

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

For the period ended 31 March 2024 – unaudited

| | Note | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|------|-----------------------------------|--|--|--|
| | | Current Quarter Ended 31 Mar 2024 | Preceding Year Corresponding Quarter Ended 31 Mar 2023 | Current Year To-Date Ended 31 Mar 2024 | Preceding Year To-Date Ended 31 Mar 2023 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | 1,870,162 | 1,102,485 | 1,870,162 | 1,102,485 |
| Profit from operations | | 167,096 | 56,436 | 167,096 | 56,436 |
| Finance costs | | (57,291) | (26,457) | (57,291) | (26,457) |
| Share of profit of associates | | 451 | 54 | 451 | 54 |
| Profit before tax | A10 | 110,256 | 30,033 | 110,256 | 30,033 |
| Tax expense | A11 | (18,219) | (6,277) | (18,219) | (6,277) |
| Profit for the period | | 92,037 | 23,756 | 92,037 | 23,756 |
| Other comprehensive income, net of tax | | | | | |
| Exchange differences on translation | | | | | |
| foreign operations | | 14,723 | 12,427 | 14,723 | 12,427 |
| Share of other comprehensive income | | | | | |
| of associates | | 112 | 12 | 112 | 12 |
| Remeasurement of employee benefits liability | | - | - | - | - |
| Exchange differences on translation | | | | | |
| Hedge of net investments in foreign operations | | (5,605) | (374) | (5,605) | (374) |
| Total other comprehensive income for the period, net of tax | | 9,230 | 12,065 | 9,230 | 12,065 |
| Total comprehensive income for the period | | 101,267 | 35,821 | 101,267 | 35,821 |
| Profit attributable to: | | | | | |
| Owners of the Company | | 92,037 | 23,756 | 92,037 | 23,756 |
| Non-controlling interests | | - | - | - | - |
| Profit for the period | | 92,037 | 23,756 | 92,037 | 23,756 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Company | | 101,267 | 35,821 | 101,267 | 35,821 |
| Non-controlling interests | | - | - | - | - |
| Total comprehensive income for the period | | 101,267 | 35,821 | 101,267 | 35,821 |
| Basic earnings per ordinary share (sen) | A12 | 7.83 | 2.02 | 7.83 | 2.02 |

The above condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024 – unaudited

| | Note | 31 March 2024 RM'000 | 31 December 2023 RM'000 |
|---------------------------------------|------|----------------------------|-------------------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 1,433,904 | 1,407,123 |
| Intangible assets | A13 | 87,166 | 86,897 |
| Investment property | | 51,506 | 51,624 |
| Investment in associates | | 5,305 | 4,742 |
| Deferred tax assets | | 1,664 | 1,618 |
| | | 1,579,545 | 1,552,004 |
| Current assets | | | |
| Inventories | | 2,399,612 | 2,524,313 |
| Trade and other receivables | | 1,260,090 | 850,028 |
| Derivative financial assets | A14 | 794,228 | 466,554 |
| Tax recoverable | | 23,984 | 23,925 |
| Deposits, bank and cash balances | | 90,613 | 85,094 |
| | | 4,568,527 | 3,949,914 |
| Total assets | | 6,148,072 | 5,501,918 |
| Equity | | | |
| Share capital | | 495,237 | 495,237 |
| Treasury shares | | (720) | (720) |
| Foreign currency translation reserve | | 126,890 | 112,055 |
| Hedging reserve | | (25,275) | (19,670) |
| Retained profits | | 1,257,908 | 1,165,871 |
| Total equity | | 1,854,040 | 1,752,773 |
| Non-current liabilities | | | |
| Loans and borrowings | A15 | 679,583 | 648,000 |
| Provision for employee benefit | | 3,092 | 3,074 |
| Deferred tax liabilities | | 80,990 | 80,257 |
| Lease liabilities | | 63,255 | 63,132 |
| | | 826,920 | 794,463 |
| Current liabilities | | | |
| Trade and other payables | | 846,797 | 1,181,617 |
| Derivative financial liabilities | A14 | 317,189 | 211,349 |
| Loans and borrowings | A15 | 2,261,501 | 1,533,833 |
| Tax payable | | 24,316 | 14,144 |
| Lease liabilities | | 17,309 | 13,739 |
| | | 3,467,112 | 2,954,682 |
| Total liabilities | | 4,294,032 | 3,749,145 |
| Total equity and liabilities | | 6,148,072 | 5,501,918 |
| Net assets per share (sen) | | | |
| attributable to owners of the Company | | 157.80 | 149.18 |

