

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
For the period ended 31 March 2021 – unaudited

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Quarter Ended 31 March 2021	Preceding Year Corresponding Quarter Ended 31 March 2020	Current Year To-Date Ended 31 March 2021	Preceding Year To-Date Ended 31 March 2020
		RM'000	RM'000	RM'000	RM'000
Revenue		960,121	909,382	960,121	909,382
Profit from operations		48,371	90,759	48,371	90,759
Finance costs		(7,479)	(7,376)	(7,479)	(7,376)
Share of profit of associates		54	27	54	27
Profit before tax	A10	40,946	83,410	40,946	83,410
Tax expense	A11	(7,050)	(11,245)	(7,050)	(11,245)
Profit for the period		33,896	72,165	33,896	72,165
Other comprehensive income, net of tax					
Exchange differences on translation					
foreign operations		9,062	25,977	9,062	25,977
Share of other comprehensive income					
of associates		46	96	46	96
Hedge of net investments in foreign operations		(10,633)	-	(10,633)	-
Total other comprehensive income for the period, net of tax		(1,525)	26,073	(1,525)	26,073
Total comprehensive income for the period		32,371	98,238	32,371	98,238
Profit attributable to:					
Owners of the Company		33,896	72,165	33,896	72,165
Non-controlling interests		-	-	-	-
Profit for the period		33,896	72,165	33,896	72,165
Total comprehensive income attributable to:					
Owners of the Company		32,371	98,238	32,371	98,238
Non-controlling interests		-	-	-	-
Total comprehensive income for the period		32,371	98,238	32,371	98,238
Basic earnings per ordinary share (sen)	A12(a)	3.28	7.16	3.28	7.16
Diluted earnings per ordinary share (sen)	A12(b)	3.11	6.77	3.11	6.77

The above condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021 – unaudited

	Note	31 March 2021 RM'000	31 December 2020 RM'000
Assets			
Non-current assets			
Property, plant and equipment		864,144	834,798
Prepaid lease payments	A13	10,076	9,952
Intangible assets	A14	92,102	93,166
Investment property		21,049	21,135
Investment in associates		4,321	4,220
		991,692	963,271
Current assets			
Inventories		1,053,837	1,302,064
Trade and other receivables		537,961	509,076
Derivative financial assets	A15	58,157	52,684
Tax recoverable		2,592	8,152
Deposits, bank and cash balances		108,055	78,211
		1,760,602	1,950,187
Total assets		2,752,294	2,913,458
Equity			
Share capital		264,376	263,236
Treasury shares		(720)	(720)
Foreign currency translation reserve		56,207	47,099
Hedging reserve		(8,204)	2,429
Retained profits		910,762	876,866
Total equity		1,222,421	1,188,910
Non-current liabilities			
Loans and borrowings	A16	414,849	428,936
Provision for employee benefit		3,239	3,138
Deferred tax liabilities		72,460	72,498
Lease liabilities		47,658	50,029
		538,206	554,601
Current liabilities			
Trade and other payables		242,375	364,195
Derivative financial liabilities	A15	79,524	75,133
Loans and borrowings	A16	644,115	694,785
Tax payable		16,692	26,739
Lease liabilities		8,961	9,095
		991,667	1,169,947
Total liabilities		1,529,873	1,724,548
Total equity and liabilities		2,752,294	2,913,458
Net assets per share (sen)			
attributable to owners of the Company		118.18	117.90

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2021 – unaudited

	Non-distributable				Distributable	Total Equity RM'000
	Share Capital RM'000	Treasury Share RM'000	Foreign Currency	Hedging Reserve RM'000	Retained Profits RM'000	
			Translation Reserve RM'000			
Balance as at 1 January 2021	263,236	(720)	47,099	2,429	876,866	1,188,910
Profit for the period	-	-	-	-	33,896	33,896
Other comprehensive income for the period:						
foreign currency translation differences	-	-	9,062	-	-	9,062
share of other comprehensive loss of associates	-	-	46	-	-	46
hedge of net investments in foreign operations	-	-	-	(10,633)	-	(10,633)
Total comprehensive income for the period	-	-	9,108	(10,633)	33,896	32,371
Transactions with owners						
Purchase of treasury shares	-	-	-	-	-	-
Issuance of new shares	1,140	-	-	-	-	1,140
Dividends	-	-	-	-	-	-
Contribution from/distribution to owners of the Company	1,140	-	-	-	-	1,140
Balance at 31 March 2021	264,376	(720)	56,207	(8,204)	910,762	1,222,421
Balance as at 1 January 2020	220,407	(226)	39,063	-	690,379	949,623
Profit for the year	-	-	-	-	222,709	222,709
Other comprehensive loss for the year:						
foreign currency translation differences	-	-	8,073	-	-	8,073
hedge of net investments in foreign operations	-	-	-	2,429	-	2,429
remeasurement of post-employment benefit obligation, net of tax	-	-	-	-	(266)	(266)
share of other comprehensive loss of associates	-	-	(37)	-	-	(37)
Total comprehensive income for the year	-	-	8,036	2,429	222,443	232,908
Transactions with owners						
Disposal of treasury shares	-	(494)	-	-	-	(494)
Issuance of new shares	42,829	-	-	-	-	42,829
Dividends	-	-	-	-	(35,956)	(35,956)
Total transactions with owners	42,829	(494)	-	-	(35,956)	6,379
Balance at 31 December 2020	263,236	(720)	47,099	2,429	876,866	1,188,910

