

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

For the period ended 31 December 2022 – unaudited

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Quarter Ended 31 Dec 2022	Preceding Year Corresponding Quarter Ended 31 Dec 2021	Current Year To-Date Ended 31 Dec 2022	Preceding Year To-Date Ended 31 Dec 2021
		RM'000	RM'000	RM'000	RM'000
Revenue		1,130,281	1,088,846	4,418,812	3,923,297
Profit from operations		50,056	78,848	244,043	229,166
Finance costs		(19,599)	(8,727)	(55,866)	(32,817)
Share of profit of associates		160	105	(123)	410
Profit before tax	A10	30,617	70,226	188,054	196,759
Tax expense	A11	(10,300)	(20,128)	(39,102)	(41,921)
Profit for the period		20,317	50,098	148,952	154,838
Other comprehensive income, net of tax					
Exchange differences on translation of foreign operations		(12,481)	(6,623)	7,492	5,313
Share of other comprehensive income of associates		(125)	6	61	(79)
Remeasurement of employee benefits liability		(88)	121	(88)	121
Hedge of net investments in foreign operations		14,638	3,528	2,612	(9,267)
Total other comprehensive income for the period, net of tax		1,944	(2,968)	10,077	(3,912)
Total comprehensive income for the period		22,261	47,130	159,029	150,926
Profit attributable to:					
Owners of the Company		20,317	50,098	148,952	154,838
Non-controlling interests		-	-	-	-
Profit for the period		20,317	50,098	148,952	154,838
Total comprehensive income attributable to:					
Owners of the Company		22,261	47,130	159,029	150,926
Non-controlling interests		-	-	-	-
Total comprehensive income for the period		22,261	47,130	159,029	150,926
Basic earnings per ordinary share (sen)	A12(a)	1.86	4.81	13.67	14.86
Diluted earnings per ordinary share (sen)	A12(b)	1.86	4.59	13.67	14.17

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 FOURTH QUARTER ENDED 31 DECEMBER 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022 – unaudited

	Note	31 December 2022 RM'000	31 December 2021 RM'000
Assets			
Non-current assets			
Property, plant and equipment		1,195,762	957,460
Intangible assets	A13	85,967	88,361
Investment property		19,573	20,319
Investment in associates		4,489	4,551
Deferred tax assets		-	1,737
		1,305,791	1,072,428
Current assets			
Inventories		1,589,225	1,875,457
Trade and other receivables		596,605	431,643
Derivative financial assets	A14	53,961	33,464
Tax recoverable		14,059	8,671
Deposits, bank and cash balances		69,024	73,809
		2,322,874	2,423,044
Total assets		3,628,665	3,495,472
Equity			
Share capital		495,237	297,059
Treasury shares		(720)	(720)
Foreign currency translation reserve		59,886	52,333
Hedging reserve		(4,226)	(6,838)
Retained profits		1,089,886	1,000,513
Total equity		1,640,063	1,342,347
Non-current liabilities			
Loans and borrowings	A15	364,374	391,826
Provision for employee benefit		2,720	3,216
Deferred tax liabilities		72,911	75,095
Lease liabilities		59,950	46,106
		499,955	516,243
Current liabilities			
Trade and other payables		582,418	683,186
Derivative financial liabilities	A14	90,483	27,277
Loans and borrowings	A15	796,381	900,463
Tax payable		9,326	13,026
Lease liabilities		10,039	12,930
		1,488,647	1,636,882
Total liabilities		1,988,602	2,153,125
Total equity and liabilities		3,628,665	3,495,472
Net assets per share (sen)			
attributable to owners of the Company		150.47	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 FOURTH QUARTER ENDED 31 DECEMBER 2022
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2022 – unaudited

