

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

For the period ended 30 September 2022 – unaudited

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Quarter Ended 30 Sep 2022 RM'000	Preceding Year Corresponding Quarter Ended 30 Sep 2021 RM'000	Current Year To-Date Ended 30 Sep 2022 RM'000	Preceding Year To-Date Ended 30 Sep 2021 RM'000
Revenue		1,100,499	998,104	3,288,531	2,834,451
<b>Profit from operations</b>		51,875	50,688	193,987	150,318
Finance costs		(14,001)	(9,076)	(36,267)	(24,090)
Share of profit of associates		(359)	76	(283)	305
<b>Profit before tax</b>	A10	37,515	41,688	157,437	126,533
Tax expense	A11	(6,759)	(7,233)	(28,802)	(21,793)
<b>Profit for the period</b>		30,756	34,455	128,635	104,740
<b>Other comprehensive income, net of tax</b>					
Exchange differences on translation foreign operations		13,479	(586)	19,973	11,936
Share of other comprehensive income of associates		76	(131)	186	(85)
Hedge of net investments in foreign operations		(246)	(3,424)	(12,026)	(12,795)
<b>Total other comprehensive income for the period, net of tax</b>		13,309	(4,141)	8,133	(944)
<b>Total comprehensive income for the period</b>		44,065	30,314	136,768	103,796
<b>Profit attributable to:</b>					
Owners of the Company		30,756	34,455	128,635	104,740
Non-controlling interests		-	-	-	-
<b>Profit for the period</b>		30,756	34,455	128,635	104,740
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		44,065	30,314	136,768	103,796
Non-controlling interests		-	-	-	-
<b>Total comprehensive income for the period</b>		44,065	30,314	136,768	103,796
<b>Basic earnings per ordinary share (sen)</b>	A12(a)	2.89	3.32	12.09	10.10
<b>Diluted earnings per ordinary share (sen)</b>	A12(b)	2.84	3.16	11.89	9.62

The above condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 September 2022 – unaudited

	Note	30 September 2022 RM'000	31 December 2021 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,126,078	957,460
Intangible assets	A13	86,352	88,361
Investment property		20,114	20,319
Investment in associates		4,455	4,551
Deferred tax assets		1,933	1,737
		<b>1,238,932</b>	<b>1,072,428</b>
<b>Current assets</b>			
Inventories		1,491,750	1,875,457
Trade and other receivables		394,615	431,643
Derivative financial assets	A14	57,583	33,464
Tax recoverable		15,209	8,671
Deposits, bank and cash balances		98,205	73,809
		<b>2,057,362</b>	<b>2,423,044</b>
<b>Total assets</b>		<b>3,296,294</b>	<b>3,495,472</b>
<b>Equity</b>			
Share capital		410,179	297,059
Treasury shares		(720)	(720)
Foreign currency translation reserve		72,492	52,333
Hedging reserve		(18,864)	(6,838)
Retained profits		1,069,657	1,000,513
<b>Total equity</b>		<b>1,532,744</b>	<b>1,342,347</b>
<b>Non-current liabilities</b>			
Loans and borrowings	A15	370,580	391,826
Provision for employee benefit		3,545	3,216
Deferred tax liabilities		76,209	75,095
Lease liabilities		54,724	46,106
		<b>505,058</b>	<b>516,243</b>
<b>Current liabilities</b>			
Trade and other payables		376,819	683,186
Derivative financial liabilities	A14	59,223	27,277
Loans and borrowings	A15	801,442	900,463
Tax payable		11,302	13,026
Lease liabilities		9,706	12,930
		<b>1,258,492</b>	<b>1,636,882</b>
<b>Total liabilities</b>		<b>1,763,550</b>	<b>2,153,125</b>
<b>Total equity and liabilities</b>		<b>3,296,294</b>	<b>3,495,472</b>
<b>Net assets per share (sen)</b>			
attributable to owners of the Company		144.06	128.85

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the period ended 30 September 2022 – unaudited

