

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024**
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

For the period ended 30 June 2024 – unaudited

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Quarter Ended <b>30 Jun</b> <b>2024</b> RM'000	Preceding Year Corresponding Quarter Ended <b>30 Jun</b> <b>2023</b> RM'000	Current Year To-Date Ended <b>30 Jun</b> <b>2024</b> RM'000	Preceding Year To-Date Ended <b>30 Jun</b> <b>2023</b> RM'000
Revenue		2,222,438	1,160,194	4,092,600	2,262,679
<b>Profit from operations</b>		143,431	66,974	310,527	123,410
Finance costs		(63,312)	(31,560)	(120,603)	(58,017)
Share of profit of associates		96	92	547	146
<b>Profit before tax</b>	A10	80,215	35,506	190,471	65,539
Tax expense	A11	(13,219)	(7,381)	(31,438)	(13,658)
<b>Profit for the period</b>		66,996	28,125	159,033	51,881
<b>Other comprehensive income, net of tax</b>					
Exchange differences on translation of foreign operations		(3,344)	45,188	11,379	57,615
Share of other comprehensive income of associates		(3)	116	109	128
Remeasurement of employee benefits liability		-	-	-	-
Exchange differences on translation Hedge of net investments in foreign operations		743	(11,003)	(4,862)	(11,377)
<b>Total other comprehensive income for the period, net of tax</b>		(2,604)	34,301	6,626	46,366
<b>Total comprehensive income for the period</b>		64,392	62,426	165,659	98,247
<b>Profit attributable to:</b>					
Owners of the Company		66,996	28,125	159,033	51,881
Non-controlling interests		-	-	-	-
<b>Profit for the period</b>		66,996	28,125	159,033	51,881
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		64,392	62,426	165,659	98,247
Non-controlling interests		-	-	-	-
<b>Total comprehensive income for the period</b>		64,392	62,426	165,659	98,247
<b>Basic earnings per ordinary share (sen)</b>	A12	5.70	2.39	13.54	4.42

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 SECOND QUARTER ENDED 30 JUNE 2024**
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2024 – unaudited

		30 June 2024	31 December 2023
	Note	RM'000	RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,442,314	1,407,123
Intangible assets	A13	86,328	86,897
Investment property		51,244	51,624
Investment in associates		5,398	4,742
Deferred tax assets		1,664	1,618
		<b>1,586,948</b>	<b>1,552,004</b>
<b>Current assets</b>			
Inventories		3,371,127	2,524,313
Trade and other receivables		1,582,839	850,028
Derivative financial assets	A14	713,235	466,554
Tax recoverable		23,145	23,925
Deposits, bank and cash balances		157,268	85,094
		<b>5,847,614</b>	<b>3,949,914</b>
<b>Total assets</b>		<b>7,434,562</b>	<b>5,501,918</b>
<b>Equity</b>			
Share capital		495,237	495,237
Treasury shares		(720)	(720)
Foreign currency translation reserve		123,543	112,055
Hedging reserve		(24,532)	(19,670)
Retained profits		1,324,904	1,165,871
<b>Total equity</b>		<b>1,918,432</b>	<b>1,752,773</b>
<b>Non-current liabilities</b>			
Loans and borrowings	A15	675,484	648,000
Provision for employee benefit		3,004	3,074
Deferred tax liabilities		78,507	80,257
Lease liabilities		60,356	63,132
		<b>817,351</b>	<b>794,463</b>
<b>Current liabilities</b>			
Trade and other payables		1,431,553	1,181,617
Derivative financial liabilities	A14	460,074	211,349
Loans and borrowings	A15	2,762,745	1,533,833
Tax payable		28,737	14,144
Lease liabilities		15,670	13,739
		<b>4,698,779</b>	<b>2,954,682</b>
<b>Total liabilities</b>		<b>5,516,130</b>	<b>3,749,145</b>
<b>Total equity and liabilities</b>		<b>7,434,562</b>	<b>5,501,918</b>
<b>Net assets per share (sen)</b>			
<b>attributable to owners of the Company</b>		<b>163.28</b>	<b>149.18</b>

