



TECK GUAN PERDANA BERHAD

(COMPANY NO: 307097 - A)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 JULY 2017

TECK GUAN PERDANA BERHAD

(Company No. 307097-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/07/2017 RM'000	Preceding Year Corresponding Quarter 31/07/2016 RM'000	Current Year ToDate 31/07/2017 RM'000	Preceding Year Corresponding Period 31/07/2016 RM'000
Revenue	76,391	96,045	199,080	196,615
Cost of sales	<u>(73,813)</u>	<u>(84,701)</u>	<u>(197,795)</u>	<u>(178,291)</u>
Gross profit	2,578	11,344	1,285	18,324
Other operating (expenses)/income	(287)	1,603	449	1,929
Selling and distribution costs	(2,316)	(2,077)	(4,809)	(5,181)
Administrative expenses	(1,201)	(2,243)	(2,426)	(4,473)
Interest income	145	28	258	95
Finance costs	<u>(443)</u>	<u>(485)</u>	<u>(959)</u>	<u>(921)</u>
(Loss)/profit before tax	(1,524)	8,170	(6,202)	9,773
Taxation	716	(1,840)	1,749	(2,110)
(Loss)/profit net of tax	<u>(808)</u>	<u>6,330</u>	<u>(4,453)</u>	<u>7,663</u>
Other comprehensive income for the period/ year, net of tax	-	-	-	-
Total comprehensive (loss)/income for the period/ year	<u>(808)</u>	<u>6,330</u>	<u>(4,453)</u>	<u>7,663</u>

TECK GUAN PERDANA BERHAD

(Company No. 307097-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/07/2017 RM'000	Preceding Year Corresponding Quarter 31/07/2016 RM'000	Current Year Todate 31/07/2017 RM'000	Preceding Year Corresponding Period 31/07/2016 RM'000
(Loss)/profit attributable to:				
Equity holders of the Company	<u>(808)</u>	<u>6,330</u>	<u>(4,453)</u>	<u>7,663</u>
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	<u>(808)</u>	<u>6,330</u>	<u>(4,453)</u>	<u>7,663</u>
(Loss)/earnings per share attributable to equity holders:				
Basic, for the period (Sen)	(2.02)	15.79	(11.11)	19.11
Diluted, for the period (Sen)	na	na	na	na

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements of the Company for the year ended 31 January 2017 and the accompanying explanatory notes attached to the interim financial statements.

TECK GUAN PERDANA BERHAD

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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At End Of Current Quarter 31/07/2017 RM'000	As At Preceding Financial Year End 31/01/2017 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	52,718	53,682
Biological assets	42,830	44,881
Deferred tax assets	5	5
	<hr/> 95,553	<hr/> 98,568
Current Assets		
Inventories	23,486	54,456
Trade and other receivables	35,312	11,023
Cash and bank balances	24,616	24,082
Derivatives	-	35
Tax recoverable	59	59
	<hr/> 83,473	<hr/> 89,655
TOTAL ASSETS	<hr/> 179,026	<hr/> 188,223
EQUITY AND LIABILITIES		
Current Liabilities		
Loans and borrowings	36,721	51,903
Trade and other payables	28,683	14,862
Income tax payable	81	1,074
	<hr/> 65,485	<hr/> 67,839
NET CURRENT ASSETS	<hr/> 17,988	<hr/> 21,816
Non-Current Liability		
Deferred tax liabilities	15,079	17,469
	<hr/> 15,079	<hr/> 17,469
TOTAL LIABILITIES	<hr/> 80,564	<hr/> 85,308
NET ASSETS	<hr/> 98,462	<hr/> 102,915
Equity attributable to owners of the Company		
Share capital	40,104	40,097
Share premium	-	7
Asset revaluation reserve	52,951	54,522
Retained earnings	5,407	8,289
Total Equity	<hr/> 98,462	<hr/> 102,915
TOTAL EQUITY & LIABILITIES	<hr/> 179,026	<hr/> 188,223
NET ASSETS PER SHARE (SEN)	245.56	256.67

