

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

For the period ended 31 December 2020 – unaudited

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Quarter Ended 31 Dec 2020 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2019 RM'000	Current Year To-Date Ended 31 Dec 2020 RM'000	Preceding Year To-Date Ended 31 Dec 2019 RM'000
Revenue		1,023,226	795,887	3,684,972	2,941,630
<b>Profit from operations</b>		61,767	67,911	294,502	299,036
Finance costs		(5,730)	(7,134)	(25,619)	(33,532)
Share of profit of associates		(271)	(119)	337	1,356
<b>Profit before tax</b>	A10	55,766	60,658	269,220	266,860
Tax expense	A11	(8,494)	(17,379)	(46,028)	(48,912)
<b>Profit for the period</b>		47,272	43,279	223,192	217,948
<b>Other comprehensive income, net of tax</b>					
Exchange differences on translation					
foreign operations		(9,642)	(10,995)	8,151	(5,075)
Share of other comprehensive loss					
of associates		(116)	(34)	(37)	(13)
Remeasurement of employee benefits liability		(266)	(103)	(266)	(103)
Hedge of net investments in foreign operations		2,624	-	2,624	-
<b>Total other comprehensive income for the period, net of tax</b>		(7,400)	(11,132)	10,472	(5,191)
<b>Total comprehensive income for the period</b>		39,872	32,147	233,664	212,757
<b>Profit attributable to:</b>					
Owners of the Company		47,272	43,279	223,192	217,948
Non-controlling interests		-	-	-	-
<b>Profit for the period</b>		47,272	43,279	223,192	217,948
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		39,872	32,147	233,664	212,757
Non-controlling interests		-	-	-	-
<b>Total comprehensive income for the period</b>		39,872	32,147	233,664	212,757
<b>Basic earnings per ordinary share (sen)</b>	A12(a)	4.63	4.47	21.87	22.51
<b>Diluted earnings per ordinary share (sen)</b>	A12(b)	4.38	4.16	20.68	20.95

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 FOURTH QUARTER ENDED 31 DECEMBER 2020**
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2020 – unaudited

	Note	31 December 2020 RM'000	31 December 2019 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		831,229	481,687
Prepaid lease payments	A13	9,952	10,721
Intangible assets	A14	96,735	11,955
Investment property		21,135	22,234
Investment in associates		4,220	8,121
		<b>963,271</b>	<b>534,718</b>
<b>Current assets</b>			
Inventories		1,300,553	1,035,115
Trade and other receivables		522,422	412,332
Derivative financial assets	A15	21,631	12,196
Tax recoverable		7,864	653
Deposits, bank and cash balances		77,376	46,790
		<b>1,929,846</b>	<b>1,507,086</b>
<b>Total assets</b>		<b>2,893,117</b>	<b>2,041,804</b>
<b>Equity</b>			
Share capital		263,236	220,407
Treasury shares		(720)	(226)
Foreign currency translation reserve		47,177	39,063
Hedging reserve		2,624	-
Retained profits		877,348	690,378
<b>Total equity</b>		<b>1,189,665</b>	<b>949,622</b>
<b>Non-current liabilities</b>			
Loans and borrowings	A16	428,936	45,488
Provision for employee benefit		5,357	2,411
Deferred tax liabilities		71,465	44,251
Lease liabilities		49,962	1,783
		<b>555,720</b>	<b>93,933</b>
<b>Current liabilities</b>			
Trade and other payables		373,000	325,177
Derivative financial liabilities	A15	44,080	9,404
Loans and borrowings	A16	694,785	637,226
Tax payable		26,705	24,340
Lease liabilities		9,162	2,102
		<b>1,147,732</b>	<b>998,249</b>
<b>Total liabilities</b>		<b>1,703,452</b>	<b>1,092,182</b>
<b>Total equity and liabilities</b>		<b>2,893,117</b>	<b>2,041,804</b>
<b>Net assets per share (sen)</b>			
attributable to owners of the Company		116.59	98.07

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 FOURTH QUARTER ENDED 31 DECEMBER 2020**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the period ended 31 December 2020 – unaudited