	Non-distributable				Distributable	Total Equity RM'000
	Share Capital RM'000	Treasury Share RM'000	Foreign Currency Translation Reserve RM'000	Hedging Reserve RM'000	Retained Profits RM'000	
Balance as at 1 January 2022	297,059	(720)	52,333	(6,838)	1,000,513	1,342,347
Profit for the period	-	-	-	-	148,952	148,952
Other comprehensive income for the period:						
foreign currency translation differences	-	-	7,492	-	-	7,492
share of other comprehensive loss of associates	-	-	61	-	-	61
hedge of net investments in foreign operations	-	-	-	2,612	-	2,612
remeasurement of post-employment benefit obligation, net of tax	-	-	-	-	(88)	(88)
Total comprehensive income for the period	-	-	7,553	2,612	148,864	159,029
Transactions with owners						
Purchase of treasury shares	-	-	-	-	-	-
Issuance of new shares	198,178	-	-	-	-	198,178
Dividends	-	-	-	-	(59,491)	(59,491)
Total transactions with owners	198,178	-	-	-	(59,491)	138,687
Balance at 31 December 2022	495,237	(720)	59,886	(4,226)	1,089,886	1,640,063
Balance as at 1 January 2021	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)
Total comprehensive income for the year	-	-	5,234	(9,267)	154,959	150,926
Transactions with owners						
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
Balance at 31 December 2021	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 FOURTH QUARTER ENDED 31 DECEMBER 2022
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 December 2022 – unaudited

		Twelve Months Ended	
		31-Dec-22	31-Dec-21
		RM'000	RM'000
Cash flows from operating activities			
	Profit before tax	188,054	196,759
	Adjustments for:		
	Non-cash and non-operating items	161,831	81,152
	Operating profit before working capital changes	349,885	277,911
	Changes in working capital		
	Net change in current assets	239,746	(565,104)
	Net change in current liabilities	(193,638)	296,425
	Cash generated from operations	395,993	9,232
	Tax paid	(42,647)	(57,436)
	Tax refund	596	131
	Interest paid	(54,684)	(31,329)
	Interest received	446	315
	Employee benefit paid	-	(48)
	Net cash from / (used in) operating activities	299,704	(79,135)
Cash flows used in investing activities			
	Purchase of property, plant and equipment	(282,874)	(174,311)
	Proceeds from disposal of property, plant and equipment	539	10,124
	Others	-	(403)
	Net cash used in investing activities	(282,335)	(164,590)
Cash flows from financing activities			
	Bank and other borrowings	(138,584)	257,851
	Conversion of warrants to ordinary shares	198,178	33,823
	Changes in Fixed deposit pledged	5,900	(641)
	Dividend paid	(59,491)	(36,276)
	Repayment of lease liabilities	(5,423)	(13,526)
	Net cash from financing activities	580	241,231
	Net increase in cash and cash equivalents	17,949	(2,494)
	Effect of exchange rate changes	(17,646)	(2,952)
	Cash and cash equivalents at the beginning of financial period	52,892	58,338
	Cash and cash equivalents at the end of financial period	53,195	52,892
Cash and cash equivalents at the end of financial period comprise of :			
	Deposits, bank and cash balances	69,024	73,809
	Less : Non-cash and cash equivalents		
	Fixed deposit pledged to bank as collateral	(15,829)	(20,917)
		53,195	52,892

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 – FOURTH QUARTER ENDED 31 DECEMBER 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

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 – FOURTH QUARTER ENDED 31 DECEMBER 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.

Twelve Months Ended 31 December 2022	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	1,196,626	1,771,286	319,558	1,042,994	88,538	-	4,419,002
Internal segment revenue	2,160,969	2,607,402	1,292,917	1,345	138,992	(6,201,625)	-
Total revenue	3,357,595	4,378,688	1,612,475	1,044,339	227,530	(6,201,625)	4,419,002
Segment result	226,283	36,803	35,761	13,710	74,328	(80,507)	306,378
Interest income							446
Finance cost							(55,866)
Depreciation & amortisation							(62,904)
Profit before tax							188,054
Tax expenses							(39,102)
Profit for the period							148,952
Segment assets	1,413,654	416,067	733,768	404,596	646,521	-	3,614,606
Tax recoverable							14,059
Total assets							3,628,665
Segment liabilities	57,094	410,226	43,510	118,270	46,521	-	675,621
Deferred tax liabilities							72,911
Tax payables							9,326
Borrowings							1,160,755
Lease liabilities							69,989
Total liabilities							1,988,602