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements of the Company for the year ended 31 January 2017 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to owners of the company →				Equity, Total RM'000
	Share Capital RM'000	Share Premium RM'000	Asset Revaluation Reserves RM'000	Retained Earnings/ (Accumulated Losses) RM'000	
Opening balance at 1 February 2017	40,097	7	54,522	8,289	102,915
Total comprehensive loss for the period	-	-	-	(4,453)	(4,453)
Transition to non par value regime	7	(7)	-	-	-
Assets revaluation reserve realised upon depreciation charged	-	-	(1,571)	1,571	-
Closing balance at 31 July 2017	40,104	-	52,951	5,407	98,462
Opening balance at 1 February 2016	40,097	7	57,664	(6,833)	90,935
Total comprehensive income for the year	-	-	-	11,980	11,980
Assets revaluation reserve realised upon depreciation charged	-	-	(3,142)	3,142	-
Closing balance at 31 January 2017	40,097	7	54,522	8,289	102,915

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements of the Company for the year ended 31 January 2017 and the accompanying explanatory notes attached to the interim financial statements.

TECK GUAN PERDANA BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year To Date 31/07/2017 RM'000	Preceding Year Corresponding Period 31/07/2016 RM'000
Operating activities		
(Loss)/profit before taxation	(6,202)	9,773
<u>Adjustments for:</u>		
Amortisation of biological assets	2,075	2,141
Gain on disposal of property, plant and equipment	(3)	-
Depreciation of property, plant and equipment	977	899
Property, plant and equipment written off	1	2
Net fair value gain on derivatives	35	-
Interest income	(258)	(95)
Interest expense	959	921
Total adjustments	<u>3,786</u>	<u>3,868</u>
Operating cash flows before changes in working capital	(2,416)	13,641
<u>Changes in working capital:</u>		
Inventories	30,970	24,546
Trade and other receivables	(24,289)	(35,464)
Trade and other payables	13,821	5,669
Total changes in working capital	<u>20,502</u>	<u>(5,249)</u>
Cash flows generated from operations	18,086	8,392
Interest paid	(959)	(921)
Interest received	258	95
Income tax paid	(1,634)	(1,263)
Net cash flows generated from operating activities	<u>15,751</u>	<u>6,303</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Current Year To Date 31/07/2017 RM'000	Preceding Year Corresponding Period 31/07/2016 RM'000
Investing activities		
Purchase of property, plant and equipment	(14)	(23)
Plantation development expenditure	(24)	(22)
Proceeds from disposal of property, plant and equipment	3	-
Net cash flows used in investing activities	<u>(35)</u>	<u>(45)</u>
Financing activities		
Drawdown of letter of credits	-	24,075
Repayment of letter of credits	-	(20,784)
Proceeds from bankers' acceptance	87,348	77,927
Repayment of bankers' acceptances	(102,354)	(58,265)
Repayment of term loan	-	(5,892)
Net cash flows (used in)/generated from financing activities	<u>(15,006)</u>	<u>17,061</u>
Net increase in cash and cash equivalents	<u>710</u>	<u>23,319</u>
Cash and cash equivalents at beginning of the period	23,723	18,625
Cash and cash equivalents at end of the period	<u>24,433</u>	<u>41,944</u>
	As At 31/07/2017	As At 31/07/2016
*Cash and cash equivalents at end of the period consists of:		
Cash and bank balances	24,616	42,137
Bank overdrafts	(183)	(193)
	<u>24,433</u>	<u>41,944</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements of the Company for the year ended 31 January 2017 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 - Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 January 2017. 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 January 2017.

2. Accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 January 2017 except for the adoption of the following Amendments to FRSs which take effect from 1 January 2017 and 1 January 2018:

Description	Effective for annual periods beginning on or after
FRS 107 Disclosure Initiative (Amendments to FRS107)	1 January 2017
FRS 112 Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 112)	1 January 2017
FRS 2 Classification and Measurement of share-based Payment Transactions (Amendments to FRS 2)	1 January 2018
FRS 9 Financial Instruments	1 January 2018

The adoption of the above did not have any significant effects on the interim financial statements upon their initial application.

