

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023**

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

For the period ended 31 December 2023 – unaudited

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Quarter Ended 31 Dec 2023	Preceding Year Corresponding Quarter Ended 31 Dec 2022	Current Year To-Date Ended 31 Dec 2023	Preceding Year To-Date Ended 31 Dec 2022
		RM'000	RM'000	RM'000	RM'000
Revenue		1,800,534	1,131,308	5,349,119	4,419,839
<b>Profit from operations</b>		78,756	50,261	279,198	244,248
Finance costs		(46,901)	(19,777)	(140,249)	(56,044)
Share of profit of associates		126	160	194	(123)
<b>Profit before tax</b>	A10	31,981	30,644	139,143	188,081
Tax expense	A11	(16,729)	(11,869)	(38,134)	(40,671)
<b>Profit for the period</b>		15,252	18,775	101,009	147,410
<b>Other comprehensive income, net of tax</b>					
Exchange differences on translation					
foreign operations		(741)	(12,447)	52,085	7,526
Share of other comprehensive income					
of associates		(95)	(125)	59	61
Remeasurement of employee benefits liability		100	(88)	100	(88)
Exchange differences on translation					
Hedge of net investments in foreign operations		(1,991)	14,638	(15,443)	2,612
<b>Total other comprehensive income for the period, net of tax</b>		(2,727)	1,978	36,801	10,111
<b>Total comprehensive income for the period</b>		12,525	20,753	137,810	157,521
<b>Profit attributable to:</b>					
Owners of the Company		15,252	18,775	101,009	147,410
Non-controlling interests		-	-	-	-
<b>Profit for the period</b>		15,252	18,775	101,009	147,410
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		12,525	20,753	137,810	157,521
Non-controlling interests		-	-	-	-
<b>Total comprehensive income for the period</b>		12,525	20,753	137,810	157,521
<b>Basic earnings per ordinary share (sen)</b>	A12	1.30	1.72	8.60	13.52

The above condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023**
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2023 – unaudited

		31 December 2023	31 December 2022
	Note	RM'000	RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,407,005	1,196,068
Intangible assets	A13	86,349	86,418
Investment property		51,624	19,573
Investment in associates		4,743	4,489
Deferred tax assets		1,596	1,617
		<b>1,551,317</b>	<b>1,308,165</b>
<b>Current assets</b>			
Inventories		2,841,348	1,589,225
Trade and other receivables		803,507	624,744
Derivative financial assets	A14	82,215	55,390
Tax recoverable		27,002	13,739
Deposits, bank and cash balances		85,568	69,111
		<b>3,839,640</b>	<b>2,352,209</b>
<b>Total assets</b>		<b>5,390,957</b>	<b>3,660,374</b>
<b>Equity</b>			
Share capital		495,237	495,237
Treasury shares		(720)	(720)
Foreign currency translation reserve		112,064	59,919
Hedging reserve		(19,670)	(4,226)
Retained profits		1,165,964	1,088,345
<b>Total equity</b>		<b>1,752,875</b>	<b>1,638,555</b>
<b>Non-current liabilities</b>			
Loans and borrowings	A15	648,000	364,397
Provision for employee benefit		3,013	2,720
Deferred tax liabilities		82,490	74,996
Lease liabilities		182	60,437
		<b>733,685</b>	<b>502,550</b>
<b>Current liabilities</b>			
Trade and other payables		1,068,685	611,625
Derivative financial liabilities	A14	210,862	91,913
Loans and borrowings	A15	1,533,833	796,357
Tax payable		14,329	9,822
Lease liabilities		76,688	9,552
		<b>2,904,397</b>	<b>1,519,269</b>
<b>Total liabilities</b>		<b>3,638,082</b>	<b>2,021,819</b>
<b>Total equity and liabilities</b>		<b>5,390,957</b>	<b>3,660,374</b>
<b>Net assets per share (sen)</b>			
attributable to owners of the Company		149.19	150.34