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 SECOND QUARTER ENDED 30 JUNE 2024**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the period ended 30 June 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
<b>Balance as at 1 January 2024</b>	495,237	(720)	112,055	(19,670)	1,165,871	1,752,773
Profit for the period	-	-	-	-	159,033	159,033
Other comprehensive income for the period:						
foreign currency translation differences	-	-	11,379	-	-	11,379
share of other comprehensive loss of associates	-	-	109	-	-	109
hedge of net investments in foreign operations	-	-	-	(4,862)	-	(4,862)
<b>Total comprehensive income for the period</b>	-	-	11,488	(4,862)	159,033	165,659
<b>Balance at 30 June 2024</b>	495,237	(720)	123,543	(24,532)	1,324,904	1,918,432
<b>Balance as at 1 January 2023</b>	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
<b>Total comprehensive income for the year</b>	-	-	52,136	(15,444)	101,016	137,708
<b>Transactions with owners</b>						
Issuance of new shares	-	-	-	-	-	-
Dividends	-	-	-	-	(23,490)	(23,490)
Total transactions with owners	-	-	-	-	(23,490)	(23,490)
<b>Balance at 31 December 2023</b>	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 SECOND QUARTER ENDED 30 JUNE 2024**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the period ended 30 June 2024 – unaudited

		<b>Six Months Ended</b>	
		<b>30-Jun-24</b>	<b>30-Jun-23</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>			
	Profit before tax	190,471	65,539
	Adjustments for:		
	Non-cash and non-operating items	253,714	83,996
	Operating profit before working capital changes	444,185	149,535
	Changes in working capital		
	Net change in current assets	(1,628,788)	39,213
	Net change in current liabilities	208,619	(424,414)
	Cash generated used in operations	(975,984)	(235,666)
	Tax paid	(12,817)	(17,332)
	Tax refund	121	689
	Interest paid	(119,256)	(56,347)
	Interest received	9,620	2,282
	<b>Net cash used in operating activities</b>	<b>(1,098,316)</b>	<b>(306,374)</b>
<b>Cash flows used in investing activities</b>			
	Purchase of property, plant and equipment	(50,178)	(98,142)
	Proceeds from disposal of property, plant and equipment	1,549	45
	<b>Net cash used in investing activities</b>	<b>(48,629)</b>	<b>(98,097)</b>
<b>Cash flows from financing activities</b>			
	Bank and other borrowings	1,242,409	422,876
	Changes in Fixed deposit pledged	(874)	5,667
	Dividend paid	(23,490)	-
	Repayment of lease liabilities	(2,787)	(1,962)
	<b>Net cash from financing activities</b>	<b>1,215,258</b>	<b>426,581</b>
	Net increase in cash and cash equivalents	68,313	22,110
	Effect of exchange rate changes	2,510	(4,820)
	Cash and cash equivalents at the beginning of financial period	54,198	47,264
	<b>Cash and cash equivalents at the end of financial period</b>	<b>125,021</b>	<b>64,554</b>
<b>Cash and cash equivalents at the end of financial period comprise of :</b>			
	Deposits, bank and cash balances	157,268	81,742
	Less : Non-cash and cash equivalents		
	Fixed deposit pledged to bank as collateral	(32,247)	(17,188)
		<b>125,021</b>	<b>64,554</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 2023 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 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**

There was no dividend paid by the Company during the current quarter under review.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 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.

Six Months Ended 30 June 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
<b>Geographical Segments:</b>								
Total external revenue	1,271,797	1,743,003	265,005	753,954	7	58,834	-	4,092,600
Internal segment revenue	2,157,183	3,128,278	1,293,216	1,882	426,422	13,009	(7,019,990)	-
<b>Total revenue</b>	<b>3,428,980</b>	<b>4,871,281</b>	<b>1,558,221</b>	<b>755,836</b>	<b>426,429</b>	<b>71,843</b>	<b>(7,019,990)</b>	<b>4,092,600</b>
<b>Segment result</b>	<b>128,281</b>	<b>141,225</b>	<b>21,449</b>	<b>39,396</b>	<b>29,396</b>	<b>4,134</b>	<b>(20,324)</b>	<b>343,557</b>
Interest income								9,620
Finance cost								(120,603)
Depreciation & amortisation								(42,103)
Profit before tax								190,471
Tax expenses								(31,438)
Profit for the period								159,033
<b>Segment assets</b>	<b>2,915,052</b>	<b>1,699,900</b>	<b>1,066,218</b>	<b>494,961</b>	<b>771,572</b>	<b>462,050</b>	<b>-</b>	<b>7,409,753</b>
Deferred tax assets								1,664
Tax recoverable								23,145
<b>Total assets</b>								<b>7,434,562</b>
<b>Segment liabilities</b>	<b>530,322</b>	<b>891,745</b>	<b>248,570</b>	<b>101,169</b>	<b>79,247</b>	<b>43,578</b>	<b>-</b>	<b>1,894,631</b>
Deferred tax liabilities								78,507
Tax payables								28,737
Borrowings								3,438,229
Lease liabilities								76,026
<b>Total liabilities</b>								<b>5,516,130</b>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2024**
**A8. Segmental information – (cont'd)**

