

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
 AND OTHER COMPREHENSIVE INCOME**

For the period ended 31 December 2021 – unaudited

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Quarter Ended 31 Dec 2021 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2020 RM'000	Current Year To-Date Ended 31 Dec 2021 RM'000	Preceding Year To-Date Ended 31 Dec 2020 RM'000
Revenue		1,088,341	1,023,239	3,922,792	3,684,985
Profit from operations		80,470	59,867	230,788	292,602
Finance costs		(9,187)	(5,730)	(33,277)	(25,619)
Share of profit of associates		105	(271)	410	337
Profit before tax	A10	71,388	53,866	197,921	267,320
Tax expense	A11	(20,149)	(7,077)	(41,942)	(44,611)
Profit for the period		51,239	46,789	155,979	222,709
Other comprehensive income, net of tax					
Exchange differences on translation of foreign operations		(6,615)	(9,720)	5,321	8,073
Share of other comprehensive income of associates		6	(116)	(79)	(37)
Remeasurement of employee benefits liability		120	(266)	120	(266)
Hedge of net investments in foreign operations		3,528	2,429	(9,267)	2,429
Total other comprehensive income for the period, net of tax		(2,961)	(7,673)	(3,905)	10,199
Total comprehensive income for the period		48,278	39,116	152,074	232,908
Profit attributable to:					
Owners of the Company		51,239	46,789	155,979	222,709
Non-controlling interests		-	-	-	-
Profit for the period		51,239	46,789	155,979	222,709
Total comprehensive income attributable to:					
Owners of the Company		48,278	39,116	152,074	232,908
Non-controlling interests		-	-	-	-
Total comprehensive income for the period		48,278	39,116	152,074	232,908
Basic earnings per ordinary share (sen)	A12(a)	4.92	4.59	14.97	21.82
Diluted earnings per ordinary share (sen)	A12(b)	4.69	4.34	14.28	20.64

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 FOURTH QUARTER ENDED 31 DECEMBER 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021 – unaudited

	Note	31 December 2021 RM'000	31 December 2020 RM'000
Assets			
Non-current assets			
Property, plant and equipment		938,457	834,798
Prepaid lease payments	A13	9,634	9,952
Intangible assets	A14	88,138	93,166
Investment property		20,319	21,135
Investment in associates		4,551	4,220
		1,061,099	963,271
Current assets			
Inventories		1,875,351	1,302,064
Trade and other receivables		420,392	509,076
Derivative financial assets	A15	30,135	52,684
Tax recoverable		8,619	8,152
Deposits, bank and cash balances		73,809	78,211
		2,408,306	1,950,187
Total assets		3,469,405	2,913,458
Equity			
Share capital		297,059	263,236
Treasury shares		(720)	(720)
Foreign currency translation reserve		52,341	47,099
Hedging reserve		(6,838)	2,429
Retained profits		1,001,654	876,866
Total equity		1,343,496	1,188,910
Non-current liabilities			
Loans and borrowings	A16	391,826	428,936
Provision for employee benefit		3,216	3,138
Deferred tax liabilities		73,180	72,498
Lease liabilities		46,301	50,029
		514,523	554,601
Current liabilities			
Trade and other payables		660,695	364,195
Derivative financial liabilities	A15	23,949	75,133
Loans and borrowings	A16	900,463	694,785
Tax payable		12,949	26,739
Lease liabilities		13,330	9,095
		1,611,386	1,169,947
Total liabilities		2,125,909	1,724,548
Total equity and liabilities		3,469,405	2,913,458
Net assets per share (sen)			
attributable to owners of the Company		128.96	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 FOURTH QUARTER ENDED 31 DECEMBER 2021
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2021 – unaudited