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the period ended 31 December 2023 – 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	
<b>Balance as at 1 January 2023</b>	495,237	(720)	59,919	(4,226)	1,088,345	1,638,555
Profit for the period	-	-	-	-	101,009	101,009
Other comprehensive income for the period:						
foreign currency translation differences	-	-	52,085	-	-	52,085
share of other comprehensive loss of associates	-	-	59	-	-	59
hedge of net investments in foreign operations	-	-	-	(15,443)	-	(15,443)
remeasurement of post-employment benefit obligation, net of tax	-	-	-	-	100	100
<b>Total comprehensive income for the period</b>	-	-	52,144	(15,443)	101,109	137,810
<b>Transactions with owners</b>						
Dividends	-	-	-	-	(23,490)	(23,490)
Total transactions with owners	-	-	-	-	(23,490)	(23,490)
<b>Balance at 31 December 2023</b>	495,237	(720)	112,064	(19,670)	1,165,964	1,752,875
<b>Balance as at 1 January 2022</b>	297,059	(720)	52,333	(6,838)	1,000,513	1,342,347
Profit for the year	-	-	-	-	147,411	147,411
Other comprehensive loss for the year:						
foreign currency translation differences	-	-	7,525	-	-	7,525
hedge of net investments in foreign operations	-	-	-	2,612	-	2,612
remeasurement of post-employment benefit obligation, net of tax	-	-	-	-	(88)	(88)
share of other comprehensive loss of associates	-	-	61	-	-	61
<b>Total comprehensive income for the year</b>	-	-	7,586	2,612	147,323	157,521
<b>Transactions with owners</b>						
Issuance of new shares	198,178	-	-	-	-	198,178
Dividends	-	-	-	-	(59,491)	(59,491)
Total transactions with owners	198,178	-	-	-	(59,491)	138,687
<b>Balance at 31 December 2022</b>	495,237	(720)	59,919	(4,226)	1,088,345	1,638,555

*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 2022 and the accompanying explanatory notes attached to the interim financial statements.*

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the period ended 31 December 2023 – unaudited

	Twelve Months Ended	
	31-Dec-23	31-Dec-22
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	139,143	188,081
Adjustments for:		
Non-cash and non-operating items	(317,864)	157,868
Operating (loss)/profit before working capital changes	(178,721)	345,949
Changes in working capital		
Net change in current assets	(701,830)	184,626
Net change in current liabilities	272,622	(147,628)
Cash generated (used in)/from operations	(607,929)	382,947
Tax paid	(42,277)	(52,356)
Tax refund	851	1,679
Interest paid	(137,417)	(54,690)
Interest received	5,515	457
Employee benefit paid	-	(329)
<b>Net cash (used in)/from operating activities</b>	<b>(781,257)</b>	<b>277,708</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(164,522)	(274,821)
Placement of deposits with licensed banks with original maturity of more than three months	-	(173)
Proceeds from disposal of property, plant and equipment	187	942
<b>Net cash used in investing activities</b>	<b>(164,335)</b>	<b>(274,052)</b>
<b>Cash flows from financing activities</b>		
Bank and other borrowings	1,002,773	(128,083)
Conversion of warrants to ordinary shares	-	198,178
Changes in Fixed deposit pledged	(8,327)	(757)
Dividend paid	-	(70,036)
Repayment of lease liabilities	(4,567)	(13,687)
<b>Net cash from/(used in) financing activities</b>	<b>989,879</b>	<b>(14,385)</b>
Net increase/(decrease) in cash and cash equivalents	44,287	(10,729)
Effect of exchange rate changes	(36,880)	5,101
Cash and cash equivalents at the beginning of financial period	47,264	52,892
<b>Cash and cash equivalents at the end of financial period</b>	<b>54,671</b>	<b>47,264</b>
<b>Cash and cash equivalents at the end of financial period comprise of :</b>		
Deposits, bank and cash balances	85,568	69,111
Less : Non-cash and cash equivalents		
Fixed deposit pledged to bank as collateral	(30,897)	(21,847)
	<b>54,671</b>	<b>47,264</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 2022 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2023****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 2022. 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 2022.