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2024 – 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 2024 | 495,237 | (720) | 112,055 | (19,670) | 1,165,871 | 1,752,773 |
| Profit for the period | - | - | - | - | 92,037 | 92,037 |
| Other comprehensive income for the period: | | | | | | |
| foreign currency translation differences | - | - | 14,723 | - | - | 14,723 |
| share of other comprehensive loss of associates | - | - | 112 | - | - | 112 |
| hedge of net investments in foreign operations | - | - | - | (5,605) | - | (5,605) |
| Total comprehensive income for the period | - | - | 14,835 | (5,605) | 92,037 | 101,267 |
| Balance at 31 March 2024 | 495,237 | (720) | 126,890 | (25,275) | 1,257,908 | 1,854,040 |
| Balance as at 1 January 2023 | 495,237 | (720) | 59,919 | (4,226) | 1,088,345 | 1,638,555 |
| Profit for the year | - | - | - | - | 100,926 | 100,926 |
| Other comprehensive loss for the year: | | | | | | |
| foreign currency translation differences | - | - | 52,077 | - | - | 52,077 |
| hedge of net investments in foreign operations | - | - | - | (15,444) | - | (15,444) |
| remeasurement of post-employment benefit obligation, net of tax | - | - | - | - | 90 | 90 |
| share of other comprehensive loss of associates | - | - | 59 | - | - | 59 |
| Total comprehensive income for the year | - | - | 52,136 | (15,444) | 101,016 | 137,708 |
| Transactions with owners | | | | | | |
| Issuance of new shares | - | - | - | - | - | - |
| Dividends | - | - | - | - | (23,490) | (23,490) |
| Total transactions with owners | - | - | - | - | (23,490) | (23,490) |
| Balance at 31 December 2023 | 495,237 | (720) | 112,055 | (19,670) | 1,165,871 | 1,752,773 |

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 2023 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2024 – unaudited

| | Three Months Ended | |
|---|--------------------|------------------|
| | 31-Mar-24 | 31-Mar-23 |
| | RM'000 | RM'000 |
| Cash flows from operating activities | | |
| Profit before tax | 110,256 | 30,033 |
| Adjustments for: | | |
| Non-cash and non-operating items | (69,915) | 85,531 |
| Operating profit before working capital changes | 40,341 | 115,564 |
| Changes in working capital | | |
| Net change in current assets | (279,087) | (8,192) |
| Net change in current liabilities | (390,224) | (368,604) |
| Cash generated used in operations | (628,970) | (261,232) |
| Tax paid | (5,758) | (4,425) |
| Tax refund | 121 | - |
| Interest paid | (56,592) | (26,038) |
| Interest received | 3,015 | 942 |
| Net cash used in operating activities | (688,184) | (290,753) |
| Cash flows used in investing activities | | |
| Purchase of property, plant and equipment | (29,085) | (60,466) |
| Proceeds from disposal of property, plant and equipment | 7,136 | 43 |
| Net cash used in investing activities | (21,949) | (60,423) |
| Cash flows from financing activities | | |
| Bank and other borrowings | 732,754 | 404,838 |
| Changes in Fixed deposit pledged | (575) | (22,037) |
| Dividend paid | (23,490) | - |
| Repayment of lease liabilities | (1,425) | (1,155) |
| Net cash from financing activities | 707,264 | 381,646 |
| Net (decrease)/increase in cash and cash equivalents | (2,869) | 30,470 |
| Effect of exchange rate changes | 7,332 | 3,019 |
| Cash and cash equivalents at the beginning of financial period | 54,198 | 47,264 |
| Cash and cash equivalents at the end of financial period | 58,661 | 80,753 |
| Cash and cash equivalents at the end of financial period comprise of : | | |
| Deposits, bank and cash balances | 90,613 | 124,736 |
| Less : Non-cash and cash equivalents | | |
| Fixed deposit pledged to bank as collateral | (31,952) | (43,983) |
| | 58,661 | 80,753 |

The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2024**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 2023. 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 2023.