	Non-distributable				Distributable	
	Share Capital RM'000	Treasury Share RM'000	Foreign Currency Translation Reserve RM'000	Hedging Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
Balance as at 1 January 2021	263,236	(720)	47,099	2,429	876,866	1,188,910
Profit for the period	-	-	-	-	155,979	155,979
Other comprehensive income for the period:						
foreign currency translation differences	-	-	5,321	-	-	5,321
share of other comprehensive loss of associates	-	-	(79)	-	-	(79)
hedge of net investments in foreign operations	-	-	-	(9,267)	-	(9,267)
remeasurement of post-employment benefit obligation, net of tax	-	-	-	-	120	120
Total comprehensive income for the period	-	-	5,242	(9,267)	156,099	152,074
Transactions with owners						
Purchase of treasury shares	-	-	-	-	-	-
Issuance of new shares	33,823	-	-	-	-	33,823
Dividends	-	-	-	-	(31,311)	(31,311)
Contribution from/distribution to owners of the Company	33,823	-	-	-	(31,311)	2,512
Balance at 31 December 2021	297,059	(720)	52,341	(6,838)	1,001,654	1,343,496
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 FOURTH QUARTER ENDED 31 DECEMBER 2021
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 December 2021 – unaudited

	Twelve Months Ended	
	31-Dec-21	31-Dec-20
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	197,921	267,320
Adjustments for:		
Non-cash and non-operating items	61,125	71,419
Operating profit before working capital changes	259,046	338,739
Changes in working capital		
Net change in current assets	(456,014)	(186,032)
Net change in current liabilities	257,696	(65,916)
Cash generated from / (used in) operations	60,728	86,791
Tax paid	(56,608)	(60,463)
Tax refund	799	134
Interest paid	(31,589)	(24,546)
Interest received	454	462
Employee benefit paid	(48)	(73)
Net cash used in operating activities	(26,264)	2,305
Cash flows from investing activities		
Purchase of property, plant and equipment	(147,715)	(212,460)
Payment to holding company	-	359
Net cash outflow from acquisition of subsidiary	-	(134,248)
Proceeds from disposal of investment in associate	-	32,000
Proceeds from disposal of property, plant and equipment	10,020	100
Others	-	(6,972)
Net cash used in investing activities	(137,695)	(321,221)
Cash flows from financing activities		
Bank and other borrowings	169,104	332,069
Conversion of warrants to ordinary shares	33,823	42,829
Changes in Fixed deposit pledged	5,371	-
Purchase of treasury shares	-	(494)
Dividend paid	(36,436)	(20,448)
Repayment of lease liabilities	(3,665)	(10,438)
Net cash from financing activities	168,197	343,518
Net increase in cash and cash equivalents	4,238	24,602
Effect of exchange rate changes	(3,790)	664
Cash and cash equivalents at the beginning of financial period	58,338	33,073
Cash and cash equivalents at the end of financial period	58,786	58,339
Cash and cash equivalents at the end of financial period comprise of :		
Deposits, bank and cash balances	73,809	78,211
Bank overdrafts	-	-
	73,809	78,211
Less : Non-cash and cash equivalents		
Fixed deposit pledged to bank as collateral	(15,023)	(19,872)
	58,786	58,339

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 – FOURTH QUARTER ENDED 31 DECEMBER 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 1.0 sen per ordinary share amounting to RM10,544,067.83 in respect of the financial year ending 31 December 2021 was declared on 22 November 2021 and subsequently paid on 20 January 2022. The payment was made to shareholders whose names appeared in the Company’s Record of Depositors on 23 December 2021.

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

Twelve Months Ended 31 December 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	1,271,363	1,390,937	264,672	929,493	66,327	-	3,922,792
Internal segment revenue	1,894,922	3,201,677	1,095,564	24	55,034	(6,247,221)	-
Total revenue	3,166,285	4,592,614	1,360,236	929,517	121,361	(6,247,221)	3,922,792
Segment result	155,658	84,161	31,289	33,025	25,757	(36,292)	293,598
Interest income							454
Finance cost							(33,277)
Depreciation & amortisation							(62,854)
Profit before tax							197,921
Tax expenses							(41,942)
Profit for the period							155,979
Segment assets	1,560,084	297,962	909,078	300,475	392,833	-	3,460,432
Tax recoverable							8,973
Total assets							3,469,405
Segment liabilities	72,919	426,042	47,792	81,506	59,953	-	688,212
Deferred tax liabilities							73,180
Tax payables							12,596
Borrowings							1,292,290
Lease liabilities							59,631
Total liabilities							2,125,909

