

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2021**
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

For the period ended 30 June 2021 – unaudited

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Quarter Ended 30 June 2021	Preceding Year Corresponding Quarter Ended 30 June 2020	Current Year To-Date Ended 30 June 2021	Preceding Year To-Date Ended 30 June 2020
	Note	RM'000	RM'000	RM'000	RM'000
Revenue		876,226	910,777	1,836,347	1,820,159
<b>Profit from operations</b>		51,259	77,496	99,630	168,255
Finance costs		(7,535)	(6,138)	(15,014)	(13,514)
Share of profit of associates		175	232	229	259
<b>Profit before tax</b>	A10	43,899	71,590	84,845	155,000
Tax expense	A11	(7,510)	(14,614)	(14,560)	(25,859)
<b>Profit for the period</b>		36,389	56,976	70,285	129,141
<b>Other comprehensive income, net of tax</b>					
Exchange differences on translation foreign operations		3,460	116	12,522	26,093
Share of other comprehensive income of associates		-	2	46	98
Hedge of net investments in foreign operations		1,262	-	(9,371)	-
<b>Total other comprehensive income for the period, net of tax</b>		4,722	118	3,197	26,191
<b>Total comprehensive income for the period</b>		41,111	57,094	73,482	155,332
<b>Profit attributable to:</b>					
Owners of the Company		36,389	56,976	70,285	129,141
Non-controlling interests		-	-	-	-
<b>Profit for the period</b>		36,389	56,976	70,285	129,141
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		41,111	57,094	73,482	155,332
Non-controlling interests		-	-	-	-
<b>Total comprehensive income for the period</b>		41,111	57,094	73,482	155,332
<b>Basic earnings per ordinary share (sen)</b>	A12(a)	3.51	5.65	6.79	12.80
<b>Diluted earnings per ordinary share (sen)</b>	A12(b)	3.34	5.35	6.44	12.13

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 SECOND QUARTER ENDED 30 JUNE 2021**
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2021 – unaudited

		30 June 2021	31 December 2020
	Note	RM'000	RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		900,868	834,798
Prepaid lease payments	A13	10,954	9,952
Intangible assets	A14	92,958	93,166
Investment property		20,806	21,135
Investment in associates		4,496	4,220
		<b>1,030,082</b>	<b>963,271</b>
<b>Current assets</b>			
Inventories		1,362,567	1,302,064
Trade and other receivables		474,275	509,076
Derivative financial assets	A15	7,755	52,684
Tax recoverable		4,353	8,152
Deposits, bank and cash balances		87,880	78,211
		<b>1,936,830</b>	<b>1,950,187</b>
<b>Total assets</b>		<b>2,966,912</b>	<b>2,913,458</b>
<b>Equity</b>			
Share capital		270,623	263,236
Treasury shares		(720)	(720)
Foreign currency translation reserve		59,668	47,099
Hedging reserve		(6,943)	2,429
Retained profits		926,383	876,866
<b>Total equity</b>		<b>1,249,011</b>	<b>1,188,910</b>
<b>Non-current liabilities</b>			
Loans and borrowings	A16	409,043	428,936
Provision for employee benefit		3,244	3,138
Deferred tax liabilities		72,757	72,498
Lease liabilities		45,538	50,029
		<b>530,582</b>	<b>554,601</b>
<b>Current liabilities</b>			
Trade and other payables		341,149	364,195
Derivative financial liabilities	A15	13,892	75,133
Loans and borrowings	A16	813,053	694,785
Tax payable		8,632	26,739
Lease liabilities		10,593	9,095
		<b>1,187,319</b>	<b>1,169,947</b>
<b>Total liabilities</b>		<b>1,717,901</b>	<b>1,724,548</b>
<b>Total equity and liabilities</b>		<b>2,966,912</b>	<b>2,913,458</b>
<b>Net assets per share (sen)</b>			
attributable to owners of the Company		120.64	116.51

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 SECOND QUARTER ENDED 30 JUNE 2021**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the period ended 30 June 2021 – 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 2021</b>	263,236	(720)	47,099	2,429	876,866	1,188,910
Profit for the period	-	-	-	-	70,285	70,285
Other comprehensive income for the period:						
foreign currency translation differences	-	-	12,522	-	-	12,522
share of other comprehensive loss of associates	-	-	46	-	-	46
hedge of net investments in foreign operations	-	-	-	(9,371)	-	(9,371)
<b>Total comprehensive income for the period</b>	-	-	12,568	(9,371)	70,285	73,482
<b>Transactions with owners</b>						
Purchase of treasury shares	-	-	-	-	-	-
Issuance of new shares	7,387	-	-	-	-	7,387
Dividends	-	-	-	-	(20,768)	(20,768)
<b>Contribution from/distribution to owners of the Company</b>	7,387	-	-	-	(20,768)	(13,381)
<b>Balance at 30 June 2021</b>	270,623	(720)	59,668	(6,943)	926,383	1,249,011
<b>Balance as at 1 January 2020</b>	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)
<b>Total comprehensive income for the year</b>	-	-	8,036	2,429	222,443	232,908
<b>Transactions with owners</b>						
Disposal of treasury shares	-	(494)	-	-	-	(494)
Issuance of new shares	42,829	-	-	-	-	42,829
Dividends	-	-	-	-	(35,956)	(35,956)
<b>Total transactions with owners</b>	42,829	(494)	-	-	(35,956)	6,379
<b>Balance at 31 December 2020</b>	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 SECOND QUARTER ENDED 30 JUNE 2021**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the period ended 30 June 2021 – unaudited

