40,154
<b>Financial liabilities</b>				
<b>Derivative liabilities :</b>				
- foreign currency forward contracts	-	2,454	-	2,454
- foreign currency option contracts	-	144	-	144
- commodity futures contract	37,462	-	-	37,462
- commodity option contracts	90	-	-	90
	37,552	2,598	-	40,150
<b>31 December 2019</b>				
<b>Financial assets</b>				
<b>Derivative assets :</b>				
- foreign currency forward contracts	-	124	-	124
- commodity futures contract	10,660	-	-	10,660
- commodity option contracts	1,412	-	-	1,412
	12,072	124	-	12,196
<b>Financial liabilities</b>				
<b>Derivative liabilities :</b>				
- foreign currency forward contracts	-	1,276	-	1,276
- foreign currency option contracts	-	2,986	-	2,986
- commodity futures contract	4,505	-	-	4,505
- commodity option contracts	637	-	-	637
	5,142	4,262	-	9,404

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2020**

**A16. Loans and borrowings**

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

		Denominated in currency	30-Sep-20 RM'000	31-Dec-19 RM'000
<b>Current</b>				
	- Term loans	USD	10,355	11,024
		EUR	12,467	-
		RM	411	411
	- Trade loans	USD	781,447	499,058
		EUR	7,982	-
		GBP	56,122	48,370
	- Revolving credit	USD	54,345	76,363
		RM	-	2,000
			923,129	637,226
<b>Non-Current</b>				
	- Term loans	USD	36,064	43,295
		EUR	99,662	-
		RM	1,885	2,193
			137,611	45,488
			<b>1,060,740</b>	<b>682,714</b>

**A17. Contingent liabilities**

	Group and company	
	30-Sep-20 RM'000	31-Dec-19 RM'000
<b>Corporate guarantees - unsecured</b>		
Issued to banks for banking facilities granted to subsidiaries		
- limit of guarantee	2,194,568	1,927,949
- amount utilised	(1,031,977)	(674,076)

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. Capital Commitments**

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

	RM'000
<b>Authorised and contracted for :</b>	
Property, plant and equipment	<u>153,326</u>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2020**

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

There was no material events subsequent to the current quarter ended 30 September 2020 that have not been reflected in this quarterly report.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2020**

**B. Explanatory notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A**

**B1. Review of performance**

The Group's revenue of RM841.6 million for the current quarter ended 30 Sept 2020 is higher than the revenue in the previous corresponding quarter ended 30 Sept 2019 of RM744.6 million. The increase of 13.0% in turnover is mainly due to increase in selling price of cocoa products and revenue contributed by new subsidiary acquired, Schokinag Holding GmbH.

**B2. Comment on material change in profit before tax**

The Group made a profit before tax for the quarter 30 September 2020 of RM58.5 million as compared with the profit before tax of RM70.3 million in the preceding year corresponding quarter ended 30 September 2019. This is mainly due to lower margin during current quarter ended 30 September 2020 as compared to preceding year corresponding quarter ended 30 September 2019.

**B3. Commentary of prospects**

The Group expects the business environment for the financial year ending 31 December 2020 to be challenging due to uncertain impact of Living Income Differential (LID) implementation and outbreak of COVID-19. Second wave of Coronavirus that hit worldwide recently is expected to further slows down the economy and affect the demand of chocolate consumption in coming quarters.

Nevertheless, we are confident of our long term prospect and uptrend in future chocolate demand. The Group will continue to focus on efforts to explore new markets for its wide range of cocoa ingredients and optimize 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 2020**

**B6. Derivative financial instruments**

Details of the outstanding derivative financial instruments as at 30 September 2020 are as follows:

	<b>Derivative</b>	<b>Contract Amount RM'000</b>	<b>Fair Value - Net Gains/ (Losses) RM'000</b>	<b>Purpose</b>
1	Forward Foreign Exchange Contracts: Sale Contracts - Less than 1 year  Purchase Contracts - Less than 1 year	218,056  -	(2,455)  -	For hedging currency risk
2	Forward Foreign Currency Option: Sale Contracts - Less than 1 year  Purchase Contracts - Less than 1 year	14,762  -	31  -	For hedging currency risk
2	Commodity Futures Sale Contracts - Less than 1 year  Purchase Contracts - Less than 1 year - 1 year to 3 years	1,092,164  452,860 1,259	(37,954)  20,418 119	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.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2020**

**B7. Material litigation**

There was no material litigation against the Group as at the date of these interim financial statements.

**B8. Dividend declared or recommended**

On 23 November 2020, the board declared the second interim single-tier dividend of 1.5 sen per ordinary share in respect of financial year ending 31 December 2020 to shareholders registered in the Record of Depositors at close of business on 24 December 2020 and subsequently will be paid on 20 January 2021.

**B9. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 December 2019 was not qualified.

Tay Hoe Lian  
Managing Director  
Dated: 23.11.2020