	← Non-distributable →				Distributable	Total
	Share Capital	Treasury Share	Foreign Currency Translation Reserve	Hedging Reserve		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 January 2022</b>	297,059	(720)	52,333	(6,838)	1,000,513	1,342,347
Profit for the period	-	-	-	-	128,635	128,635
Other comprehensive income for the period:						
foreign currency translation differences	-	-	19,973	-	-	19,973
share of other comprehensive loss of associates	-	-	186	-	-	186
hedge of net investments in foreign operations	-	-	-	(12,026)	-	(12,026)
remeasurement of post-employment benefit obligation, net of tax	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	20,159	(12,026)	128,635	136,768
<b>Transactions with owners</b>						
Purchase of treasury shares	-	-	-	-	-	-
Issuance of new shares	113,120	-	-	-	-	113,120
Dividends	-	-	-	-	(59,491)	(59,491)
Total transactions with owners	113,120	-	-	-	(59,491)	53,629
<b>Balance at 30 September 2022</b>	410,179	(720)	72,492	(18,864)	1,069,657	1,532,744
<b>Balance as at 1 January 2021</b>	263,236	(720)	47,099	2,429	876,866	1,188,910
Profit for the year	-	-	-	-	154,838	154,838
Other comprehensive loss for the year:						
foreign currency translation differences	-	-	5,313	-	-	5,313
hedge of net investments in foreign operations	-	-	-	(9,267)	-	(9,267)
remeasurement of post-employment benefit obligation, net of tax	-	-	-	-	121	121
share of other comprehensive loss of associates	-	-	(79)	-	-	(79)
<b>Total comprehensive income for the year</b>	-	-	5,234	(9,267)	154,959	150,926
<b>Transactions with owners</b>						
Disposal of treasury shares	-	-	-	-	-	-
Issuance of new shares	33,823	-	-	-	-	33,823
Dividends	-	-	-	-	(31,312)	(31,312)
Total transactions with owners	33,823	-	-	-	(31,312)	2,511
<b>Balance at 31 December 2021</b>	297,059	(720)	52,333	(6,838)	1,000,513	1,342,347

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 2021 and the accompanying explanatory notes attached to the interim financial statements.

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the period ended 30 September 2022 – unaudited

		Nine Months Ended	
		30-Sep-22	30-Sep-21
		RM'000	RM'000
<b>Cash flows from operating activities</b>			
	Profit before tax	157,437	126,533
	Adjustments for:		
	Non-cash and non-operating items	91,127	35,209
	Operating profit before working capital changes	248,564	161,742
	Changes in working capital		
	Net change in current assets	637,643	(335,847)
	Net change in current liabilities	(490,821)	(67,935)
	Cash generated from operations	395,386	(242,040)
	Tax paid	(32,971)	(44,865)
	Tax refund	119	-
	Interest paid	(35,406)	(23,092)
	Interest received	206	248
	<b>Net cash from / (used in) operating activities</b>	<b>327,334</b>	<b>(309,749)</b>
<b>Cash flows used in investing activities</b>			
	Purchase of property, plant and equipment	(195,587)	(103,353)
	Proceeds from disposal of property, plant and equipment	539	2,334
	<b>Net cash used in investing activities</b>	<b>(195,048)</b>	<b>(101,019)</b>
<b>Cash flows from financing activities</b>			
	Bank and other borrowings	(159,109)	442,427
	Conversion of warrants to ordinary shares	113,120	27,980
	Changes in Fixed deposit pledged	5,896	5,394
	Dividend paid	(47,592)	(25,892)
	Repayment of lease liabilities	(3,756)	(2,109)
	<b>Net cash (used in) / from financing activities</b>	<b>(91,441)</b>	<b>447,800</b>
	Net increase in cash and cash equivalents	40,845	37,032
	Effect of exchange rate changes	(12,244)	(3,093)
	Cash and cash equivalents at the beginning of financial period	52,892	58,338
	<b>Cash and cash equivalents at the end of financial period</b>	<b>81,493</b>	<b>92,277</b>
<b>Cash and cash equivalents at the end of financial period comprise of :</b>			
	Deposits, bank and cash balances	98,205	107,357
	Less : Non-cash and cash equivalents		
	Fixed deposit pledged to bank as collateral	(16,712)	(15,080)
		<b>81,493</b>	<b>92,277</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 2021 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2022****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 2021. 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 2021.

**A2. Significant accounting policies**

The audited financial statements of the Group for the year ended 31 December 2021 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 2021, except for those standards, amendments and IC interpretations which are effective from the annual period beginning on or after 1 January 2022. 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**

First interim single-tier dividend of 1.5 sen per ordinary share amounting to RM15,896,860.30 in respect of the financial year ending 31 December 2022 was declared on 30 May 2022 and subsequently paid on 12 July 2022. The payment was made to shareholders whose names appeared in the Company’s Record of Depositors on 17 June 2022.

Second interim single-tier dividend of 2.0 sen per ordinary share amounting to RM22,443,864.62 in respect of the financial year ending 31 December 2022 was declared on 16 August 2022 and subsequently paid on 11 October 2022. The payment was made to shareholders whose names appeared in the Company’s Record of Depositors on 15 September 2022.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2022**

**A8. Segmental information**

The Group presenting segmental information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the assets.