**A2. Significant accounting policies**

The audited financial statements of the Group for the year ended 31 December 2022 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 2022, except for those standards, amendments and IC interpretations which are effective from the annual period beginning on or after 1 January 2023. 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 2.0 sen per ordinary share amounting to RM23,490,298.48 in respect of the financial year ending 31 December 2023 was declared on 27 November 2023 and subsequently paid on 19 January 2024. The payment was made to shareholders whose names appeared in the Company’s Record of Depositors on 27 December 2023.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2023**
**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 2023	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Germany RM'000	Ivory Coast RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>Geographical Segments:</b>								
Total external revenue	1,494,299	2,157,665	312,046	1,293,125	49	91,935	-	5,349,119
Internal segment revenue	2,475,302	3,766,654	1,261,123	1,890	690,013	109,866	(8,304,848)	-
<b>Total revenue</b>	<b>3,969,601</b>	<b>5,924,319</b>	<b>1,573,169</b>	<b>1,295,015</b>	<b>690,062</b>	<b>201,801</b>	<b>(8,304,848)</b>	<b>5,349,119</b>
<b>Segment result</b>	<b>142,682</b>	<b>48,570</b>	<b>37,038</b>	<b>78,547</b>	<b>47,054</b>	<b>15,486</b>	<b>(19,142)</b>	<b>350,235</b>
Interest income								5,515
Finance cost								(140,249)
Depreciation & amortisation								(76,358)
Profit before tax								139,143
Tax expenses								(38,134)
Profit for the period								101,009
<b>Segment assets</b>	<b>1,862,174</b>	<b>1,209,088</b>	<b>920,794</b>	<b>430,088</b>	<b>527,268</b>	<b>412,947</b>	<b>-</b>	<b>5,362,359</b>
Deferred tax assets								1,596
Tax recoverable								27,002
<b>Total assets</b>								<b>5,390,957</b>
<b>Segment liabilities</b>	<b>355,152</b>	<b>686,528</b>	<b>58,052</b>	<b>90,092</b>	<b>33,055</b>	<b>59,681</b>	<b>-</b>	<b>1,282,560</b>
Deferred tax liabilities								82,490
Tax payables								14,329
Borrowings								2,181,833
Lease liabilities								76,870
<b>Total liabilities</b>								<b>3,638,082</b>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2023**

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

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
<b>Geographical Segments:</b>							
Total external revenue	1,196,626	1,771,096	319,558	1,045,031	87,528	-	4,419,839
Internal segment revenue	2,160,969	2,608,172	1,290,618	1,345	139,002	(6,200,106)	-
<b>Total revenue</b>	<b>3,357,595</b>	<b>4,379,268</b>	<b>1,610,176</b>	<b>1,046,376</b>	<b>226,530</b>	<b>(6,200,106)</b>	<b>4,419,839</b>
<b>Segment result</b>	<b>226,639</b>	<b>38,125</b>	<b>35,949</b>	<b>15,402</b>	<b>74,696</b>	<b>(81,838)</b>	<b>308,973</b>
Interest income							457
Finance cost							(56,044)
Depreciation & amortisation							(65,305)
Profit before tax							188,081
Tax expenses							(40,671)
Profit for the period							147,410
<b>Segment assets</b>	<b>1,417,942</b>	<b>441,474</b>	<b>733,767</b>	<b>405,142</b>	<b>646,693</b>	<b>-</b>	<b>3,645,018</b>
Deferred tax assets							1,617
Tax recoverable							13,739
<b>Total assets</b>							<b>3,660,374</b>
<b>Segment liabilities</b>	<b>61,497</b>	<b>435,633</b>	<b>43,510</b>	<b>119,097</b>	<b>46,521</b>	<b>-</b>	<b>706,258</b>
Deferred tax liabilities							74,996
Tax payables							9,822
Borrowings							1,160,754
Lease Liabilities							69,989
<b>Total liabilities</b>							<b>2,021,819</b>