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2021

A8. Segmental information – (cont'd)

Twelve Months Ended 31 December 2020	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	1,269,978	1,421,298	140,737	789,286	63,686	-	3,684,985
Internal segment revenue	1,922,129	2,820,041	1,171,899	-	18,493	(5,932,562)	-
Total revenue	3,192,107	4,241,339	1,312,636	789,286	82,179	(5,932,562)	3,684,985
Segment result	200,350	84,159	27,665	14,985	45,350	(23,236)	349,273
Interest income							462
Finance cost							(25,619)
Depreciation & amortisation							(56,796)
Profit before tax							267,320
Tax expenses							(44,611)
Profit for the period							222,709
Segment assets	1,197,967	369,003	612,813	458,336	267,187	-	2,905,306
Tax recoverable							8,152
Total assets							2,913,458
Segment liabilities	52,530	247,786	37,624	81,003	23,523	-	442,466
Deferred tax liabilities							72,498
Tax payables							26,739
Borrowings							1,123,721
Lease Liabilities							59,124
Total liabilities							1,724,548

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 2021

A10. Profit before tax

Included in the profit before tax are the following items:

	Current Quarter Ended 31-Dec-21 RM'000	Current Year To-Date 31-Dec-21 RM'000
Amortisation of prepaid lease payments	101	525
Amortisation of leases	1,685	8,751
Amortisation of intangible assets	192	790
Depreciation	15,089	52,787
Realised gain on foreign exchange	(20,749)	(4,961)
Unrealised loss/(gain) on foreign exchange	17,742	(459)
Realised loss on forward currency contracts	380	533
Unrealised loss/(gain) on forward currency contracts	4,602	(4,004)
Realised gain on commodity future contracts	(18,210)	(613)
Unrealised gain on commodity future contracts	(37,782)	(40,086)
Unrealised loss on commodity option contracts	1,196	1,660
Unrealised gain on currency option contracts	-	(115)
Reversal of impairment loss on trade receivables	(5)	(23)
Interest expense	7,499	31,589
Interest income	(206)	(454)

A11. Tax expense

	Current Quarter Ended		Current Year To-Date Ended	
	31-Dec-21 RM'000	31-Dec-20 RM'000	31-Dec-21 RM'000	31-Dec-20 RM'000
Income tax expense:				
- Current period estimate	18,840	10,946	41,026	49,376
- (Over)Under provision in prior year	(765)	259	(762)	(637)
Deferred tax				
- Originated of temporary differences	1,914	(4,128)	1,518	(4,128)
- Over provision in prior year	(66)	-	(66)	-
Real property gain tax	226	-	226	-
	20,149	7,077	41,942	44,611

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 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-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Profit for the financial period attributable to owners of the Company (RM'000)	51,239	46,789	155,979	222,709
Weighted average number of ordinary shares in issue ('000)	1,041,776	1,020,441	1,041,776	1,020,441
Basic earnings per share (sen)	4.92	4.59	14.97	21.82

- (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-21	31-Dec-20	31-Dec-21	31-Dec-20
Profit for the financial period attributable to owners of the Company (RM'000)	51,239	46,789	155,979	222,709
Weighted average number of ordinary shares in issue ('000)	1,041,776	1,020,441	1,041,776	1,020,441
Effect of dilution of warrants	50,555	58,639	50,555	58,639
Adjusted weighted average number of ordinary shares in issue and issuales	1,092,331	1,079,080	1,092,331	1,079,080
Diluted earnings per share (sen)	4.69	4.34	14.28	20.64

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2021

A13. Prepaid lease payments

	31-Dec-21 RM'000	31-Dec-20 RM'000
Cost:		
At 1 January	9,952	10,721
Add: Payment for sub-leases		-
	9,952	10,721
Less: Amortisation of prepaid lease payments	(526)	(627)
Foreign exchange difference	208	(142)
At 31 December	9,634	9,952
Analysed as:		
Sub-leases of warehouse	1,630	1,683
Leasehold land	8,004	8,269
	9,634	9,952