Nine Months Ended 30 September 2022	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	877,070	1,343,208	233,202	771,329	63,722	-	3,288,531
Internal segment revenue	1,632,464	1,929,209	971,855	1,012	109,249	(4,643,789)	-
<b>Total revenue</b>	<b>2,509,534</b>	<b>3,272,417</b>	<b>1,205,057</b>	<b>772,341</b>	<b>172,971</b>	<b>(4,643,789)</b>	<b>3,288,531</b>
<b>Segment result</b>	<b>154,679</b>	<b>55,604</b>	<b>26,749</b>	<b>7,937</b>	<b>63,939</b>	<b>(68,233)</b>	<b>240,675</b>
Interest income							206
Finance cost							(36,267)
Depreciation & amortisation							(47,177)
Profit before tax							157,437
Tax expenses							(28,802)
Profit for the period							128,635
<b>Segment assets</b>	<b>1,406,617</b>	<b>211,422</b>	<b>722,845</b>	<b>363,387</b>	<b>574,881</b>	<b>-</b>	<b>3,279,152</b>
Deferred tax assets							1,933
Tax recoverable							15,209
<b>Total assets</b>							<b>3,296,294</b>
<b>Segment liabilities</b>	<b>33,668</b>	<b>177,886</b>	<b>24,748</b>	<b>116,731</b>	<b>86,554</b>	<b>-</b>	<b>439,587</b>
Deferred tax liabilities							76,209
Tax payables							11,302
Borrowings							1,172,022
Lease liabilities							64,430
<b>Total liabilities</b>							<b>1,763,550</b>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2022**

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

Nine Months Ended 30 September 2021	Malaysia	Singapore	Indonesia	Germany	Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Geographical Segments:</b>							
Total external revenue	933,223	988,269	183,661	689,168	40,130	-	2,834,451
Internal segment revenue	1,374,619	2,300,488	767,595	-	25,871	(4,468,573)	-
<b>Total revenue</b>	<b>2,307,842</b>	<b>3,288,757</b>	<b>951,256</b>	<b>689,168</b>	<b>66,001</b>	<b>(4,468,573)</b>	<b>2,834,451</b>
<b>Segment result</b>	<b>120,887</b>	<b>24,985</b>	<b>28,051</b>	<b>25,315</b>	<b>17,812</b>	<b>(20,889)</b>	<b>196,161</b>
Interest income							248
Finance cost							(24,090)
Depreciation & amortisation							(45,786)
Profit before tax							126,533
Tax expenses							(21,793)
Profit for the period							104,740
<b>Segment assets</b>	<b>1,523,763</b>	<b>259,681</b>	<b>830,223</b>	<b>415,407</b>	<b>386,969</b>	<b>-</b>	<b>3,416,043</b>
Tax recoverable							7,412
<b>Total assets</b>							<b>3,423,455</b>
<b>Segment liabilities</b>	<b>62,297</b>	<b>218,436</b>	<b>23,024</b>	<b>88,336</b>	<b>38,580</b>	<b>-</b>	<b>430,673</b>
Deferred tax liabilities							72,192
Tax payables							5,656
Borrowings							1,559,750
Lease Liabilities							55,267
<b>Total liabilities</b>							<b>2,123,538</b>

**A9. Changes in the composition of the Group**

GCB had on 18 August 2022 invested 31 million ordinary shares of USD 1.00 each in the capital of GCB Cocoa Singapore Pte Ltd (“GCBCS”), the wholly owned subsidiary of GCB Oversea Holdings Corporation (“GCBOHC”) by way of agreed discharge of amount of indebtedness by GCBCS to the Company. With this investment, GCB currently hold 68.11% of direct equity interest in GCBCS while GCBOHC owns 31.89%.