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2022

A8. Segmental information – (cont'd)

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	1,389,170	264,672	931,630	66,462	-	3,923,297
Internal segment revenue	1,894,922	3,201,677	1,095,564	24	57,034	(6,249,221)	-
Total revenue	3,166,285	4,590,847	1,360,236	931,654	123,496	(6,249,221)	3,923,297
Segment result	156,070	83,565	31,054	33,025	28,036	(39,154)	292,596
Interest income							314
Finance cost							(32,817)
Depreciation & amortisation							(63,334)
Profit before tax							196,759
Tax expenses							(41,921)
Profit for the period							154,838
Segment assets	1,569,349	313,648	909,078	300,698	392,291	-	3,485,064
Deferred tax assets							1,737
Tax recoverable							8,671
Total assets							3,495,472
Segment liabilities	82,185	441,964	48,402	81,506	59,622	-	713,679
Deferred tax liabilities							75,095
Tax payables							13,026
Borrowings							1,292,290
Lease Liabilities							59,035
Total liabilities							2,153,125

A9. Changes in the composition of the Group

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 – FOURTH QUARTER ENDED 31 DECEMBER 2022

A10. Profit before tax

Included in the profit before tax are the following items:

	Current Quarter Ended 31-Dec-22 RM'000	Current Year To-Date 31-Dec-22 RM'000
Amortisation of leases	2,917	10,684
Amortisation of intangible assets	1,082	1,641
Depreciation	11,728	50,579
Realised loss on foreign exchange	4,883	193
Unrealised gain on foreign exchange	(18,254)	(7,409)
Realised loss on forward currency contracts	568	2,065
Unrealised gain on forward currency contracts	(1,348)	(5,054)
Realised gain on commodity future contracts	(12,765)	(75,957)
Unrealised loss on commodity future contracts	42,035	45,932
Unrealised loss on commodity option contracts	8,076	9,288
Interest expense	18,417	54,684
Interest income	(240)	(446)

A11. Tax expense

	Current Quarter Ended		Current Year To-Date Ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Income tax expense:				
- Current period estimate	11,174	19,889	42,346	42,075
- (Over) / Under provision in prior year	85	(1,790)	(2,445)	(1,787)
Deferred tax				
- Originated of temporary differences	30	1,869	190	1,473
- Over provision in prior year	(989)	(66)	(989)	(66)
Real property gain tax	-	226	-	226
	10,300	20,128	39,102	41,921

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 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	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Profit for the financial period attributable to owners of the Company (RM'000)	20,317	50,098	148,952	154,838
Weighted average number of ordinary shares in issue ('000)	1,089,924	1,041,776	1,089,924	1,041,776
Basic earnings per share (sen)	1.86	4.81	13.67	14.86

- (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-22	31-Dec-21	31-Dec-22	31-Dec-21
Profit for the financial period attributable to owners of the Company (RM'000)	20,317	50,098	148,952	154,838
Weighted average number of ordinary shares in issue ('000)	1,089,924	1,041,776	1,089,924	1,041,776
Effect of dilution of warrants	-	50,681	-	50,681
Adjusted weighted average number of ordinary shares in issue and issuales	1,089,924	1,092,457	1,089,924	1,092,457
Diluted earnings per share (sen)	* 1.86	4.59 *	13.67	14.17

* There is no dilutive effect on the earnings per share as all unexercised warrants have expired on 04 November 2022.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2022

A13. Intangible assets

	Goodwill	Trademark	Non-contractual customer relationship	Total
	RM'000	RM'000	RM'000	RM'000
Cost:				
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	541	(293)	(323)	(75)
At 31 December 2022	65,704	10,348	14,760	90,812
Accumulated amortisation and impairment				
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	-	(1)	(746)	(747)
Impairment	(1,573)	-	-	(1,573)
Translation differences	-	-	1	1
At 31 December 2022	(2,575)	(6)	(2,264)	(4,845)
Net carrying amount:				
At 31 December 2021	64,161	10,636	13,564	88,361
At 31 December 2022	63,129	10,342	12,496	85,967