A14. Intangible assets

	Goodwill RM'000	Trademark RM'000	Non-contractual customer relationship RM'000	Total 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	(1,819)	(873)	(610)	(3,302)
At 31 December 2021	65,164	10,413	15,087	90,664
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	-	(1)	(789)	(790)
Impairment	(1,002)	-	-	(1,002)
Translation differences	-	-	66	66
At 31 December 2021	(1,002)	(5)	(1,519)	(2,526)
Net carrying amount:				
At 31 December 2020	66,983	11,282	14,901	93,166
At 31 December 2021	64,162	10,408	13,568	88,138

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 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
31 December 2021				
Financial assets				
Derivative assets :				
- foreign currency forward contracts	-	1,960	-	1,960
- foreign currency option contracts	-	-	-	-
- cross currency swap	-	-	-	-
- commodity futures contract	20	-	-	20
- commodity option contracts	28,155	-	-	28,155
	28,175	1,960	-	30,135
Financial liabilities				
Derivative liabilities :				
- foreign currency forward contracts	-	526	-	526
- cross currency swap	-	10,605	-	10,605
- commodity futures contract	3	-	-	3
- commodity option contracts	12,815	-	-	12,815
	12,818	11,131	-	23,949
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 – FOURTH QUARTER ENDED 31 DECEMBER 2021

A16. Loans and borrowings

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

	Denominated in currency	31-Dec-21 RM'000	31-Dec-20 RM'000
Current			
- Term loans	USD	11,071	10,348
	EUR	15,645	9,403
	RM	411	411
- Trade loans	USD	339,767	463,923
	GBP	418,763	67,140
- Revolving credit	USD	107,511	48,144
	EUR	7,295	6,669
- Receivable financing	EUR	-	88,747
		900,463	694,785
Non-Current			
- Term loans	USD	21,935	31,988
	EUR	68,521	95,166
	RM	1,370	1,782
- Sukuk	RM	300,000	300,000
		391,826	428,936
		1,292,289	1,123,721

A17. Contingent liabilities

	Group and company	
	31-Dec-21 RM'000	31-Dec-20 RM'000
Corporate guarantees - unsecured		
Issued to banks for banking facilities granted to subsidiaries		
- limit of guarantee	2,156,421	2,131,173
- amount utilised	(997,964)	(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>70,897</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2021

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

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 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 RM1,088 million for the current quarter ended 31 December 2021 is higher than the revenue in the previous corresponding quarter ended 31 December 2020 of RM1,023 million. The increase of 6.36% 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 December 2021 of RM71.4 million as compared with the profit before tax of RM53.9 million in the preceding year corresponding quarter ended 31 December 2020. This is mainly due to improved margin during current quarter ended 31 December 2021.

B3. Commentary of prospects

COVID-19 vaccines have rolled out in most countries and the current situation is under better control. However, despite the high vaccination rate in some countries, the effectiveness of vaccines against the new COVID-19 variants still remains uncertain. Travel restrictions have been gradually eased in some countries while travelers are still concern to travel during a pandemic. Nevertheless, with cocoa consumption showing signs of improvement in the European and American markets, the industry is positive on the demand.

We foresee the container shortage issue to persist throughout the year but expect it to slightly ease off and improve in the second half of 2022. The high freight costs will likely reduce the price competitiveness of our products coming from Asia, as compared to products from European and American markets.

All in all, we are confident in our long term prospects and the uptrend of future cocoa and chocolate demand. The Group will continue to place strong focus on exploring new markets, especially in the European region for its wide range of cocoa ingredients as well as industrial chocolate, and optimizing 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 2021

B6. Derivative financial instruments

Details of the outstanding derivative financial instruments as at 31 December 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	447,718 271,322	1,750 (149)	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	324,456 1,047 369,999 12,387	1,950 14 5,622 7,174	For hedging price risk
3	Commodity Options Sale Contracts - Less than 1 year Purchase Contracts - Less than 1 year	391,569 483,302	(5,152) 4,849	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 – FOURTH QUARTER ENDED 31 DECEMBER 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 is pleased to propose a final single-tier dividend of 2 sen per ordinary share for the financial year ended 31 December 2021. 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 2020 was not qualified.

Tay Hoe Lian
Managing Director
Dated: 21.02.2022