GCB Cocoa UK Limited, the wholly-owned subsidiary of GCB Cocoa Singapore Pte Ltd, which in turn a wholly-owned subsidiary of GCB had on 21 October 2022 incorporated a wholly-owned subsidiary, GCB UK Property Limited.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2022****A10. Profit before tax**

Included in the profit before tax are the following items:

	<b>Current Quarter Ended 30-Sep-22 RM'000</b>	<b>Current Year To-Date 30-Sep-22 RM'000</b>
Amortisation of leases	1,487	7,767
Amortisation of intangible assets	183	559
Depreciation	12,570	38,851
Realised loss / (gain) on foreign exchange	2,575	(4,690)
Unrealised loss on foreign exchange	17,129	10,845
Realised loss on forward currency contracts	1,022	1,497
Unrealised gain on forward currency contracts	(2,673)	(3,706)
Realised gain on commodity future contracts	(10,834)	(63,192)
Unrealised (gain) / loss on commodity future contracts	(4,847)	3,897
Unrealised (gain) / loss on commodity option contracts	(3,928)	1,212
Interest expense	14,589	36,267
Interest income	(78)	(206)

**A11. Tax expense**

	<b>Current Quarter Ended</b>		<b>Current Year To-Date Ended</b>	
	<b>30-Sep-22</b>	<b>30-Sep-21</b>	<b>30-Sep-22</b>	<b>30-Sep-21</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income tax expense:				
- Current period estimate	9,259	7,512	31,172	22,186
- (Over) / Under provision in prior year	(2,552)	(23)	(2,530)	3
Deferred tax				
- Originated of temporary differences	52	(256)	160	(396)
	<b>6,759</b>	<b>7,233</b>	<b>28,802</b>	<b>21,793</b>

Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year.



**NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2022**

**A12. Earnings per share**

- (a) Basic earnings per share are calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the financial period as follows:-

	Current Quarter Ended		Current Year To-Date Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
Profit for the financial period attributable to owners of the Company (RM'000)	30,756	34,455	128,635	104,740
Weighted average number of ordinary shares in issue ('000)	1,063,973	1,036,893	1,063,973	1,036,893
Basic earnings per share (sen)	2.89	3.32	12.09	10.10

- (b) For the purpose of calculating diluted EPS, profit for the period and the weighted average number of ordinary shares in issue during the financial period have been adjusted for the dilutive effects of all potential ordinary shares convert under warrants issued as shown below:

	Current Quarter Ended		Current Year To-Date Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
Profit for the financial period attributable to owners of the Company (RM'000)	30,756	34,455	128,635	104,740
Weighted average number of ordinary shares in issue ('000)	1,063,973	1,036,893	1,063,973	1,036,893
Effect of dilution of warrants	18,294	51,805	18,294	51,805
Adjusted weighted average number of ordinary shares in issue and issuable	1,082,267	1,088,698	1,082,267	1,088,698
Diluted earnings per share (sen)	2.84	3.16	11.89	9.62

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2022**

**A13. Intangible assets**

	Goodwill	Trademark	Non-contractual customer relationship	Total
	RM'000	RM'000	RM'000	RM'000
<b>Cost:</b>				
At 1 January 2021	66,982	11,287	15,697	93,966
Additions	-	-	-	-
Translation differences	(1,819)	(646)	(614)	(3,079)
At 31 December 2021 and 1 January 2022	65,163	10,641	15,083	90,887
Translation differences	131	(741)	(898)	(1,508)
At 30 September 2022	65,294	9,900	14,185	89,379
<b>Accumulated amortisation and impairment</b>				
At 1 January 2021	-	(4)	(796)	(800)
Amortisation	-	(1)	(789)	(790)
Impairment	(1,002)	-	-	(1,002)
Translation differences	-	-	66	66
At 31 December 2021 and 1 January 2022	(1,002)	(5)	(1,519)	(2,526)
Amortisation	-	-	(559)	(559)
Translation differences	-	-	58	58
At 30 September 2022	(1,002)	(5)	(2,020)	(3,027)
<b>Net carrying amount:</b>				
At 31 December 2021	64,161	10,636	13,564	88,361
At 30 September 2022	64,292	9,895	12,165	86,352

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2022**

**A14. 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 RM000	Level 2 RM000	Level 3 RM000	Total RM000
<b>30 September 2022</b>				
<b>Financial assets</b>				
<b>Derivative assets :</b>				
- foreign currency forward contracts	-	6,615	-	6,615
- commodity futures contract	-	29,005	-	29,005
- commodity option contracts	-	21,963	-	21,963
	-	57,583	-	57,583
<b>Financial liabilities</b>				
<b>Derivative liabilities :</b>				
- foreign currency forward contracts	-	1,447	-	1,447
- cross currency swap contracts	-	18,445	-	18,445
- commodity futures contract	-	28,324	-	28,324
- commodity option contracts	-	11,007	-	11,007
	-	59,223	-	59,223
<b>31 December 2021</b>				
<b>Financial assets</b>				
<b>Derivative assets :</b>				
- foreign currency forward contracts	-	5,288	-	5,288
- commodity futures contract	-	27,868	-	27,868
- commodity option contracts	-	308	-	308
	-	33,464	-	33,464
<b>Financial liabilities</b>				
<b>Derivative liabilities :</b>				
- foreign currency forward contracts	-	3,854	-	3,854
- cross currency swap contracts	-	10,605	-	10,605
- commodity futures contracts	-	11,816	-	11,816
- commodity option contracts	-	1,002	-	1,002
	-	27,277	-	27,277