Six Months Ended 30 June 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	522,555	959,714	128,754	605,172	33	46,451	-	2,262,679
Internal segment revenue	1,085,555	1,385,382	540,915	735	293,448	55,169	(3,361,204)	-
<b>Total revenue</b>	<b>1,608,110</b>	<b>2,345,096</b>	<b>669,669</b>	<b>605,907</b>	<b>293,481</b>	<b>101,620</b>	<b>(3,361,204)</b>	<b>2,262,679</b>
<b>Segment result</b>	<b>75,326</b>	<b>(9,741)</b>	<b>17,415</b>	<b>41,439</b>	<b>23,917</b>	<b>5,761</b>	<b>4,939</b>	<b>159,056</b>
Interest income								2,282
Finance cost								(58,017)
Depreciation & amortisation								(37,782)
Profit before tax								65,539
Tax expenses								(13,658)
Profit for the period								51,881
<b>Segment assets</b>	<b>1,407,881</b>	<b>1,679,461</b>	<b>761,016</b>	<b>439,383</b>	<b>510,116</b>	<b>394,699</b>	<b>-</b>	<b>5,192,556</b>
Deferred tax assets								1,718
Tax recoverable								16,265
<b>Total assets</b>								<b>5,210,539</b>
<b>Segment liabilities</b>	<b>56,129</b>	<b>1,382,887</b>	<b>35,455</b>	<b>87,268</b>	<b>61,299</b>	<b>39,114</b>	<b>-</b>	<b>1,662,152</b>
Deferred tax liabilities								77,616
Tax payables								10,248
Borrowings								1,641,749
Lease Liabilities								81,972
<b>Total liabilities</b>								<b>3,473,737</b>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 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:

	<b>Current Quarter Ended 30-Jun-24 RM'000</b>	<b>Current Year To-Date 30-Jun-24 RM'000</b>
Amortisation of leases	2,228	4,733
Amortisation of intangible assets	296	585
Depreciation	18,672	36,785
Realised loss on foreign exchange	5,654	13,461
Unrealised (gain)/loss on foreign exchange	(184)	6,712
Realised gain on derivatives	(274,974)	(174,654)
Unrealised loss on derivatives	224,625	5,009
Interest expense	63,312	120,603
Interest income	(6,605)	(9,620)

**A11. Tax expense**

	<b>Current Quarter Ended</b>		<b>Current Year To-Date Ended</b>	
	<b>30-Jun-24 RM'000</b>	<b>30-Jun-23 RM'000</b>	<b>30-Jun-24 RM'000</b>	<b>30-Jun-23 RM'000</b>
Income tax expense:				
- Current period estimate	15,253	7,261	33,454	13,510
- Under provision in prior year	251	65	139	65
Deferred tax				
- Originated of temporary differences	(2,182)	57	(2,052)	112
- Over provision in prior year	(103)	(2)	(103)	(29)
	<b>13,219</b>	<b>7,381</b>	<b>31,438</b>	<b>13,658</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 – SECOND QUARTER ENDED 30 JUNE 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	
	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23
Profit for the financial period attributable to owners of the Company (RM'000)	66,996	28,125	159,033	51,881
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)	5.70	2.39	13.54	4.42

**A13. Intangible assets**

	Goodwill	Trademark	Non-contractual customer relationship	Total
	RM'000	RM'000	RM'000	RM'000
<b>Cost:</b>				
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	(31)	32	4	5
At 30 June 2024	70,540	11,642	16,128	98,310
<b>Accumulated amortisation and impairment</b>				
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	-	-	(549)	(549)
Translation differences	-	-	(25)	(25)
At 30 June 2024	(8,125)	(7)	(3,850)	(11,982)
<b>Net carrying amount:</b>				
At 31 December 2023	62,446	11,603	12,848	86,897
At 30 June 2024	62,415	11,635	12,278	86,328