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2021 – unaudited

	Three Months Ended	
	31-Mar-21	31-Mar-20
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	40,946	83,410
Adjustments for:		
Non-cash and non-operating items	5,562	(11,722)
Operating profit before working capital changes	46,508	71,688
Changes in working capital		
Net change in current assets	266,980	220,311
Net change in current liabilities	(127,703)	(247,092)
Cash generated from / (used in) operations	185,785	44,907
Tax paid	(18,742)	(5,698)
Tax refund	-	-
Interest paid	(7,264)	(7,322)
Interest received	116	154
Net cash from operating activities	159,895	32,041
Cash flows from investing activities		
Purchase of property, plant and equipment	(39,606)	(9,178)
Payment to holding company	-	(1,860)
Net cash outflow from acquisition of subsidiary	-	(119,537)
Proceeds from disposal of investment in associate	-	32,000
Net cash used in investing activities	(39,606)	(98,575)
Cash flows from financing activities		
Bank and other borrowings	(76,949)	71,838
Conversion of warrants to ordinary shares	1,140	1,200
Changes in Fixed deposit pledged	4,619	-
Purchase of treasury shares	-	(192)
Dividend paid	(15,509)	-
Repayment of lease liabilities	(352)	(573)
Net cash (used in) / from financing activities	(87,051)	72,273
Net increase in cash and cash equivalents	33,238	5,739
Effect of exchange rate changes	751	5,863
Cash and cash equivalents at the beginning of financial period	58,338	33,073
Cash and cash equivalents at the end of financial period	92,327	44,675
Cash and cash equivalents at the end of financial period comprise of :		
Deposits, bank and cash balances	108,055	60,358
Bank overdrafts	-	-
	108,055	60,358
Less : Non-cash and cash equivalents		
Fixed deposit pledged to bank as collateral	(15,728)	(15,683)
	92,327	44,675

The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2021

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 2020. 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 2020.

A2. Significant accounting policies

The audited financial statements of the Group for the year ended 31 December 2020 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 2020, except for those standards, amendments and IC interpretations which are effective from the annual period beginning on or after 1 January 2021. 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 – FIRST QUARTER ENDED 31 MARCH 2021

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.

Three Months Ended 31 March 2021	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Germany RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:							
Total external revenue	281,004	379,169	60,400	225,945	13,603	-	960,121
Internal segment revenue	466,712	491,627	276,574	-	3,557	(1,238,470)	-
Total revenue	747,716	870,796	336,974	225,945	17,160	(1,238,470)	960,121
Segment result	35,444	515	8,027	8,416	2,811	7,667	62,880
Interest income							116
Finance cost							(7,479)
Depreciation & amortisation							(14,571)
Profit before tax							40,946
Tax expenses							(7,050)
Profit for the period							33,896
Segment assets	1,092,091	319,110	594,504	440,587	303,410	-	2,749,702
Tax recoverable							2,592
Total assets							2,752,294
Segment liabilities	48,446	154,951	24,704	68,116	28,921	-	325,138
Deferred tax liabilities							72,460
Tax payables							16,692
Borrowings							1,058,964
Lease liabilities							56,619
							1,529,873

[Intentionally left blank]

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2021

A8. Segmental information – (cont'd)