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2022**
**A15. Loans and borrowings**

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

	Denominated in currency	30-Sep-22 RM'000	31-Dec-21 RM'000
<b>Current</b>			
- Term loans	USD	12,559	11,071
	EUR	15,084	15,645
	RM	411	411
- Trade loans	USD	512,384	339,767
	GBP	156,775	418,763
- Revolving credit	USD	95,155	107,511
	EUR	9,074	7,295
		<b>801,442</b>	<b>900,463</b>
<b>Non-Current</b>			
- Term loans	USD	14,767	21,935
	EUR	54,751	68,521
	RM	1,062	1,370
- Sukuk	RM	300,000	300,000
		<b>370,580</b>	<b>391,826</b>
		<b>1,172,022</b>	<b>1,292,289</b>

**A16. Contingent liabilities**

	Group and company	
	30-Sep-22 RM'000	31-Dec-21 RM'000
<b>Corporate guarantees - unsecured</b>		
Issued to banks for banking facilities granted to subsidiaries		
- limit of guarantee	2,531,876	2,156,421
- amount utilised	(875,840)	(997,964)

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.

**A17. 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>126,307</u>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2022**

**A18. Material events subsequent to the end of the current quarter**

There were no material events subsequent to the current quarter ended 30 September 2022 that have not been reflected in this quarterly report.

[Intentionally left blank]

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2022****B. Explanatory notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A****B1. Review of performance**

The Group's revenue of RM1,100.5 million for the current quarter ended 30 September 2022 is higher than the revenue in the previous corresponding quarter ended 30 September 2021 of RM998.1 million. The increase of 10.3% in turnover is mainly due to improved selling price of cocoa solids and higher sales volume of cocoa butter.

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

The Group made a profit before tax for the quarter 30 September 2022 of RM37.5 million as compared with the profit before tax of RM41.7 million in the preceding year corresponding quarter ended 30 September 2021. This is mainly due to mark to market currency loss as a result of weakening of MYR against USD and higher finance cost due to higher interest rate during current quarter ended 30 September 2022. The reduction in profit is also partially contributed by higher energy cost in Germany.

**B3. Commentary of prospects**

Energy cost in Q4 2022 is currently on a declining trend in the Western countries, especially in Germany. Besides that, global freight rates have also lowered down and are close to normalizing. Chocolate consumption still remains positive despite current high inflationary environment and chocolate demand is expected to maintain stable growth.

We remain optimistic of our prospect as on top of the above indications, we continued to book in increasing forward sales of cocoa ingredients for next year. In addition, our Ivory Coast factory has started commissioning and is expected to run smoothly next year, anticipating additional contribution to our profit in FY2023.

With the higher interest rate, we will carefully look into our financing structure for investment and monitor our inventory level closely, while working on mitigating the risk of currency exposure. The Group will remain its focus on the core ingredient processing as well as expansion of the market of better margin industrial chocolate and the optimization of production according to market conditions.

**B4. Profit forecast or profit guarantee**

There were no profits forecast or profit guarantee issued by the Group.

**B5. Corporate proposals**

There were no corporate proposals announced but not completed as at the date of this report.

[Intentionally left blank]

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2022**

**B6. Derivative financial instruments**

Details of the outstanding derivative financial instruments as at 30 September 2022 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	206,416  173,785	9,292  (2,678)	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	612,736 938  525,310 22,430	(13,294) (23)  11,942 (684)	For hedging price risk
3	Commodity Options Sale Contracts - Less than 1 year  Purchase Contracts - Less than 1 year	478,566  409,003	15,253  (1,555)	For hedging price risk

The fair values of the above derivatives are determined by using the market rates at the end of reporting period and changes in the fair values are recognised in the profit and loss. The subsequent cumulative change in the fair value of the commitment attributable to the hedged risk is recognised as an asset or a liability with the corresponding gain or loss recognised in the profit or loss.

There have been no significant changes to the Group's exposure credit risk, market risk and liquidity risk from the previous financial year. Also, there have been no changes to the Group's risk management objectives, policies and processes since the previous financial year end.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2022****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 2021 was not qualified.

Tay Hoe Lian  
Managing Director  
Dated: 22.11.2022