	Non-distributable				Distributable	
	Share Capital RM'000	Treasury Share RM'000	Foreign Currency	Hedging Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
			Translation Reserve RM'000			
<b>Balance as at 1 January 2020</b>	220,407	(226)	39,063	-	690,378	949,622
Profit for the period	-	-	-	-	223,192	223,192
Other comprehensive income for the period:						
foreign currency translation differences	-	-	8,151	-	-	8,151
share of other comprehensive loss of associates	-	-	(37)	-	-	(37)
hedge of net investments in foreign operations	-	-	-	2,624	-	2,624
remeasurement of post-employment benefit obligation, net of tax	-	-	-	-	(266)	(266)
<b>Total comprehensive income for the period</b>	-	-	8,114	2,624	222,926	233,664
<b>Transactions with owners</b>						
Purchase of treasury shares	-	(494)	-	-	-	(494)
Issuance of new shares	42,829	-	-	-	-	42,829
Dividends	-	-	-	-	(35,956)	(35,956)
<b>Contribution from/distribution to owners of the Company</b>	42,829	(494)	-	-	(35,956)	6,379
<b>Balance at 31 December 2020</b>	263,236	(720)	47,177	2,624	877,348	1,189,665
<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)
Total transactions with owners	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 FOURTH QUARTER ENDED 31 DECEMBER 2020**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the period ended 31 December 2020 – unaudited

	Twelve Months Ended	
	31-Dec-20 RM'000	31-Dec-19 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	269,220	266,861
Adjustments for:		
Non-cash and non-operating items	14,902	63,190
Operating profit before working capital changes	284,122	330,050
Changes in working capital		
Net change in current assets	(305,392)	(269,976)
Net change in current liabilities	(44,796)	(92,693)
Cash generated from / (used in) operations	(66,066)	(32,619)
Tax paid	(51,155)	(30,550)
Tax refund	-	2,118
Interest paid	(25,443)	(33,273)
Interest received	1,285	625
<b>Net cash used in operating activities</b>	<b>(141,379)</b>	<b>(93,699)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(208,018)	(64,402)
Payment to holding company	358	461
Net cash outflow from acquisition of subsidiary	(93,685)	-
Proceeds from disposal of investment in associate	32,000	-
Proceeds from disposal of property, plant and equipment	6	1,872
<b>Net cash used in investing activities</b>	<b>(269,339)</b>	<b>(62,069)</b>
<b>Cash flows from financing activities</b>		
Bank and other borrowings	425,344	90,268
Conversion of warrants to ordinary shares	42,829	29
Proceeds from issuance of new shares	-	92,431
Purchase of treasury shares	(494)	11,236
Dividend paid	(20,448)	(33,972)
Repayment of lease liabilities	(1,869)	(2,366)
<b>Net cash from financing activities</b>	<b>445,362</b>	<b>157,626</b>
Net increase in cash and cash equivalents	34,644	1,858
Effect of exchange rate changes	(4,440)	(144)
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>63,277</b>	<b>33,072</b>
<b>Cash and cash equivalents at the end of financial period comprise of :</b>		
Deposits, bank and cash balances	77,376	46,790
Bank overdrafts	-	-
	77,376	46,790
Less : Non-cash and cash equivalents		
Fixed deposit pledged to bank as collateral	(14,099)	(13,718)
	<b>63,277</b>	<b>33,072</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 – FOURTH QUARTER ENDED 31 DECEMBER 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**

Second interim single-tier dividend of 1.5 sen per ordinary share amounting to RM15,508,618.56 in respect of the financial year ending 31 December 2020 was declared on 23 November 2020 and subsequently paid on 20 January 2021. The payment was made to shareholders whose names appeared in the Company’s Record of Depositors on 24 December 2020.

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

Twelve Months Ended 31 December 2020	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	1,269,978	1,421,298	140,724	852,972	-	3,684,972
Internal segment revenue	1,922,129	2,820,707	1,175,462	15,360	(5,933,658)	-
<b>Total revenue</b>	<b>3,192,107</b>	<b>4,242,005</b>	<b>1,316,186</b>	<b>868,332</b>	<b>(5,933,658)</b>	<b>3,684,972</b>
<b>Segment result</b>	<b>201,255</b>	<b>82,921</b>	<b>29,972</b>	<b>53,564</b>	<b>(21,034)</b>	<b>346,678</b>
Interest income						1,285
Finance cost						(25,619)
Depreciation & amortisation						(53,124)
Profit before tax						269,220
Tax expenses						(46,028)
Profit for the period						223,192
<b>Segment assets</b>	<b>1,197,966</b>	<b>333,014</b>	<b>613,449</b>	<b>740,824</b>	<b>-</b>	<b>2,885,253</b>
Tax recoverable						7,864
<b>Total assets</b>						<b>2,893,117</b>
<b>Segment liabilities</b>	<b>67,830</b>	<b>211,797</b>	<b>38,283</b>	<b>104,527</b>	<b>-</b>	<b>422,437</b>
Deferred tax liabilities						71,465
Tax payables						26,705
Borrowings						1,123,721
Lease liabilities						59,124
						1,703,452