	Six Months Ended	
	30-Jun-21	30-Jun-20
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	84,845	155,000
Adjustments for:		
Non-cash and non-operating items	9,420	(23,921)
Operating profit before working capital changes	94,265	131,079
Changes in working capital		
Net change in current assets	25,037	205,881
Net change in current liabilities	(49,107)	(220,211)
Cash generated from / (used in) operations	70,195	116,749
Tax paid	(32,258)	(10,210)
Tax refund	-	-
Interest paid	(14,334)	(13,466)
Interest received	209	257
<b>Net cash from operating activities</b>	<b>23,812</b>	<b>93,330</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(85,623)	(13,780)
Payment to holding company	-	(3,120)
Net cash outflow from acquisition of subsidiary	-	(119,537)
Proceeds from disposal of investment in associate	-	32,000
Proceeds from disposal of property, plant and equipment	2,109	-
<b>Net cash used in investing activities</b>	<b>(83,514)</b>	<b>(104,437)</b>
<b>Cash flows from financing activities</b>		
Bank and other borrowings	90,172	(7,161)
Conversion of warrants to ordinary shares	7,387	25,304
Changes in Fixed deposit pledged	5,404	-
Purchase of treasury shares	-	(494)
Dividend paid	(25,892)	-
Repayment of lease liabilities	(1,229)	(1,160)
<b>Net cash from financing activities</b>	<b>75,842</b>	<b>16,489</b>
Net increase in cash and cash equivalents	16,140	5,382
Effect of exchange rate changes	(1,545)	1,294
Cash and cash equivalents at the beginning of financial period	58,338	33,073
<b>Cash and cash equivalents at the end of financial period</b>	<b>72,933</b>	<b>39,749</b>
<b>Cash and cash equivalents at the end of financial period comprise of :</b>		
Deposits, bank and cash balances	87,880	55,669
Bank overdrafts	-	-
	87,880	55,669
Less : Non-cash and cash equivalents		
Fixed deposit pledged to bank as collateral	(14,947)	(15,920)
	<b>72,933</b>	<b>39,749</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 2020 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 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**

Final single-tier dividend of 1.0 sen per ordinary share amounting to RM10,383,701.17 in respect of the financial year ending 31 December 2020 was declared on 26 February 2021 and subsequently paid on 4 June 2021. The payment was made to shareholders whose names appeared in the Company’s Record of Depositors on 12 May 2021.

First interim single-tier dividend of 1.0 sen per ordinary share amounting to RM10,383,851.17 in respect of the financial year ending 31 December 2021 was declared on 27 May 2021 and subsequently paid on 9 July 2021. The payment was made to shareholders whose names appeared in the Company’s Record of Depositors on 15 June 2021.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 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.

Six Months Ended 30 June 2021	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Germany RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>Geographical Segments:</b>							
Total external revenue	568,906	690,740	120,153	430,390	26,158	-	1,836,347
Internal segment revenue	942,305	1,360,620	504,842	-	15,184	(2,822,951)	-
<b>Total revenue</b>	<b>1,511,211</b>	<b>2,051,360</b>	<b>624,995</b>	<b>430,390</b>	<b>41,342</b>	<b>(2,822,951)</b>	<b>1,836,347</b>
<b>Segment result</b>	<b>68,436</b>	<b>28,901</b>	<b>18,833</b>	<b>10,528</b>	<b>12,041</b>	<b>(9,176)</b>	<b>129,563</b>
Interest income							209
Finance cost							(15,014)
Depreciation & amortisation							(29,913)
Profit before tax							84,845
Tax expenses							(14,560)
Profit for the period							70,285
<b>Segment assets</b>	<b>1,318,851</b>	<b>207,671</b>	<b>680,314</b>	<b>416,802</b>	<b>338,921</b>	<b>-</b>	<b>2,962,559</b>
Tax recoverable							4,353
<b>Total assets</b>							<b>2,966,912</b>
<b>Segment liabilities</b>	<b>45,417</b>	<b>157,175</b>	<b>25,022</b>	<b>89,149</b>	<b>41,522</b>	<b>-</b>	<b>358,285</b>
Deferred tax liabilities							72,757
Tax payables							8,632
Borrowings							1,222,096
Lease liabilities							56,131
							1,717,901