2. Accounting policies (continued)

Malaysian Financial Reporting Standards (MFRS Framework).

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. On 8 September 2015, MASB announced that adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and accordingly, will adopt the MFRS Framework for the financial year ending 31 January 2019. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. Adjustments required on transition, if any, will be made retrospectively against opening retained earnings.

Accordingly, the consolidated financial performance and financial position as disclosed in these interim financial statements for the period ended 31 July 2017 could be different if prepared under the MFRS Framework.

3. Audit report

There was no audit qualification in the audit report of the preceding annual financial statements.

4. Seasonal and cyclical factors

The Group's operations are affected by seasonal crop production, weather conditions and fluctuating commodity prices.

5. Unusual items due to their nature, size of incidence

There were no items affecting the assets, liabilities, net income or cash flows that are unusual because of their nature, size of incidence for the interim period.

6. Changes in estimates

There were no significant changes in the amount of estimates that have had a material effect in the current financial results.

7. Debt and equities securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equities securities for the current financial period under review.

8. Dividend paid

There was no dividend payment during the current financial period-to-date.

9. Segmental reporting

Segment analysis for the period ended 31 July 2017 is set out below:

	Palm Oil Products RM'000	Cocoa Products RM'000	Consolidated RM'000
Revenue	193,279	5,801	199,080
Results			
Segment results	(5,105)	497	(4,608)
Unallocated corporate expenses			(635)
Finance cost			(959)
Loss before tax			<u>(6,202)</u>
Assets			
Segment assets	150,606	28,229	178,835
Unallocated assets			191
			<u>179,026</u>
Liabilities			
Segment liabilities	79,712	192	79,904
Unallocated liabilities			660
			<u>80,564</u>
Other information			
Capital expenditure	2	12	14
Depreciation	864	113	977
Amortisation	2,075	-	2,075

9. Segmental reporting (continued)

Palm Oil Products

The palm oil products segment remained the Group's main source of revenue, which contributed 97.18% of the revenue of the Group in the current quarter.

For the quarter under review, revenue for this segment decreased to RM74.24 million from RM94.15 million in the preceding year corresponding quarter. The decrease was mainly attributed to the decrease in selling price and sales volume.

The palm oil products segment reported an operating loss of RM0.84 million in the current quarter against a profit of RM8.97 million in the preceding year corresponding quarter. The decrease in operating profit was primarily attributed to the decrease in the operating margin.

Cocoa Products

Cocoa products' contribution of 2.82% to the revenue of the Group is insignificant.

10. Valuations of property, plant and equipment

The valuations of property, plant and equipment have been brought forward without amendment from the previous financial statements.

11. Changes in composition of the Group

There are no changes in the composition of the Company and the Group for the financial quarter ended 31 July 2017.

12. Discontinued operation

There was no discontinued operation during the quarter ended 31 July 2017.

13. Capital commitment

There were no material capital commitments as at the end of the quarter under review.

14. Contingent liabilities

There were no material contingent liabilities since the last annual balance sheet date.

15. Material related party transactions

Significant transactions between the Group and its jointly controlled entities are as follows:

	6 months ended 31 July 2017 RM'000
Sale of crude palm kernel oil	63,245
Purchase of palm kernel	45,161
Sale of fresh fruit bunches	5,871
Purchase of fertilizers, chemicals, etc.	697
Sale of cocoa powder	195
Rental on factory building and infrastructures	1,162
Sale of chocolate products	670

16. Subsequent Events

There were no material events subsequent to the end of the year that have not been reflected in the financial statements for the period.

17. Review of Group's Performance

For the quarter under review, revenue for the Group decreased by 20.46% from RM96.04 million to RM76.39 million as compared with preceding year corresponding quarter. The decrease was mainly attributed to the decrease in selling price and sales volume.

18. Comment On Material Changes In Profit Before Tax

The Group registered a loss before tax of RM1.52 million as compared with RM4.68 million in the immediate preceding quarter. The decrease in loss before tax was primarily attributed to the increase in operating margin in the current quarter.