A2. Significant accounting policies

The audited financial statements of the Group for the year ended 31 December 2023 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 2023, except for those standards, amendments and IC interpretations which are effective from the annual period beginning on or after 1 January 2024. 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 – FIRST QUARTER ENDED 31 MARCH 2024
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.

| Three Months Ended 31 March 2024 | 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 |
|-------------------------------------|--------------------|---------------------|---------------------|-------------------|-----------------------|------------------|-----------------------|------------------------|
| Geographical Segments: | | | | | | | | |
| Total external revenue | 469,260 | 910,755 | 124,205 | 341,177 | 4 | 24,761 | - | 1,870,162 |
| Internal segment revenue | 1,061,209 | 1,246,805 | 572,378 | 654 | 186,632 | 5,320 | (3,072,998) | - |
| Total revenue | 1,530,469 | 2,157,560 | 696,583 | 341,831 | 186,636 | 30,081 | (3,072,998) | 1,870,162 |
| Segment result | 66,862 | 81,689 | 10,112 | 6,591 | 14,319 | 6,743 | (877) | 185,439 |
| Interest income | | | | | | | | 3,015 |
| Finance cost | | | | | | | | (57,291) |
| Depreciation & amortisation | | | | | | | | (20,907) |
| Profit before tax | | | | | | | | 110,256 |
| Tax expenses | | | | | | | | (18,219) |
| Profit for the period | | | | | | | | 92,037 |
| Segment assets | 1,919,094 | 1,701,687 | 1,021,110 | 447,547 | 590,848 | 442,138 | - | 6,122,424 |
| Deferred tax assets | | | | | | | | 1,664 |
| Tax recoverable | | | | | | | | 23,984 |
| Total assets | | | | | | | | 6,148,072 |
| Segment liabilities | 298,033 | 597,185 | 92,375 | 83,360 | 52,515 | 43,610 | - | 1,167,078 |
| Deferred tax liabilities | | | | | | | | 80,990 |
| Tax payables | | | | | | | | 24,316 |
| Borrowings | | | | | | | | 2,941,084 |
| Lease liabilities | | | | | | | | 80,564 |
| Total liabilities | | | | | | | | 4,294,032 |

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2024
A8. Segmental information – (cont'd)

| Three Months Ended 31 March 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 |
|-------------------------------------|--------------------|---------------------|---------------------|-------------------|-----------------------|------------------|-----------------------|------------------------|
| Geographical Segments: | | | | | | | | |
| Total external revenue | 240,756 | 457,931 | 75,789 | 303,296 | 20 | 24,693 | - | 1,102,485 |
| Internal segment revenue | 536,626 | 628,263 | 259,047 | 443 | 144,743 | 30,798 | (1,599,920) | - |
| Total revenue | 777,382 | 1,086,194 | 334,836 | 303,739 | 144,763 | 55,491 | (1,599,920) | 1,102,485 |
| Segment result | 50,682 | (23,807) | 8,716 | 18,779 | 15,395 | 2,447 | 1,686 | 73,898 |
| Interest income | | | | | | | | 942 |
| Finance cost | | | | | | | | (26,457) |
| Depreciation & amortisation | | | | | | | | (18,350) |
| Profit before tax | | | | | | | | 30,033 |
| Tax expenses | | | | | | | | (6,277) |
| Profit for the period | | | | | | | | 23,756 |
| Segment assets | 1,349,273 | 637,199 | 762,635 | 430,372 | 413,458 | 390,642 | - | 3,983,579 |
| Deferred tax assets | | | | | | | | 1,627 |
| Tax recoverable | | | | | | | | 13,677 |
| Total assets | | | | | | | | 3,998,883 |
| Segment liabilities | 36,565 | 363,235 | 14,774 | 96,614 | 38,277 | 33,795 | - | 583,260 |
| Deferred tax liabilities | | | | | | | | 75,135 |
| Tax payables | | | | | | | | 8,298 |
| Borrowings | | | | | | | | 1,576,742 |
| Lease Liabilities | | | | | | | | 81,072 |
| Total liabilities | | | | | | | | 2,324,507 |

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2024**A9. Changes in the composition of the Group**

There were no changes in the composition of the Group during the current quarter under review.