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 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 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>30 June 2024</b>				
<b>Financial assets</b>				
<b>Derivative assets :</b>				
- foreign currency forward contracts	-	2,797	-	2,797
- commodity option contracts	-	150,823	-	150,823
- firm purchase commitments denominated in foreign currency	-	559,615	-	559,615
	-	713,235	-	713,235
<b>Financial liabilities</b>				
<b>Derivative liabilities :</b>				
- foreign currency forward contracts	-	93	-	93
- cross currency swap contracts	-	24,453	-	24,453
- commodity futures contract	-	232,968	-	232,968
- commodity option contracts	-	202,560	-	202,560
	-	460,074	-	460,074
<b>31 December 2023</b>				
<b>Financial assets</b>				
<b>Derivative assets :</b>				
- 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
<b>Financial liabilities</b>				
<b>Derivative liabilities :</b>				
- 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 – SECOND QUARTER ENDED 30 JUNE 2024**

**A15. Loans and borrowings**

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

		Denominated in currency	30-Jun-24 RM'000	31-Dec-23 RM'000
<b>Current</b>				
	- Term loans	USD	16,235	4,161
		EUR	42,294	16,859
		GBP	8,546	-
		RM	75,411	411
	- Trade loans	USD	1,361,432	722,229
		EUR	282,730	146,724
		GBP	782,161	463,615
	- Revolving credit	USD	178,789	171,294
		EUR	15,147	8,540
			<b>2,762,745</b>	<b>1,533,833</b>
<b>Non-Current</b>				
	- Term loans	USD	5,951	7,334
		EUR	5,949	40,118
		GBP	63,242	-
		RM	342	548
	- Sukuk	RM	600,000	600,000
			<b>675,484</b>	<b>648,000</b>
			<b>3,438,229</b>	<b>2,181,833</b>

**A16. Contingent liabilities**

	Group and company	
	30-Jun-24 RM'000	31-Dec-23 RM'000
<b>Corporate guarantees - unsecured</b>		
Issued to banks for banking facilities granted to subsidiaries		
- limit of guarantee	3,884,324	2,519,304
- amount utilised	(2,841,703)	(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 – SECOND QUARTER ENDED 30 JUNE 2024****A17. Capital Commitments**

At the end of the current quarter, capital expenditure of the Group contracted but not provided for are as follows :-

	<b>RM'000</b>
<b>Authorised and contracted for :</b>	
Property, plant and equipment	<u>74,029</u>

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

There were no material events subsequent to the current quarter ended 30 June 2024 that have not been reflected in this quarterly report.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 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 RM2,222.4 million for the current quarter ended 30 June 2024 is higher than the revenue in the previous corresponding quarter ended 30 June 2023 of RM1,160.2 million. The increase of 91.56% in turnover is mainly due to higher selling price for cocoa products 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 30 June 2024 of RM80.2 million as compared with the profit before tax of RM35.5 million in the preceding year corresponding quarter ended 30 June 2023. This is mainly due to higher selling price for cocoa products and increased sales volume for cocoa solids.

**B3. Commentary of prospects**

Unpredictable weather conditions in cocoa-producing countries and geopolitical tensions are impacting the cocoa industry, as it likely to lead to volatility in cocoa bean prices. High cocoa bean prices could impact demand, and the Group continues to monitor this closely and adjust to market conditions as needed. Additionally, recent port congestion is anticipated to prolong the Group's trade cycle, resulting in higher working capital needs.

The Group is actively monitoring market conditions and sourcing beans to ensure a steady supply for uninterrupted factory operations. On top of this, the Group is diligently managing its working capital to maintain sufficient funds 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.

[Intentionally left blank]

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2024****B6. Derivative financial instruments**

Details of the outstanding derivative financial instruments as at 30 June 2024 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	492,238	2,413	For hedging currency risk
2	Commodity Futures Sale Contracts - Less than 1 year  Purchase Contracts - Less than 1 year	2,545,615  1,994,397	272,791  (363,887)	For hedging price risk
3	Commodity Options Sale Contracts - Less than 1 year  Purchase Contracts - Less than 1 year	1,587,685  1,830,439	(495,995)  302,386	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 – SECOND QUARTER ENDED 30 JUNE 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: 26.08.2024