19. Current Year Prospects

The palm oil market is expected to remain challenging with vulnerability in commodity prices. However, Management is cautiously optimistic on the long term prospects of the palm-based industry and will continue to focus on the cost efficiency and yield management in order to achieve long-term sustainability.

20. Profit Forecast

The Group did not announce any profit forecast or profit guarantee during the current financial year.

21. Profit Before Tax

The following items have been included in arriving at profit before tax:

	Quarter Ended 31.07.2017 RM'000	Year-to-date 31.07.2017 RM'000
Interest Income	(145)	(258)
Interest Expenses	443	959
Rental Income	(43)	(86)
Depreciation and amortisation	1,524	3,052
Net foreign exchange loss	162	327
Rental of premises	12	23
Rental of equipment	22	42
Rental of land and factory	549	1,097

22. Taxation

	Current Quarter 30/07/2017 RM'000	Year-To- Date 31/07/2017 RM'000
Taxation for the current period	247	641
Deferred taxation for the current period	(963)	(2,390)
	<u>(716)</u>	<u>(1,749)</u>

23. Profit or Loss on Sale of Unquoted Investment and/or Properties

There was no sale of unquoted investments and/or properties during the current quarter and financial year-to-date.

24. Quoted Securities

There was no purchase or disposal of quoted securities during the current quarter and financial year-to-date and there were no investment in quoted shares as at the end of the quarter.

25. Corporate Proposals

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

26. Borrowings

The Group borrowings, which are denominated in Ringgit Malaysia, as at the end of the reporting period were as follows:

	As at 31/07/2017 RM'000	As at 31/07/2016 RM'000
Short term borrowings:		
Secured		
Bankers' acceptances	36,538	48,724
Letter of credit	-	10,065
Term loan	-	3,803
	36,538	62,592
Unsecured		
Bank overdrafts	183	193
Total	36,721	62,785

27. Financial Instruments

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.

There were no financial instruments with off balance sheet risk as at the date of announcement.

The un-hedged financial assets and liabilities of the Group that are not denominated in their functional currencies as at the current quarter ended are as follows:-

Functional currency of the Group	Un-hedged financial assets/(liabilities) held in non- functional currencies		
	United States Dollar	Renminbi	Total
	RM'000	RM'000	RM'000
Trade and other receivables	18,799	42	18,841
Trade payables	(13,313)	-	(13,313)
Cash and bank balances	8,519	-	8,519
Total	14,005	42	14,047

28. Material Litigation

There were no pending material litigations at the date of this report.

29. Dividends

No dividend has been declared for the financial quarter under review.

30. Earnings Per Share

The earnings per share for the current quarter and financial year-to-date are calculated by dividing the profit for the period by the weighted average number of ordinary shares in issue.

	Current Year Quarter 31/07/2017	Preceding Year Corresponding Quarter 31/07/2016	Current Year To Date 31/07/2017	Preceding Year Corresponding Period 31/07/2016
(Loss)/profit for the period (RM'000)	(808)	6,330	(4,453)	7,663
Weighted average number of ordinary shares in issue ('000)	40,097	40,097	40,097	40,097
Basic (loss)/earnings per share (Sen)	<u>(2.02)</u>	<u>15.79</u>	<u>(11.11)</u>	<u>19.11</u>

Basic earnings per ordinary share is calculated by dividing the profit for the quarter attributable to ordinary equity holders of the company by the weighted average number of ordinary shares in issue during the quarter.

Diluted earnings per share is not disclosed as the Company does not have any dilutive potential on ordinary shares.

31. Disclosure of realised and unrealised profits or losses

Realised and unrealised retained earnings/(accumulated losses) of the Group is analysed as follows:

	As at 31.07.2017 RM'000	As at 31.01.2017 RM'000
Total accumulated losses of TGPB and its subsidiaries		
- Realised	(26,576)	(22,161)
- Unrealised	(15,074)	(16,607)
	(41,650)	(38,768)
Less: Consolidation adjustments	47,057	47,057
Total group retained earnings as per consolidated accounts	5,407	8,289

32. Authorisation for issue

The unaudited interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 September 2017.