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2021**

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

Six Months Ended 30 June 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	665,059	709,996	61,358	383,746	-	1,820,159
Internal segment revenue	936,636	1,247,633	558,234	30	(2,742,533)	-
<b>Total revenue</b>	<b>1,601,695</b>	<b>1,957,629</b>	<b>619,592</b>	<b>383,776</b>	<b>(2,742,533)</b>	<b>1,820,159</b>
<b>Segment result</b>	<b>105,889</b>	<b>33,197</b>	<b>17,261</b>	<b>36,283</b>	<b>1,231</b>	<b>193,861</b>
Interest income						257
Finance cost						(13,514)
Depreciation & amortisation						(25,604)
Profit before tax						155,000
Tax expenses						(25,859)
Profit for the period						129,141
<b>Segment assets</b>	<b>932,070</b>	<b>206,957</b>	<b>625,763</b>	<b>427,913</b>	<b>-</b>	<b>2,192,703</b>
Tax recoverable						1,044
<b>Total assets</b>						<b>2,193,747</b>
<b>Segment liabilities</b>	<b>58,467</b>	<b>68,487</b>	<b>46,828</b>	<b>92,743</b>	<b>-</b>	<b>266,525</b>
Deferred tax liabilities						45,303
Tax payables						40,581
Borrowings						711,574
						1,063,983

**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. and on 29 June 2021 incorporated another wholly-owned subsidiary, GCB Cocoa Trading Cote D'Ivoire.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2021**

**A10. Profit before tax**

Included in the profit before tax are the following items:

	<b>Current Quarter Ended 30-Jun-21 RM'000</b>	<b>Current Year To-Date 30-Jun-21 RM'000</b>
Amortisation of prepaid lease payments	141	280
Amortisation of leases	2,360	4,364
Amortisation of intangible assets	200	398
Depreciation	12,641	24,871
Realised loss on foreign exchange	6,337	15,567
Unrealised gain on foreign exchange	(4,854)	(6,099)
Realised loss on forward currency contracts	23	17
Unrealised gain on forward currency contracts	(1,289)	(3,031)
Realised (gain)/loss on commodity future contracts	(13,911)	18,047
Unrealised loss/(gain) on commodity future contracts	4,997	(28,475)
Unrealised (gain)/ loss on commodity option contracts	(18,175)	3,063
Unrealised gain on currency option contracts	-	(113)
Reversal of impairment loss on trade receivables	(34)	(3)
Interest expense	7,535	15,014
Interest income	(93)	(209)

**A11. Tax expense**

	<b>Current Quarter Ended</b>		<b>Current Year To-Date Ended</b>	
	<b>30-Jun-21 RM'000</b>	<b>30-Jun-20 RM'000</b>	<b>30-Jun-21 RM'000</b>	<b>30-Jun-20 RM'000</b>
Income tax expense:				
- Current period estimate	7,873	14,614	14,674	25,859
- Under provision in prior year	18	-	26	-
Deferred tax				
- Originated of temporary differences	(381)	-	(140)	-
	<b>7,510</b>	<b>14,614</b>	<b>14,560</b>	<b>25,859</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 – SECOND QUARTER ENDED 30 JUNE 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	
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
Profit for the financial period attributable to owners of the Company (RM'000)	36,389	56,976	70,285	129,141
Weighted average number of ordinary shares in issue ('000)	1,035,289	1,009,289	1,035,289	1,009,289
Basic earnings per share (sen)	3.51	5.65	6.79	12.80

- (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-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
Profit for the financial period attributable to owners of the Company (RM'000)	36,389	56,976	70,285	129,141
Weighted average number of ordinary shares in issue ('000)	1,035,289	1,009,289	1,035,289	1,009,289
Effect of dilution of warrants	55,776	55,032	55,776	55,032
Adjusted weighted average number of ordinary shares in issue and issuales	1,091,065	1,064,321	1,091,065	1,064,321
Diluted earnings per share (sen)	3.34	5.35	6.44	12.13

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2021**

**A13. Prepaid lease payments**

	30-Jun-21 RM'000	31-Dec-20 RM'000
<b>Cost:</b>		
At 1 January	9,952	10,721
Add: Payment for sub-leases	1,061	-
	11,013	10,721
Less: Amortisation of prepaid lease payments	(280)	(627)
Foreign exchange difference	221	(142)
At 30 June	10,954	9,952
<b>Analysed as:</b>		
Sub-leases of warehouse	2,691	1,683
Leasehold land	8,263	8,269
	10,954	9,952