**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 2023**

**A10. Profit before tax**

Included in the profit before tax are the following items:

	<b>Current Quarter Ended 31-Dec-23 RM'000</b>	<b>Current Year To-Date 31-Dec-23 RM'000</b>
Amortisation of leases	2,920	10,258
Amortisation of intangible assets	204	843
Depreciation	16,747	65,257
Realised (gain)/loss on foreign exchange	(11,184)	24,632
Unrealised loss/(gain) on foreign exchange	17,619	(36,387)
Realised loss on derivatives	170,455	561,742
Unrealised loss on derivatives	273,030	74,549
Realised gain on fair value	(233,392)	(233,392)
Unrealised gain on fair value	(381,828)	(381,828)
Interest expense	46,901	140,249
Interest income	(2,867)	(5,515)

**A11. Tax expense**

	<b>Current Quarter Ended</b>		<b>Current Year To-Date Ended</b>	
	<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income tax expense:				
- Current period estimate	12,077	12,111	32,037	43,283
- (Over) / Under provision in prior year	(518)	700	770	(1,830)
Deferred tax				
- Originated of temporary differences	4,044	(21)	4,214	139
- Under / (Over) provision in prior year	1,126	(921)	1,113	(921)
	<b>16,729</b>	<b>11,869</b>	<b>38,134</b>	<b>40,671</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 – FOURTH QUARTER ENDED 31 DECEMBER 2023**

**A12. Earnings per share**

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-23	31-Dec-22	31-Dec-23	31-Dec-22
Profit for the financial period attributable to owners of the Company (RM'000)	15,252	18,775	101,009	147,410
Weighted average number of ordinary shares in issue ('000)	1,174,915	1,089,924	1,174,915	1,089,924
Basic earnings per share (sen)	1.30	1.72	8.60	13.52

**A13. Intangible assets**

	Goodwill	Trademark	Non-contractual customer relationship	Total
	RM'000	RM'000	RM'000	RM'000
<b>Cost:</b>				
At 1 January 2022	65,163	10,641	15,083	90,887
Translation differences	541	(88)	(71)	382
At 31 December 2022 and 1 January 2023	65,704	10,553	15,012	91,269
Translation differences	4,867	514	903	6,284
At 31 December 2023	70,571	11,067	15,915	97,553
<b>Accumulated amortisation and impairment</b>				
At 1 January 2022	(1,002)	(5)	(1,519)	(2,526)
Amortisation	-	(1)	(746)	(747)
Impairment	(1,574)	-	-	(1,574)
Translation differences	-	-	(4)	(4)
At 31 December 2022 and 1 January 2023	(2,576)	(6)	(2,269)	(4,851)
Amortisation	-	(1)	(591)	(592)
Impairment	(5,549)	-	-	(5,549)
Translation differences	-	-	(212)	(212)
At 31 December 2023	(8,125)	(7)	(3,072)	(11,204)
<b>Net carrying amount:</b>				
At 31 December 2022	63,128	10,547	12,743	86,418
At 31 December 2023	62,446	11,060	12,843	86,349

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2023**

**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
<b>31 December 2023</b>				
<b>Financial assets</b>				
<b>Derivative assets :</b>				
- foreign currency forward contracts	-	333	-	333
- commodity futures contract	-	19,411	-	19,411
- commodity option contracts	-	62,471	-	62,471
	-	82,215	-	82,215
<b>Financial liabilities</b>				
<b>Derivative liabilities :</b>				
- foreign currency forward contracts	-	507	-	507
- cross currency swap contracts	-	19,568	-	19,568
- commodity futures contract	-	52,047	-	52,047
- commodity option contracts	-	138,740	-	138,740
	-	210,862	-	210,862
<b>31 December 2022</b>				
<b>Financial assets</b>				
<b>Derivative assets :</b>				
- foreign currency forward contracts	-	8,578	-	8,578
- commodity futures contract	-	42,934	-	42,934
- commodity option contracts	-	3,878	-	3,878
	-	55,390	-	55,390
<b>Financial liabilities</b>				
<b>Derivative liabilities :</b>				
- foreign currency forward contracts	-	2,099	-	2,099
- cross currency swap contracts	-	4,099	-	4,099
- commodity futures contracts	-	71,839	-	71,839
- commodity option contracts	-	13,876	-	13,876
	-	91,913	-	91,913

