



TECK GUAN PERDANA BERHAD

(COMPANY NO: 307097 - A)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2018

TECK GUAN PERDANA BERHAD

(Company No. 307097-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD (4th quarter)		CUMULATIVE PERIOD	
	Current Year Quarter 31/01/2018 RM'000	Preceding Year Corresponding Quarter 31/01/2017 RM'000	Current Year ToDate 31/01/2018 RM'000	Preceding Year Corresponding Period 31/01/2017 RM'000
Revenue	76,511	87,792	387,915	377,311
Cost of sales	(69,430)	(82,862)	(371,335)	(348,679)
Gross profit	7,081	4,930	16,580	28,632
Other operating (expenses)/income	(639)	1,428	(434)	4,261
Selling and distribution costs	(2,262)	(2,493)	(10,942)	(10,600)
Administrative expenses	(1,436)	(1,588)	(5,107)	(5,466)
Operating profit	2,744	2,277	97	16,827
Interest income	162	171	514	411
Finance costs	(603)	(576)	(2,180)	(1,950)
Profit/(loss) before tax	2,303	1,872	(1,569)	15,288
Taxation	(1,506)	(552)	(227)	(3,307)
Profit/(loss) net of tax	797	1,320	(1,796)	11,981
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income/(loss) for the period	797	1,320	(1,796)	11,981

TECK GUAN PERDANA BERHAD

(Company No. 307097-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	INDIVIDUAL PERIOD (4th quarter)		CUMULATIVE PERIOD	
	Current Year Quarter 31/01/2018 RM'000	Preceding Year Corresponding Quarter 31/01/2017 RM'000	Current Year To date 31/01/2018 RM'000	Preceding Year Corresponding Period 31/01/2017 RM'000
Profit/(loss) attributable to:				
Equity holders of the Company	<u>797</u>	<u>1,320</u>	<u>(1,796)</u>	<u>11,981</u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	<u>797</u>	<u>1,320</u>	<u>(1,796)</u>	<u>11,981</u>
Earnings/(loss) per share attributable to equity holders:				
Basic, for the period (Sen)	1.99	3.29	(4.48)	29.88
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

(Company No. 307097-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At End Of Current Quarter 31/01/2018 RM'000	As At Preceding Financial Year End 31/01/2017 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	51,855	53,682
Biological assets	40,783	44,881
Deferred tax assets	5	5
	<hr/> 92,643	<hr/> 98,568
Current Assets		
Inventories	47,991	54,456
Trade and other receivables	11,351	11,023
Cash and bank balances	52,960	24,082
Derivatives	156	35
Tax recoverable	1,223	59
	<hr/> 113,681	<hr/> 89,655
TOTAL ASSETS	<hr/> 206,324	<hr/> 188,223
EQUITY AND LIABILITIES		
Current Liabilities		
Loans and borrowings	68,374	51,903
Trade and other payables	20,325	14,862
Income tax payable	1,095	1,074
	<hr/> 89,794	<hr/> 67,839
NET CURRENT ASSETS	<hr/> 23,887	<hr/> 21,816
Non-Current Liability		
Deferred tax liabilities	15,411	17,469
	<hr/> 15,411	<hr/> 17,469
TOTAL LIABILITIES	<hr/> 105,205	<hr/> 85,308
NET ASSETS	<hr/> 101,119	<hr/> 102,915
Equity attributable to owners of the Company		
Share capital	40,104	40,097
Share premium	-	7
Asset revaluation reserve	51,381	54,522
Retained earnings	9,634	8,289
Total Equity	<hr/> 101,119	<hr/> 102,915
TOTAL EQUITY & LIABILITIES	<hr/> 206,324	<hr/> 188,223
NET ASSETS PER SHARE (SEN)	252.19	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 →				
	← Non-distributable →				
	Share Capital RM'000	Share Premium RM'000	Asset Revaluation Reserves RM'000	Retained Earnings/ (Accumulated Losses) RM'000	Equity, Total RM'000
Opening balance at 1 February 2017	40,097	7	54,522	8,289	102,915
Total comprehensive loss for the period	-	-	-	(1,796)	(1,796)
Transition to non par value regime	7	(7)	-	-	-
Assets revaluation reserve realised upon depreciation charged	-	-	(3,141)	3,141	-
Closing balance at 31 January 2018	<u>40,104</u>	<u>-</u>	<u>51,381</u>	<u>9,634</u>	<u>101,119</u>
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	<u>40,097</u>	<u>7</u>	<u>54,522</u>	<u>8,289</u>	<u>102,915</u>

