



TECK GUAN PERDANA BERHAD

(COMPANY NO: 307097 - A)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 JULY 2019

TECK GUAN PERDANA BERHAD

(Company No. 307097-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD (2nd quarter)		CUMULATIVE PERIOD	
	Current Year Quarter 31/07/2019 RM'000	Preceding Year Corresponding Quarter 31/07/2018 RM'000	Current Year ToDate 31/07/2019 RM'000	Preceding Year Corresponding Period 31/07/2018 RM'000
Revenue	70,549	43,807	131,086	139,043
Cost of sales	(62,631)	(41,329)	(118,576)	(136,937)
Gross profit	7,918	2,478	12,510	2,106
Other operating (expenses)/income	(280)	784	279	876
Selling and distribution costs	(3,068)	(1,769)	(4,975)	(4,290)
Administrative expenses	(1,241)	(1,368)	(2,496)	(2,566)
Operating profit/(loss)	3,329	125	5,318	(3,874)
Interest income	124	176	326	340
Finance costs	(229)	(260)	(463)	(599)
Profit/(loss) before tax	3,224	41	5,181	(4,133)
Taxation	(860)	609	(1,034)	696
Profit/(loss) net of tax	2,364	650	4,147	(3,437)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive profit/ (loss) for the period	2,364	650	4,147	(3,437)

TECK GUAN PERDANA BERHAD

(Company No. 307097-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	INDIVIDUAL PERIOD (2nd quarter)		CUMULATIVE PERIOD	
	Current Year Quarter 31/07/2019 RM'000	Preceding Year Corresponding Quarter 31/07/2018 RM'000 (Restated)	Current Year Todate 31/07/2019 RM'000	Preceding Year Corresponding Period 31/07/2018 RM'000 (Restated)
Profit/(loss) attributable to:				
Equity holders of the Company	<u>2,364</u>	<u>650</u>	<u>4,147</u>	<u>(3,437)</u>
Total comprehensive profit/(loss) attributable to:				
Equity holders of the Company	<u>2,364</u>	<u>650</u>	<u>4,147</u>	<u>(3,437)</u>
Earnings/(loss) per share attributable to equity holders:				
Basic, for the period (Sen)	5.90	1.62	10.34	(8.57)
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 2019 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 31/07/2019 RM'000	As At Preceding Financial Year End 31/01/2019 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	22,398	23,136
Right-of-use assets	3,256	-
	25,654	23,136
Current Assets		
Biological assets	223	240
Inventories	19,046	27,885
Trade and other receivables	27,947	6,913
Cash and bank balances	27,955	39,376
Tax recoverable	1,198	1,206
	76,369	75,620
TOTAL ASSETS	102,023	98,756
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	40,104	40,104
Retained earnings	13,117	8,970
Total Equity	53,221	49,074
Non-Current Liabilities		
Deferred tax liabilities	1,674	1,753
Lease liabilities	1,153	-
	2,827	1,753
Current Liabilities		
Loans and borrowings	36,161	36,420
Trade and other payables	7,154	11,344
Derivative	8	24
Lease liabilities	2,060	-
Income tax payable	592	141
	45,975	47,929
TOTAL LIABILITIES	48,802	49,682
TOTAL EQUITY & LIABILITIES	102,023	98,756
NET ASSETS PER SHARE (SEN)	132.73	122.39

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 2019 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	Distributable	
	Share Capital RM'000	Retained Earnings RM'000	Equity, Total RM'000
Opening balance at 1 February 2019	40,104	8,970	49,074
Total comprehensive profit for the period	-	4,147	4,147
Closing balance at 31 July 2019	40,104	13,117	53,221
Opening balance at 1 February 2018	40,104	6,448	46,552
Total comprehensive profit for the year	-	2,522	2,522
Closing balance at 31 January 2019	40,104	8,970	49,074

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 2019 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 CASH FLOWS