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2023**

**A15. Loans and borrowings**

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

	Denominated in currency	31-Dec-23 RM'000	31-Dec-22 RM'000
<b>Current</b>			
- Term loans	USD	4,161	11,973
	EUR	16,859	15,535
	RM	411	411
- Trade loans	USD	722,229	323,147
	EUR	146,724	89,001
	GBP	463,615	227,054
- Revolving credit	USD	171,294	115,637
	EUR	8,540	13,599
		<b>1,533,833</b>	<b>796,357</b>
<b>Non-Current</b>			
- Term loans	USD	7,334	10,933
	EUR	40,118	52,505
	RM	548	959
- Sukuk	RM	600,000	300,000
		<b>648,000</b>	<b>364,397</b>
		<b>2,181,833</b>	<b>1,160,754</b>

**A16. Contingent liabilities**

	Group and company	
	31-Dec-23	31-Dec-22
	RM'000	RM'000
<b>Corporate guarantees - unsecured</b>		
Issued to banks for banking facilities granted to subsidiaries		
- limit of guarantee	2,473,404	2,412,384
- amount utilised	(1,569,601)	(843,686)

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	<b>84,387</b>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2023**

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

There were no material events subsequent to the current quarter ended 31 December 2023 that have not been reflected in this quarterly report.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2023****B. Explanatory notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A****B1. Review of performance**

The Group's revenue of RM1,800.5 million for the current quarter ended 31 December 2023 is higher than the revenue in the previous corresponding quarter ended 31 December 2022 of RM1,131.3 million. The increase of 59.16% in turnover is mainly due to higher selling price for cocoa butter, cocoa solids and industrial chocolate.

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

The Group made a profit before tax for the quarter 31 December 2023 of RM32.0 million as compared with the profit before tax of RM30.6 million in the preceding year corresponding quarter ended 31 December 2022. This is mainly due to higher selling price in cocoa products and industrial chocolate. However, the increase offset against the higher finance cost due to higher interest rate during current quarter ended 31 December 2023.

**B3. Commentary of prospects**

The cocoa industry remains volatile due to challenges such as supply shortages resulting from adverse weather conditions and diseases, which have led to rising cocoa bean prices and market uncertainties.

In response to this environment, the Group is closely monitoring global developments and adjusting its growth and pricing strategies to ensure long-term sustainability. The Group continue to give top priority on management of supplier and customer risks, while maintaining sufficient working capital to manage the increasing market risks. Despite short-term performance impacts, the Group remains optimistic about the resilient demand for chocolate products in the long term.

Looking forward, the Group will continue to focus on its core business of cocoa ingredient processing while also expanding into the higher-margin industrial chocolate market and optimizing production in accordance with 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 – FOURTH QUARTER ENDED 31 DECEMBER 2023****B6. Derivative financial instruments**

Details of the outstanding derivative financial instruments as at 31 December 2023 are as follows:

	<b>Derivative</b>	<b>Contract Amount RM'000</b>	<b>Fair Value - Net Changes RM'000</b>	<b>Purpose</b>
1	Forward Foreign Exchange Contracts: Sale Contracts - Less than 1 year	163,254	(292)	For hedging currency risk
2	Commodity Futures Sale Contracts - Less than 1 year	1,038,313	(22,784)	For hedging price risk
	Purchase Contracts - Less than 1 year	136,780	1,349	
3	Commodity Options Sale Contracts - Less than 1 year	1,196,444	(104,854)	For hedging price risk
	Purchase Contracts - Less than 1 year	380,497	2,838	
	- 1 year to 3 years	6,596	2	

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 2023****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 2022 was not qualified.

Tay Hoe Lian  
Managing Director  
Dated: 28.02.2024