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 31/01/2018 RM'000	Preceding Year Corresponding Period 31/01/2017 RM'000
Operating activities		
(Loss)/profit before taxation	(1,569)	15,288
<u>Adjustments for:</u>		
Amortisation of biological assets	4,151	4,150
Gain on disposal of property, plant and equipment	(3)	(6)
Depreciation of property, plant and equipment	1,924	2,067
Property, plant and equipment written off	1	216
Provision for Impairment of plant and machinery	-	170
Net fair value gain on derivatives	(121)	(35)
Unrealised loss/(gain) on foreign exchange	2,265	(929)
Impairment for slow-moving inventories	-	96
Interest income	(514)	(411)
Interest expense	2,180	1,950
Total adjustments	<u>9,883</u>	<u>7,268</u>
Operating cash flows before changes in working capital	8,314	22,556
<u>Changes in working capital:</u>		
Inventories	6,465	(16,550)
Trade and other receivables	(342)	(4,766)
Trade and other payables	6,100	4,421
Total changes in working capital	<u>12,223</u>	<u>(16,895)</u>
Cash flows generated from operations	20,537	5,661
Interest paid	(2,180)	(1,950)
Interest received	514	411
Income tax paid	(3,429)	(5,779)
Net cash flows generated from/ (used in) operating activities	<u>15,442</u>	<u>(1,657)</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Current Year To Date 31/01/2018 RM'000	Preceding Year Corresponding Period 31/01/2017 RM'000
Investing activities		
Purchase of property, plant and equipment	(101)	(154)
Plantation development expenditure	(52)	(47)
Proceeds from disposal of property, plant and equipment	5	6
Net cash flows used in investing activities	<u>(148)</u>	<u>(195)</u>
Financing activities		
Drawdown of letter of credits	63,993	63,841
Repayment of letter of credits	(57,902)	(70,614)
Proceeds from bankers' acceptances	216,694	175,175
Repayment of bankers' acceptances	(206,269)	(152,693)
Repayment of term loan	-	(9,695)
Net cash flows generated from financing activities	<u>16,516</u>	<u>6,014</u>
Net increase in cash and cash equivalents	<u>31,810</u>	<u>4,162</u>
Effect of exchange rate changes on cash and cash equivalents	(2,888)	936
Cash and cash equivalents at beginning of the year	23,723	18,625
Cash and cash equivalents at end of the year	<u>52,645</u>	<u>23,723</u>
	As At 31/01/2018	As At 31/01/2017
*Cash and cash equivalents at end of the year consists of:		
Cash and bank balances	52,960	24,082
Bank overdrafts	(315)	(359)
	<u>52,645</u>	<u>23,723</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:

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

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

The Group intends to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
FRS 2 Classification and Measurement of share-based Payment Transactions (Amendments to FRS 2)	1 January 2018
FRS 9 Financial Instruments	1 January 2018

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 Interpretation15 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 January 2018 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 year ended 31 January 2018 is set out below:

	Palm Oil Products RM'000	Cocoa Products RM'000	Consolidated RM'000
Revenue	376,739	11,176	387,915
Results			
Segment results	1,305	539	1,844
Unallocated corporate expenses			(1,233)
Finance cost			(2,180)
Loss before tax			<u>(1,569)</u>
Assets			
Segment assets	176,305	29,229	205,534
Unallocated assets			790
			<u>206,324</u>
Liabilities			
Segment liabilities	103,888	801	104,689
Unallocated liabilities			516
			<u>105,205</u>
Other information			
Capital expenditure	87	14	101
Depreciation	1,699	225	1,924
Amortisation	4,151	-	4,151

9. Segmental reporting (continued)

Palm Oil Products

The palm oil products segment remained the Group's main source of revenue, which contributed 96.21% of the revenue of the Group in the current quarter.

For the quarter under review, revenue for this segment decreased to RM73.61 million from RM85.13 million in the preceding year corresponding quarter. The decrease was mainly attributed to the decrease in selling price and sales volume.

The operating profit for the current quarter increased to RM3.31 million from RM3.17 million in the preceding year corresponding quarter. The increase was primarily attributed to the increase in operating margin.

Cocoa Products

Cocoa products' contribution of 3.79% 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 January 2018.

12. Discontinued operation

There was no discontinued operation during the quarter ended 31 January 2018.