	Current Year To Date 31/07/2019 RM'000	Preceding Year Corresponding Period 31/07/2018 RM'000
Operating activities		
Profit/(loss) before taxation	5,181	(4,133)
<u>Adjustments for:</u>		
Amortisation of biological assets	170	2,079
Loss on disposal of property, plant and equipment	4	-
Depreciation of property, plant and equipment	1,652	925
Property, plant and equipment written off	1	-
Net fair value (gain)/loss on derivatives	(16)	156
Unrealised gain on foreign exchange	(32)	(266)
Net fair value loss on biological assets	17	-
Interest income	(326)	(340)
Interest expense	463	599
Total adjustments	<u>1,933</u>	<u>3,153</u>
Operating cash flows before changes in working capital	7,114	(980)
<u>Changes in working capital:</u>		
Inventories	8,839	19,471
Trade and other receivables	(21,043)	(4,162)
Trade and other payables	(4,152)	(7,272)
Total changes in working capital	<u>(16,356)</u>	<u>8,037</u>
Cash flows (used in)/generated from operations	(9,242)	7,057
Interest paid	(463)	(599)
Interest received	326	340
Income tax paid	(724)	(570)
Income tax refunded	69	-
Net cash flows (used in)/generated from operating activities	<u>(10,034)</u>	<u>6,228</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Current Year To Date 31/07/2019 RM'000	Preceding Year Corresponding Period 31/07/2018 RM'000
Investing activity		
Purchase of property, plant and equipment	(75)	(42)
Proceeds from disposal of property, plant and equipment	14	-
Net cash flows used in investing activity	<u>(61)</u>	<u>(42)</u>
Financing activities		
Drawdown of letter of credits	41,060	9,561
Repayment of letter of credits	(25,602)	(6,091)
Proceeds from bankers' acceptances	50,663	67,161
Repayment of bankers' acceptances	(66,159)	(91,469)
Repayment of lease liabilities	(1,071)	-
Net cash flows used in financing activities	<u>(1,109)</u>	<u>(20,838)</u>
Net decrease in cash and cash equivalents	<u>(11,204)</u>	<u>(14,652)</u>
Effect of exchange rate changes on cash and cash equivalents	3	289
Cash and cash equivalents at beginning of the year	38,976	52,646
Cash and cash equivalents at end of the year	<u>27,775</u>	<u>38,283</u>
	As At 31/07/2019	As At 31/07/2018
*Cash and cash equivalents at end of the year consists of:		
Cash and bank balances	27,955	38,392
Bank overdrafts	(180)	(109)
	<u>27,775</u>	<u>38,283</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 2019 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 condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard MFRS 134: Interim Financial Reporting, IAS 34: Interim Financial Reporting, requirements of the Companies Act 2016 in Malaysia and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 January 2019. 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 financial year ended 31 January 2019.

2. Accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 January 2019 except for the following Amendments to MFRSs and Annual improvement which take effect from 1 January 2019:

MFRS 16 Leases

MFRS 16 Leases will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

The changes in accounting policies have been applied retrospectively from 1 February 2019. In accordance with the transition requirements, the comparatives are not restated.

2. Accounting policies (continued)

The impact of the changes in accounting policy on the financial statements as a result of the transition to the MFRS Framework are as follows:

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/01/2019 RM'000	Effects of adoption MFRS 16 RM'000	As at 01/02/2019 RM'000
Non-Current Assets			
Right-of-use assets	-	4,284	4,284
Equity			
Retained earnings	8,970	(229)	8,741
Non-Current Liability			
Lease Liabilities	-	2,347	2,347
Current Liabilities			
Lease Liabilities	-	2,166	2,166

The Group has also adopted the following amendments to MFRS and that came into effect which did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

Description	Effective for annual periods beginning on or after
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 9 Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 3 Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to MFRS 11 Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to MFRS 112 Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to MFRS 123 Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to MFRS 119 Plan Amendment, Curtailment or Settlement	1 January 2019

2. Accounting policies (continued)

The following Malaysian Financial Reporting Standard (MFRS), IC Interpretations and Amendments to IC Interpretations were issued but not yet effective and have not been applied by the Group:

Description	Effective for annual periods beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards:	
- Amendments to MFRS 3: Business Combinations – Definition of a Business	1 January 2020
- Amendments to MFRS 101: Presentation of Financial Statements and MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors- Definition of Material	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 2019 is set out below:

	Palm Oil Products RM'000	Cocoa Products RM'000	Consolidated RM'000
Revenue	126,208	4,878	131,086
Results			
Segment results	5,604	636	6,240
Unallocated corporate expenses			(596)
Finance cost			(463)
Profit before tax			<u>5,181</u>
Assets			
Segment assets	85,553	16,225	101,778
Unallocated assets			245
			<u>102,023</u>
Liabilities			
Segment liabilities	48,238	156	48,394
Unallocated liabilities			408
			<u>48,802</u>
Other information			
Capital expenditure	75	-	75
Depreciation	1,552	100	1,652
Amortisation	170	-	170

9. Segmental reporting (continued)

Palm Oil Products

The palm oil products segment remained the Group's main source of revenue, which contributed 96.23% of the revenue of the Group in the current quarter.

For the quarter under review, revenue for this segment increased to RM67.89 million from RM42.36 million in the preceding year corresponding quarter. The increase was mainly attributed to the increase in sales volume.

The operating profit for the current quarter increased to RM3.35 million from RM0.40 million in the preceding year corresponding quarter. The increase was primarily attributed to an increase in operating margin.

Cocoa Products

Cocoa products segment contributed 3.77% to the revenue of the Group as compared to 3.30% in the preceding year corresponding quarter.

10. 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 2019.

11. Discontinued operation

There was no discontinued operation during the quarter ended 31 July 2019.