A10. Profit before tax

Included in the profit before tax are the following items:

| | Current Quarter Ended 31-Mar-24 RM'000 | Current Year To-Date 31-Mar-24 RM'000 |
|-------------------------------------|---|--|
| Amortisation of leases | 2,505 | 2,505 |
| Amortisation of intangible assets | 289 | 289 |
| Depreciation | 18,113 | 18,113 |
| Realised loss on foreign exchange | 7,807 | 7,807 |
| Unrealised loss on foreign exchange | 6,896 | 6,896 |
| Realised loss on derivatives | 100,320 | 100,320 |
| Unrealised gain on derivatives | (219,616) | (219,616) |
| Interest expense | 57,291 | 57,291 |
| Interest income | (3,015) | (3,015) |

A11. Tax expense

| | Current Quarter Ended | | Current Year To-Date Ended | |
|---------------------------------------|------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| | 31-Mar-24 RM'000 | 31-Mar-23 RM'000 | 31-Mar-24 RM'000 | 31-Mar-23 RM'000 |
| Income tax expense: | | | | |
| - Current period estimate | 18,201 | 6,249 | 18,201 | 6,249 |
| - Over provision in prior year | (112) | - | (112) | - |
| Deferred tax | | | | |
| - Originated of temporary differences | 130 | 55 | 130 | 55 |
| - Over provision in prior year | - | (27) | - | (27) |
| | 18,219 | 6,277 | 18,219 | 6,277 |

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 – FIRST QUARTER ENDED 31 MARCH 2024

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-Mar-24 | 31-Mar-23 | 31-Mar-24 | 31-Mar-23 |
| Profit for the financial period attributable to owners of the Company (RM'000) | 92,037 | 23,756 | 92,037 | 23,756 |
| Weighted average number of ordinary shares in issue ('000) | 1,174,915 | 1,174,915 | 1,174,915 | 1,174,915 |
| Basic earnings per share (sen) | 7.83 | 2.02 | 7.83 | 2.02 |

A13. Intangible assets

| | Goodwill | Trademark | Non-contractual customer relationship | Total |
|--|----------|-----------|---------------------------------------|----------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cost: | | | | |
| At 1 January 2023 | 65,704 | 10,553 | 15,012 | 91,269 |
| Translation differences | 4,867 | 1,057 | 1,112 | 7,036 |
| At 31 December 2023 and 1 January 2024 | 70,571 | 11,610 | 16,124 | 98,305 |
| Translation differences | 382 | 76 | 91 | 549 |
| At 31 March 2024 | 70,953 | 11,686 | 16,215 | 98,854 |
| Accumulated amortisation and impairment | | | | |
| At 1 January 2023 | (2,576) | (6) | (2,269) | (4,851) |
| Amortisation | - | (1) | (795) | (796) |
| Impairment | (5,549) | - | - | (5,549) |
| Translation differences | - | - | (212) | (212) |
| At 31 December 2023 and 1 January 2024 | (8,125) | (7) | (3,276) | (11,408) |
| Amortisation | - | - | (275) | (275) |
| Translation differences | - | - | (5) | (5) |
| At 31 March 2024 | (8,125) | (7) | (3,556) | (11,688) |
| Net carrying amount: | | | | |
| At 31 December 2023 | 62,446 | 11,603 | 12,848 | 86,897 |
| At 31 March 2024 | 62,828 | 11,679 | 12,659 | 87,166 |

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2024

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 |
| 31 March 2024 | | | | |
| Financial assets | | | | |
| Derivative assets : | | | | |
| - foreign currency forward contracts | - | 2,938 | - | 2,938 |
| - commodity option contracts | - | 314,740 | - | 314,740 |
| - firm purchase commitments denominated in foreign currency | - | 476,550 | - | 476,550 |
| | - | 794,228 | - | 794,228 |
| Financial liabilities | | | | |
| Derivative liabilities : | | | | |
| - cross currency swap contracts | - | 24,917 | - | 24,917 |
| - commodity futures contract | - | 178,240 | - | 178,240 |
| - commodity option contracts | - | 114,032 | - | 114,032 |
| | - | 317,189 | - | 317,189 |
| 31 December 2023 | | | | |
| Financial assets | | | | |
| Derivative assets : | | | | |
| - foreign currency forward contracts | - | 820 | - | 820 |
| - commodity futures contract | - | 50,557 | - | 50,557 |
| - commodity option contracts | - | 31,325 | - | 31,325 |
| - firm purchase commitments denominated in foreign currency | - | 383,852 | - | 383,852 |
| | - | 466,554 | - | 466,554 |
| Financial liabilities | | | | |
| Derivative liabilities : | | | | |
| - foreign currency forward contracts | - | 995 | - | 995 |
| - cross currency swap contracts | - | 19,568 | - | 19,568 |
| - commodity futures contracts | - | 122,863 | - | 122,863 |
| - commodity option contracts | - | 67,923 | - | 67,923 |
| | - | 211,349 | - | 211,349 |