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 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 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2022				
Financial assets				
Derivative assets :				
- foreign currency forward contracts	-	7,150	-	7,150
- commodity futures contract	-	18,933	-	18,933
- commodity option contracts	-	27,878	-	27,878
	-	53,961	-	53,961
Financial liabilities				
Derivative liabilities :				
- foreign currency forward contracts	-	669	-	669
- cross currency swap contracts	-	4,099	-	4,099
- commodity futures contract	-	52,810	-	52,810
- commodity option contracts	-	32,905	-	32,905
	-	90,483	-	90,483
31 December 2021				
Financial assets				
Derivative assets :				
- foreign currency forward contracts	-	5,288	-	5,288
- commodity futures contract	-	27,868	-	27,868
- commodity option contracts	-	308	-	308
	-	33,464	-	33,464
Financial liabilities				
Derivative liabilities :				
- 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 – FOURTH QUARTER ENDED 31 DECEMBER 2022

A15. Loans and borrowings

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

	Denominated in currency	31-Dec-22 RM'000	31-Dec-21 RM'000
Current			
- Term loans	USD	11,997	11,071
	EUR	15,535	15,645
	RM	411	411
- Trade loans	USD	323,147	339,767
	EUR	89,001	-
	GBP	227,054	418,763
- Revolving credit	USD	115,637	107,511
	EUR	13,599	7,295
		796,381	900,463
Non-Current			
- Term loans	USD	10,910	21,935
	EUR	52,505	68,521
	RM	959	1,370
- Sukuk	RM	300,000	300,000
		364,374	391,826
		1,160,755	1,292,289

A16. Contingent liabilities

	Group and company	
	31-Dec-22 RM'000	31-Dec-21 RM'000
Corporate guarantees - unsecured		
Issued to banks for banking facilities granted to subsidiaries		
- limit of guarantee	2,412,384	2,156,421
- amount utilised	(843,686)	(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
Authorised and contracted for :	
Property, plant and equipment	<u>104,415</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2022

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

There were no material events subsequent to the current quarter ended 31 December 2022 that have not been reflected in this quarterly report.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 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 RM1,130.3 million for the current quarter ended 31 December 2022 is higher than the revenue in the previous corresponding quarter ended 31 December 2021 of RM1,088.8 million. The increase of 3.8% in turnover is mainly due to higher sales volume of cocoa products and improved selling price of cocoa solids.

B2. Comment on material change in profit before tax

The Group made a profit before tax for the quarter 31 December 2022 of RM30.6 million as compared with the profit before tax of RM70.2 million in the preceding year corresponding quarter ended 31 December 2021. This is mainly due to reduced margin and higher finance cost due to higher interest rate during current quarter ended 31 December 2022.

B3. Commentary of prospects

Current global inflationary pressures are keeping interest rates high, and coupled with geopolitical tensions, global commodity prices will be affected. This will increase our raw material costs in the short term, which will eventually be passed on to the selling prices of products over time. We expect chocolate demand in the short term to remain strong, but are cautious about the demand in the mid-term due to the current uncertain situation in the economy and continually rising interest rate.

With the higher interest rate, we will carefully look into the financing structure of our investment and closely monitor our inventory level, while working on mitigating the risk of currency exposure. In terms of energy cost, we despite observing the prices lowered down in the Western countries, we are experiencing some marginal increase at our factories in Malaysia due to tariff surcharge imposed this year.

Moving forward, the Group will maintain its focus on core ingredient processing as well as expansion of better margin industrial chocolate market 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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2022

B6. Derivative financial instruments

Details of the outstanding derivative financial instruments as at 31 December 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	173,546 32,981	2,947 3,001	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	897,044 - 112,861 -	(38,132) - 8,149 -	For hedging price risk
3	Commodity Options Sale Contracts - Less than 1 year Purchase Contracts - Less than 1 year	962,979 414,828	(43,088) 34,155	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 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: 28.02.2023