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:

	12 months ended 31 January 2018 RM'000
Sale of crude palm kernel oil	178,740
Purchase of palm kernel	100,034
Sale of fresh fruit bunches	11,092
Purchase of fertilizers, chemicals, etc.	1,507
Sale of cocoa powder	372
Rental on factory building and infrastructures	2,327
Sale of chocolate products	1,536

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

Financial review for current quarter and financial year to date

	INDIVIDUAL PERIOD (4th quarter)		Changes %	CUMULATIVE PERIOD		Changes %
	Current Year Quarter 31/01/2018 RM'000	Preceding Year Corresponding Quarter 31/01/2017 RM'000		Current Year Todate 31/01/2018 RM'000	Preceding Year Corresponding Period 31/01/2017 RM'000	
	Revenue	76,511		87,792	-13%	
Gross profit	7,081	4,930	44%	16,580	28,632	-42%
Operating profit	2,744	2,277	21%	97	16,827	-99%
Profit/(loss) before tax	2,303	1,872	23%	(1,569)	15,288	-110%
Profit/(loss) net of tax	797	1,320	-40%	(1,796)	11,981	-115%
Profit/(loss) attributable to ordinary equity holders of the Parent	797	1,320	-40%	(1,796)	11,981	-115%

For the current quarter under review, revenue for the Group decreased by 13% from RM87.79 million to RM76.51 million as compared with preceding year corresponding quarter. The decrease was mainly attributed to the decrease in selling price and sales volume. However the operating profit increased by 21% as compared with the preceding year corresponding quarter, the increase was primarily attributed to the increase in operating margin.

For the current year to date, total revenue increased by 3% as compared with preceding year corresponding period, the operating profit decreased by 99% primarily affected by the high volatility of the prevailing commodity prices.

18. Comment On Material Changes In Profit Before Tax

Financial review for current quarter compared with immediate preceding quarter

	Current Quarter 31/01/2018 RM'000	Immediate Preceding Quarter 31/10/2017 RM'000	Changes %
Revenue	76,511	112,324	-32%
Gross profit	7,081	8,213	-14%
Operating profit	2,744	2,853	-4%
Profit before tax	2,303	2,330	-1%
Profit net of tax	797	1,860	-57%
Profit attributable to ordinary equity holders of the Parent	797	1,860	-57%

The Group registered a profit before tax of RM2.30 million as compared with RM2.33 million in the immediate preceding quarter. The slight decrease was primarily attributed to the increase in foreign exchange loss in the current quarter.

19. Next Year Prospects

The Group performance in financial year 2018 was challenging amid adverse external factors exerted on palm-based products. However for the forthcoming year, the palm oil market is expected to remain volatile with vulnerability in global commodity prices and unstable exchange rates. Management is cautiously optimistic on the long term prospects of the palm-based industry and will continue to focus on cost efficiency, enhanced productivity and to mitigate business associated risks so as 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 31.01.2018 RM'000	Year-to-date 31.01.2018 RM'000
Interest Income	(162)	(514)
Interest Expenses	603	2,180
Rental Income	(43)	(171)
Depreciation and amortisation	1,510	6,075
Net foreign exchange loss	921	1,750
Rental of premises	12	46
Rental of equipment	23	88
Rental of land and factory	548	2,193

22. Taxation

	Current Quarter 31/01/2018 RM'000	Year-To- Date 31/01/2018 RM'000
Taxation for the current period	1,220	2,285
Deferred taxation for the current period	286	(2,058)
	<u>1,506</u>	<u>227</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 31/01/2018 RM'000	As at 31/01/2017 RM'000
Short term borrowings:		
Secured		
Bankers' acceptances	61,969	51,544
Letter of credit	6,090	-
	68,059	51,544
Unsecured		
Bank overdrafts	315	359
Total	68,374	51,903

27. Derivatives

Type of derivative	Contract/ notional amount as at 31/01/2018 RM'000	Fair value assets as at 31/01/2018 RM'000
Non-hedging derivatives		
Forward currency contracts - Less than 1 year	47,847	156

The Group uses forward currency contracts to manage some of the transaction exposures. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transactions exposure and fair value changes exposure. Such derivative does not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's sales denominated in USD for which from commitments existed at reporting date.

28. 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	1,604	39	1,643
Trade payables	(1,038)	-	(1,038)
Cash and bank balances	21,262	-	21,262
Loans and borrowings	(6,091)	-	(6,091)
Total	15,737	39	15,776

29. Material Litigation

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

30. Dividends

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

31. 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 31/01/2018	Preceding Year Corresponding Quarter 31/01/2017	Current Year To Date 31/01/2018	Preceding Year Corresponding Period 31/01/2017
Profit/(loss) for the period (RM'000)	797	1,320	(1,796)	11,981
Weighted average number of ordinary shares in issue ('000)	40,097	40,097	40,097	40,097
Basic earnings/(loss) per share (Sen)	<u>1.99</u>	<u>3.29</u>	<u>(4.48)</u>	<u>29.88</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.

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 26 March 2018.