Three Months Ended 31 March 2020	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:						
Total external revenue	321,189	337,456	37,666	213,071	-	909,382
Internal segment revenue	390,743	598,172	284,732	15	(1,273,662)	-
Total revenue	711,932	935,628	322,398	213,086	(1,273,662)	909,382
Segment result	53,988	13,230	4,191	33,547	(1,677)	103,279
Interest income						154
Finance cost						(7,376)
Depreciation & amortisation						(12,647)
Profit before tax						83,410
Tax expenses						(11,245)
Profit for the period						72,165
Segment assets	887,589	162,490	665,239	404,397	-	2,119,715
Tax recoverable						1,319
Total assets						2,121,034
Segment liabilities	39,104	54,752	17,278	88,755	-	199,889
Deferred tax liabilities						45,472
Tax payables						30,742
Borrowings						796,063
						1,072,166

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 21 April 2021 incorporated a wholly-owned subsidiary, GCB Cocoa Europe B.V.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2021

A10. Profit before tax

Included in the profit before tax are the following items:

	Current Quarter Ended 31-Mar-21 RM'000	Current Year To-Date 31-Mar-21 RM'000
Amortisation of prepaid lease payments	139	139
Amortisation of leases	2,004	2,004
Amortisation of intangible assets	198	198
Depreciation	12,230	12,230
Realised loss on foreign exchange	9,230	9,230
Unrealised gain on foreign exchange	(1,245)	(1,245)
Realised gain on forward currency contracts	(6)	(6)
Unrealised gain on forward currency contracts	(1,742)	(1,742)
Realised loss on commodity future contracts	31,958	31,958
Unrealised gain on commodity future contracts	(33,472)	(33,472)
Unrealised loss on commodity option contracts	21,238	21,238
Unrealised gain on currency option contracts	(113)	(113)
Impairment loss on trade receivables	31	31
Interest expense	7,479	7,479
Interest income	(116)	(116)

A11. Tax expense

	Current Quarter Ended		Current Year To-Date Ended	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	RM'000	RM'000	RM'000	RM'000
Income tax expense:				
- Current period estimate	6,801	11,245	6,801	11,245
- Under provision in prior year	8	-	8	-
Deferred tax				
- Originated of temporary differences	241	-	241	-
	7,050	11,245	7,050	11,245

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 – FIRST QUARTER ENDED 31 MARCH 2021

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-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Profit for the financial period attributable to owners of the Company (RM'000)	33,896	72,165	33,896	72,165
Weighted average number of ordinary shares in issue ('000)	1,034,363	1,008,425	1,034,363	1,008,425
Basic earnings per share (sen)	3.28	7.16	3.28	7.16

- (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-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Profit for the financial period attributable to owners of the Company (RM'000)	33,896	72,165	33,896	72,165
Weighted average number of ordinary shares in issue ('000)	1,034,363	1,008,425	1,034,363	1,008,425
Effect of dilution of warrants	56,784	57,314	56,784	57,314
Adjusted weighted average number of ordinary shares in issue and issuales	1,091,147	1,065,739	1,091,147	1,065,739
Diluted earnings per share (sen)	3.11	6.77	3.11	6.77

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2021

A13. Prepaid lease payments

	31-Mar-21	31-Dec-20
	RM'000	RM'000
Cost:		
At 1 January	9,952	10,721
Less: Amortisation of prepaid lease payments	(139)	(627)
Foreign exchange difference	263	(142)
At 31 March	10,076	9,952
Analysed as:		
Sub-leases of warehouse	1,683	1,683
Leasehold land	8,393	8,269
	10,076	9,952

A14. Intangible assets

	Goodwill	Trademark	Non-contractual customer relationship	Total
	RM'000	RM'000	RM'000	RM'000
Cost:				
At 1 January 2020	11,945	13	-	11,958
Additions	-	-	-	-
Acquisition of subsidiary	47,700	10,228	14,791	72,719
Translation differences	7,338	1,045	906	9,289
At 31 December 2020 and 1 January 2021	66,983	11,286	15,697	93,966
Additions	-	-	-	-
Acquisition of subsidiary	-	-	-	-
Translation differences	(261)	(261)	(331)	(853)
At 31 March 2021	66,722	11,025	15,366	93,113
Accumulated amortisation and impairment				
At 1 January 2020	-	(3)	-	(3)
Amortisation	-	(1)	(773)	(774)
Translation differences	-	-	(23)	(23)
At 31 December 2020 and 1 January 2021	-	(4)	(796)	(800)
Amortisation	-	-	(198)	(198)
Translation differences	-	-	(13)	(13)
At 31 March 2021	-	(4)	(1,007)	(1,011)
Net carrying amount:				
At 31 December 2020	66,983	11,282	14,901	93,166
At 31 March 2021	66,722	11,021	14,359	92,102