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2020**

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

Twelve Months Ended 31 December 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	1,239,768	1,512,444	123,934	65,484	-	2,941,630
Internal segment revenue	1,933,589	2,821,491	1,164,526	58,758	(5,978,364)	-
<b>Total revenue</b>	<b>3,173,357</b>	<b>4,333,935</b>	<b>1,288,460</b>	<b>124,242</b>	<b>(5,978,364)</b>	<b>2,941,630</b>
<b>Segment result</b>	<b>189,668</b>	<b>112,216</b>	<b>29,834</b>	<b>59,773</b>	<b>(58,671)</b>	<b>332,820</b>
Interest income						625
Finance cost						(33,532)
Depreciation & amortisation						(33,052)
Profit before tax						266,861
Tax expenses						(48,912)
Profit for the period						<b>217,948</b>
<b>Segment assets</b>	<b>912,932</b>	<b>269,066</b>	<b>754,251</b>	<b>104,903</b>	<b>-</b>	<b>2,041,152</b>
Tax recoverable						653
<b>Total assets</b>						<b>2,041,805</b>
<b>Segment liabilities</b>	<b>63,276</b>	<b>244,672</b>	<b>27,343</b>	<b>1,700</b>	<b>-</b>	<b>336,991</b>
Deferred tax liabilities						44,251
Tax payables						24,341
Borrowings						682,714
Lease liabilities						3,885
						<b>1,092,182</b>

**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 – FOURTH QUARTER ENDED 31 DECEMBER 2020**

**A10. Profit before tax**

Included in the profit before tax are the following items:

	<b>Current Quarter Ended 31-Dec-20 RM'000</b>	<b>Current Year To-Date 31-Dec-20 RM'000</b>
Amortisation of prepaid lease payments	140	574
Amortisation of leases	735	2,242
Depreciation	13,572	50,308
Gain on disposal of investment in associate	-	(27,799)
Realised (gain) / loss on foreign exchange	(4,342)	5,102
Unrealised loss / (gain) on foreign exchange	4,153	(9,444)
Realised gain on forward currency contracts	(356)	(356)
Unrealised loss / (gain) on forward currency contracts	99	(1,061)
Realised gain on commodity future contracts	(20,270)	(42,000)
Unrealised loss on commodity future contracts	3,427	30,749
Unrealised gain on commodity option contracts	(1,079)	(187)
Unrealised loss / (gain) on currency option contracts	6	(431)
Impairment loss / (reversal of) impairment loss on trade receivables	138	(2,617)
Interest expense	5,730	25,619
Interest income	(934)	(1,285)

**A11. Tax expense**

	<b>Current Quarter Ended</b>		<b>Current Year To-Date Ended</b>	
	<b>31-Dec-20</b>	<b>31-Dec-19</b>	<b>31-Dec-20</b>	<b>31-Dec-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income tax expense:				
- Current period estimate	11,912	8,501	50,342	40,034
- Under / (Over) provision in prior year	314	134	(582)	134
Deferred tax				
- Originated of temporary differences	(2,851)	15,559	(2,851)	15,559
- Over provision in prior year	(881)	(6,815)	(881)	(6,815)
	<b>8,494</b>	<b>17,379</b>	<b>46,028</b>	<b>48,912</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 – FOURTH QUARTER ENDED 31 DECEMBER 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	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Profit for the financial period attributable to owners of the Company (RM'000)	47,272	43,279	223,192	217,948
Weighted average number of ordinary shares in issue ('000)	1,020,378	968,340	1,020,378	968,340
Basic earnings per share (sen)	4.63	4.47	21.87	22.51

- (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-20	31-Dec-19	31-Dec-20	31-Dec-19
Profit for the financial period attributable to owners of the Company (RM'000)	47,272	43,279	223,192	217,948
Weighted average number of ordinary shares in issue ('000)	1,020,378	968,340	1,020,378	968,340
Effect of dilution of warrants	58,639	72,085	58,639	72,085
Adjusted weighted average number of ordinary shares in issue and issuales	1,079,017	1,040,425	1,079,017	1,040,425
Diluted earnings per share (sen)	4.38	4.16	20.68	20.95

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2020**

**A13. Prepaid lease payments**

	31-Dec-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	(574)	(619)
Foreign exchange difference	(195)	(94)
At 31 December	9,952	10,721
<b>Analysed as:</b>		
Sub-leases of warehouse	1,683	1,736
Leasehold land	8,269	8,985
	9,952	10,721