**A14. Intangible assets**

	Goodwill RM'000	Trademark RM'000	Non-contractual customer relationship RM'000	Total RM'000
<b>Cost:</b>				
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	446	(124)	(131)	191
At 30 June 2021	67,429	11,162	15,566	94,157
<b>Accumulated amortisation and impairment</b>				
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	-	-	(398)	(398)
Translation differences	-	-	(1)	(1)
At 30 June 2021	-	(4)	(1,195)	(1,199)
<b>Net carrying amount:</b>				
At 31 December 2020	66,983	11,282	14,901	93,166
At 30 June 2021	67,429	11,158	14,371	92,958

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 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			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>30 June 2021</b>				
<b>Financial assets</b>				
<b>Derivative assets :</b>				
- foreign currency forward contracts	-	706	-	706
- commodity futures contract	1,500	-	-	1,500
- commodity option contracts	5,549	-	-	5,549
	<b>7,049</b>	<b>706</b>	<b>-</b>	<b>7,755</b>
<b>Financial liabilities</b>				
<b>Derivative liabilities :</b>				
- foreign currency forward contracts	-	210	-	210
- cross currency swap	-	9,203	-	9,203
- commodity futures contract	449	-	-	449
- commodity option contracts	4,030	-	-	4,030
	<b>4,479</b>	<b>9,413</b>	<b>-</b>	<b>13,892</b>
<b>31 December 2020</b>				
<b>Financial assets</b>				
<b>Derivative assets :</b>				
- 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
	<b>48,854</b>	<b>3,830</b>	<b>-</b>	<b>52,684</b>
<b>Financial liabilities</b>				
<b>Derivative liabilities :</b>				
- 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
	<b>71,275</b>	<b>3,858</b>	<b>-</b>	<b>75,133</b>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2021**

**A16. Loans and borrowings**

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

		Denominated in currency	30-Jun-21 RM'000	31-Dec-20 RM'000
<b>Current</b>				
	- Term loans	USD	10,855	10,348
		EUR	16,401	9,403
		RM	411	411
	- Trade loans	USD	325,434	463,923
		GBP	314,660	67,140
	- Revolving credit	USD	54,452	48,144
		EUR	4,700	6,669
		RM	-	-
	- Receivable financing	EUR	86,140	88,747
			813,053	694,785
<b>Non-Current</b>				
	- Term loans	USD	27,435	31,988
		EUR	80,032	95,166
		RM	1,576	1,782
	- Sukuk	RM	300,000	300,000
			409,043	428,936
			<b>1,222,096</b>	<b>1,123,721</b>

**A17. Contingent liabilities**

	Group and company	
	30-Jun-21 RM'000	31-Dec-20 RM'000
<b>Corporate guarantees - unsecured</b>		
Issued to banks for banking facilities granted to subsidiaries		
- limit of guarantee	2,192,966	2,131,173
- amount utilised	(847,767)	(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
<b>Authorised and contracted for :</b>	
Property, plant and equipment	<u>79,335</u>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2021**

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

There were no material events subsequent to the current quarter ended 30 June 2021 that have not been reflected in this quarterly report.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 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 RM876.2 million for the current quarter ended 30 June 2021 is lower than the revenue in the previous corresponding quarter ended 30 June 2020 of RM910.8 million. The decrease of 3.8% in turnover is mainly due to decrease 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 30 June 2021 of RM43.9 million as compared with the profit before tax of RM71.6 million in the preceding year corresponding quarter ended 30 June 2020. This is mainly due to lower revenue and margin during current quarter ended 30 June 2021.

**B3. Commentary of prospects**

COVID-19 has become widespread in certain Asian countries and this has slightly affected the demand. Future demand will depend on the speed of vaccine rollout in those countries in the coming months.

Container shortage issue continues to pose a problem to the cocoa industry as it increases the freight cost. We expect this issue to persist at least until the beginning of next year and hence we foresee shipment this year will be delayed. However, the issue will only slightly affect our cost and shipments on the import of cocoa beans.

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 – SECOND QUARTER ENDED 30 JUNE 2021**

**B6. Derivative financial instruments**

Details of the outstanding derivative financial instruments as at 30 June 2021 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	432,467  116,801	821  (123)	For hedging currency risk
2	Commodity Futures Sale Contracts - Less than 1 year - 1 year to 3 years  Purchase Contracts - Less than 1 year - 1 year to 3 years	223,141 17,514  216,873 40,039	865 (316)  22 432	For hedging price risk
3	Commodity Options Sale Contracts - Less than 1 year  Purchase Contracts - Less than 1 year	303,792  115,613	1,974  (407)	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 – SECOND QUARTER ENDED 30 JUNE 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**

The Board of Directors does not recommend any dividend for the current financial quarter.

**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: 23.08.2021