12. Capital commitment

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

13. Contingent liabilities

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

14. Material related party transactions

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

	6 months ended 31 July 2019 RM'000
Purchase of palm kernel	20,075
Sale of fresh fruit bunches	2,771
Purchase of fertilizers, chemicals, etc.	1,068
Sale of cocoa powder	286
Rental on factory building and infrastructures	1,155
Sale of chocolate products	920

15. 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.

16. Review of Group's Performance

	INDIVIDUAL PERIOD (2nd quarter)		Changes	CUMULATIVE PERIOD		Changes
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year Todate	Preceding Year Corresponding Period	
	31/07/2019 RM'000	31/07/2018 RM'000	%	31/07/2019 RM'000	31/07/2018 RM'000	%
Revenue	70,549	43,807	61%	131,086	139,043	-6%
Gross profit	7,918	2,478	220%	12,510	2,106	494%
Operating profit/(loss)	3,329	125	2563%	5,318	(3,874)	237%
Profit/(loss) before tax	3,224	41	7763%	5,181	(4,133)	225%
Profit/(loss) net of tax	2,364	650	264%	4,147	(3,437)	221%
Profit attributable to ordinary equity holders of the Parent	2,364	650	264%	4,147	(3,437)	221%

For the current quarter under review, revenue for the Group increased by 61% from RM43.81 million to RM70.55 million as compared with preceding year corresponding quarter. The increase was mainly attributed to the increase in sales volume. Furthermore, the operating profit increased from RM0.13 million to RM3.33 million compared with the preceding year corresponding quarter, the increase was mainly attributed to the increase in operating margin.

17. Comment On Material Changes In Profit Before Tax

	Current Quarter	Immediate Preceding Quarter	Changes
	31/07/2019 RM'000	30/04/2019 RM'000	%
Revenue	70,549	60,537	17%
Gross profit	7,918	4,592	72%
Operating profit	3,329	1,988	67%
Profit before tax	3,224	1,956	65%
Profit net of tax	2,364	1,781	33%
Profit attributable to ordinary equity holders of the Parent	2,364	1,781	33%

The Group registered a profit before tax of RM3.22 million as compared with RM1.96 million in the immediate preceding quarter. The increase was primarily attributed to the increase in operating margin in the current quarter.

18. Current Year Prospects

The present palm oil market is expected to remain challenging with vulnerability in commodity prices coupled with volatility in foreign exchange, and uncertainty of global market demand. However, Management is cautiously optimistic on the prospects of the palm oil industry and continues its relentless efforts to mitigate the related business risks to ensure the Group always remains competitive and to be resilient in the face of adversity.

19. Profit Forecast

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

20. Profit Before Tax

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

	Quarter Ended 31/07/2019 RM'000	Year-to-date 31/07/2019 RM'000
Interest Income	(124)	(326)
Interest Expenses	229	463
Rental Income	(43)	(86)
Depreciation and amortisation	895	1,822
Net foreign exchange loss	308	178
Rental of premises	11	23
Rental of equipment	24	48

21. Taxation

	Current Quarter 31/07/2019 RM'000	Year-To- Date 31/07/2019 RM'000
Taxation for the current period	889	1,113
Deferred taxation for the current period	(29)	(79)
	<u>860</u>	<u>1,034</u>

22. 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.

23. 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.

24. Corporate Proposals

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

25. Borrowings

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

	As at 31/07/2019 RM'000	As at 31/07/2018 RM'000
Short term borrowings:		
Secured		
Bankers' acceptances	20,524	37,661
Letter of credit	15,457	9,561
	35,981	47,222
Unsecured		
Bank overdrafts	180	109
Total	36,161	47,331

26. Derivatives

Type of derivative	Contract/ notional amount as at 31/07/2019 RM'000	Fair value liabilities as at 31/07/2019 RM'000
Non-hedging derivatives		
Forward currency contracts - Less than 1 year	2,082	(8)

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.

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	United States Dollar RM'000	Euro RM'000	Total RM'000
Trade and other receivables	23,405	-	23,405
Cash and bank balances	6,334	-	6,334
Trade and other payables	(875)	(758)	(1,633)
Loans and borrowings	(15,457)	-	(15,457)
Total	13,407	(758)	12,649

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 31/07/2019	Preceding Year Corresponding Quarter 31/07/2018	Current Year To Date 31/07/2019	Preceding Year Corresponding Period 31/07/2018
Profit/(loss) for the period (RM'000)	2,364	650	4,147	(3,437)
Weighted average number of ordinary shares in issue ('000)	40,097	40,097	40,097	40,097
Basic earnings/(loss) per share (Sen)	<u>5.90</u>	<u>1.62</u>	<u>10.34</u>	<u>(8.57)</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. Authorisation for issue

The unaudited interim financial statements were authorised for issue by the Board of Directors on 24 September 2019.