**A14. Intangible assets**

	Goodwill	Trademark	Customer base	Software	Total
	RM'000	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	47,700	10,228	14,791	5,471	78,190
Translation differences	7,338	781	1,073	293	9,485
At 31 December 2020	66,983	11,022	15,864	5,764	99,633
<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	-	-	(740)	(2,155)	(2,895)
Impairment	-	-	-	-	-
At 31 December 2020	-	(3)	(740)	(2,155)	(2,898)
<b>Net carrying amount:</b>					
At 31 December 2019	11,945	10	-	-	11,955
At 31 December 2020	66,983	11,019	15,124	3,609	96,735

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 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>31 December 2020</b>				
<b>Financial assets</b>				
<b>Derivative assets :</b>				
- foreign currency forward contracts	-	1,207	-	1,207
- cross currency swap	-	2,623	-	2,623
- commodity futures contract	14,163	-	-	14,163
- commodity option contracts	3,638	-	-	3,638
	<b>17,801</b>	<b>3,830</b>	<b>-</b>	<b>21,631</b>
<b>Financial liabilities</b>				
<b>Derivative liabilities :</b>				
- foreign currency forward contracts	-	3,746	-	3,746
- foreign currency option contracts	-	111	-	111
- commodity futures contract	36,049	-	-	36,049
- commodity option contracts	4,174	-	-	4,174
	<b>40,223</b>	<b>3,857</b>	<b>-</b>	<b>44,080</b>
<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
	<b>12,072</b>	<b>124</b>	<b>-</b>	<b>12,196</b>
<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
	<b>5,142</b>	<b>4,262</b>	<b>-</b>	<b>9,404</b>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2020**

**A16. Loans and borrowings**

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

	Denominated in currency	31-Dec-20 RM'000	31-Dec-19 RM'000
<b>Current</b>			
- Term loans	USD	10,348	11,024
	EUR	9,403	-
	RM	411	411
- Trade loans	USD	463,923	499,058
	GBP	67,140	48,370
- Revolving credit	USD	48,144	76,363
	EUR	6,669	-
	RM	-	2,000
- Receivable financing	EUR	88,747	-
		<b>694,785</b>	<b>637,226</b>
<b>Non-Current</b>			
- Term loans	USD	31,988	43,295
	EUR	95,166	-
	RM	1,782	2,193
- Sukuk	RM	300,000	-
		<b>428,936</b>	<b>45,488</b>
		<b>1,123,721</b>	<b>682,714</b>

**A17. Contingent liabilities**

	Group and company	
	31-Dec-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	2,131,173	1,927,949
- amount utilised	(710,989)	(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 :-

	<b>RM'000</b>
<b>Authorised and contracted for :</b>	
Property, plant and equipment	<b>98,765</b>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2020**

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

There were no material events subsequent to the current quarter ended 31 December 2020 that have not been reflected in this quarterly report.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 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 RM1,023.2 million for the current quarter ended 31 December 2020 is higher than the revenue in the previous corresponding quarter ended 31 December 2019 of RM795.9 million. The increase of 28.6% in turnover is mainly due to increase in sales volume 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 31 December 2020 of RM55.8 million as compared with the profit before tax of RM60.7 million in the preceding year corresponding quarter ended 31 December 2019. This is mainly due to lower margin during current quarter ended 31 December 2020 as compared to preceding year corresponding quarter ended 31 December 2019.

**B3. Commentary of prospects**

The second and third wave of COVID-19 has recently hit the world and is expected to further slow down the global economy. Although it affects the demand of chocolate, especially in the first half of 2021, subject to the successful implementation of the vaccination programs in the major chocolate consuming countries, the Group expects the economy and the consumption to start recovering in the second half of 2021.

In the meantime, the implementation of the Living Income Differential (LID) has been adjusted in the raw materials and products pricing through the market demand and supply. However, the effect in the longer term remains uncertain.

Nevertheless, we are confident in our long term prospect and the uptrend of future chocolate demand. The Group will continue to put strong focus on exploring new markets, especially in the European region, for its wide range of cocoa ingredients as well as industrial chocolate, and to optimize production according to the 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 – FOURTH QUARTER ENDED 31 DECEMBER 2020**

**B6. Derivative financial instruments**

Details of the outstanding derivative financial instruments as at 31 December 2020 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	154,754  -	(3,711)  -	For hedging currency risk
2	Commodity Futures Sale Contracts - Less than 1 year  Purchase Contracts - Less than 1 year	1,162,678  713,119	(38,144)  19,332	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.

**B8. Dividend declared or recommended**

The Board of Directors is pleased to propose a final single-tier dividend of 1 sen per ordinary share for the financial year ended 31 December 2020. The proposed final dividend is subject to shareholders' approval in the forthcoming Annual General Meeting.

**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: 26.02.2021