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2021

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 RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
31 March 2021				
Financial assets				
Derivative assets :				
- foreign currency forward contracts	-	9	-	9
- commodity futures contract	18,994	-	-	18,994
- commodity option contracts	39,154	-	-	39,154
	58,148	9	-	58,157
Financial liabilities				
Derivative liabilities :				
- foreign currency forward contracts	-	809	-	809
- cross currency swap	-	9,895	-	9,895
- commodity futures contract	20,615	-	-	20,615
- commodity option contracts	48,205	-	-	48,205
	68,820	10,704	-	79,524
31 December 2020				
Financial assets				
Derivative assets :				
- foreign currency forward contracts	-	1,206	-	1,206
- cross currency swap	-	2,624	-	2,624
- commodity futures contract	47,589	-	-	47,589
- commodity option contracts	1,265	-	-	1,265
	48,854	3,830	-	52,684
Financial liabilities				
Derivative liabilities :				
- foreign currency forward contracts	-	3,667	-	3,667
- foreign currency option contracts	-	191	-	191
- commodity futures contract	70,950	-	-	70,950
- commodity option contracts	325	-	-	325
	71,275	3,858	-	75,133

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2021

A16. Loans and borrowings

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

	Denominated in currency	31-Mar-21 RM'000	31-Dec-20 RM'000
Current			
- Term loans	USD	10,579	10,348
	EUR	16,119	9,403
	RM	411	411
- Trade loans	USD	366,920	463,923
	GBP	74,325	67,140
- Revolving credit	USD	67,132	48,144
	EUR	8,169	6,669
	RM	-	-
- Receivable financing	EUR	100,460	88,747
		644,115	694,785
Non-Current			
- Term loans	USD	30,479	31,988
	EUR	82,691	95,166
	RM	1,679	1,782
- Sukuk	RM	300,000	300,000
		414,849	428,936
		1,058,964	1,123,721

A17. Contingent liabilities

	Group and company	
	31-Mar-21 RM'000	31-Dec-20 RM'000
Corporate guarantees - unsecured		
Issued to banks for banking facilities granted to subsidiaries		
- limit of guarantee	2,190,220	2,131,173
- amount utilised	(650,580)	(710,989)

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
Authorised and contracted for :	
Property, plant and equipment	<u>75,740</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2021

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

There were no material events subsequent to the current quarter ended 31 March 2021 that have not been reflected in this quarterly report.

[Intentionally left blank]

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2021

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

B1. Review of performance

The Group's revenue of RM960.1 million for the current quarter ended 31 March 2021 is higher than the revenue in the previous corresponding quarter ended 31 March 2020 of RM909.4 million. The increase of 5.6% in turnover is mainly due to increase in sales volume of cocoa products.

B2. Comment on material change in profit before tax

The Group made a profit before tax for the quarter 31 March 2021 of RM40.9 million as compared with the profit before tax of RM83.4 million in the preceding year corresponding quarter ended 31 March 2020. This is mainly due to lower margin during current quarter ended 31 March 2021 and also recognition of gain of RM27.8 million arising from disposal of investment in associate in preceding year corresponding quarter ended 31 March 2020.

B3. Commentary of prospects

Travel restrictions anticipated to be lifted among European countries with the recent drop in COVID-19 infection rates and vaccinations rise in major chocolate consuming countries, hence, the Group expects the economy and demand of chocolate likely to recover in the last quarter of 2021. However, the recoverability of global economy especially in developing countries still remain uncertain as it depends on successful roll over of vaccination programs to these countries.

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.

[Intentionally left blank]

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2021

B6. Derivative financial instruments

Details of the outstanding derivative financial instruments as at 31 March 2021 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	372,688 -	(519) -	For hedging currency risk
2	Commodity Futures Sale Contracts - Less than 1 year - 1 year to 3 years Purchase Contracts - Less than 1 year	1,213,792 17,430 1,291,520	31,148 (105) (22,514)	For hedging price risk
3	Commodity Options Sale Contracts - Less than 1 year Purchase Contracts - Less than 1 year	773,794 371,861	20,868 (25,315)	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 – FIRST QUARTER ENDED 31 MARCH 2021

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 27 May 2021, the board declared the first interim single-tier dividend of 1.0 sen per ordinary share in respect of financial year ending 31 December 2021 to shareholders registered in the Record of Depositors at close of business on 15 June 2021 and subsequently will be paid on 9 July 2021.

B9. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2020 was not qualified.

Tay Hoe Lian
Managing Director
Dated: 27.05.2021