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2024

A15. Loans and borrowings

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

| | Denominated in currency | 31-Mar-24 RM'000 | 31-Dec-23 RM'000 |
|--------------------|----------------------------|---------------------|---------------------|
| Current | | | |
| - Term loans | USD | 3,302 | 4,161 |
| | EUR | 46,418 | 16,859 |
| | GBP | 5,979 | - |
| | RM | 411 | 411 |
| - Trade loans | USD | 1,126,621 | 722,229 |
| | EUR | 218,950 | 146,724 |
| | GBP | 639,628 | 463,615 |
| - Revolving credit | USD | 211,129 | 171,294 |
| | EUR | 9,063 | 8,540 |
| | | 2,261,501 | 1,533,833 |
| Non-Current | | | |
| - Term loans | USD | 6,752 | 7,334 |
| | EUR | 6,617 | 40,118 |
| | GBP | 65,769 | - |
| | RM | 445 | 548 |
| - Sukuk | RM | 600,000 | 600,000 |
| | | 679,583 | 648,000 |
| | | 2,941,084 | 2,181,833 |

A16. Contingent liabilities

| | Group and company | |
|--|---------------------|---------------------|
| | 31-Mar-24 RM'000 | 31-Dec-23 RM'000 |
| Corporate guarantees - unsecured | | |
| Issued to banks for banking facilities granted to subsidiaries | | |
| - limit of guarantee | 3,119,267 | 2,519,304 |
| - amount utilised | (2,264,534) | (1,569,601) |

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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2024**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>90,486</u> |

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

There were no material events subsequent to the current quarter ended 31 March 2024 that have not been reflected in this quarterly report.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2024**B. Explanatory notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A****B1. Review of performance**

The Group's revenue of RM1,870.2 million for the current quarter ended 31 March 2024 is higher than the revenue in the previous corresponding quarter ended 31 March 2023 of RM1,102.5 million. The increase of 69.63% in turnover is mainly due to higher selling price for cocoa butter and increased sales volume for cocoa solids.

B2. Comment on material change in profit before tax

The Group made a profit before tax for the quarter 31 March 2024 of RM110.3 million as compared with the profit before tax of RM30.0 million in the preceding year corresponding quarter ended 31 March 2023. This is mainly due to higher selling price for cocoa butter and increased sales volume for cocoa solids. However, the increase offset against the higher finance cost due to higher interest rate during current quarter ended 31 March 2024.

B3. Commentary of prospects

The cocoa bean shortage has led to a significant increase in prices. Despite a recent decrease, prices remain high. In the short term, demand continues to be strong as most customers aim to secure their positions. However, in the medium term, the high price of beans may begin to slow demand, with the full impact becoming clearer over time.

To address the shortage, the Group is actively monitoring market conditions and sourcing beans to ensure a continuous supply for smooth factory operations. Additionally, the Group is carefully managing its working capital to ensure sufficient funds are available for efficient business operations.

Looking ahead, 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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FIRST QUARTER ENDED 31 MARCH 2024**B6. Derivative financial instruments**

Details of the outstanding derivative financial instruments as at 31 March 2024 are as follows:

| | Derivative | Contract Amount RM'000 | Fair Value - Net Changes RM'000 | Purpose |
|---|---|-----------------------------------|--|---------------------------|
| 1 | Forward Foreign Exchange Contracts: Sale Contracts - Less than 1 year | 232,209 | 2,778 | For hedging currency risk |
| 2 | Commodity Futures Sale Contracts - Less than 1 year Purchase Contracts - Less than 1 year | 149,948 463,697 | (364,884) 267,654 | For hedging price risk |
| 3 | Commodity Options Sale Contracts - Less than 1 year Purchase Contracts - Less than 1 year | 3,051,271 4,072,521 | (3,501,561) 3,391,080 | 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 – FIRST QUARTER ENDED 31 MARCH 2024**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 2023 was not qualified.

Tay Hoe Lian
Managing Director
Dated: 27.05.2024