



TECK GUAN PERDANA BERHAD

199401021418 (307097 - A)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 April 2020

TECK GUAN PERDANA BERHAD

199401021418 (307097-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD (1st quarter)		CUMULATIVE PERIOD	
	Current Year Quarter 30/04/2020 RM'000	Preceding Year Corresponding Quarter 30/04/2019 RM'000	Current Year ToDate 30/04/2020 RM'000	Preceding Year Corresponding Period 30/04/2019 RM'000
Revenue	64,741	60,537	64,741	60,537
Cost of sales	<u>(55,758)</u>	<u>(55,945)</u>	<u>(55,758)</u>	<u>(55,945)</u>
Gross profit	8,983	4,592	8,983	4,592
Other operating income	1,200	558	1,200	558
Selling and distribution costs	(3,554)	(1,907)	(3,554)	(1,907)
Administrative expenses	<u>(1,056)</u>	<u>(1,255)</u>	<u>(1,056)</u>	<u>(1,255)</u>
Operating profit	5,573	1,988	5,573	1,988
Interest income	134	202	134	202
Finance costs	<u>(291)</u>	<u>(234)</u>	<u>(291)</u>	<u>(234)</u>
Profit before tax	5,416	1,956	5,416	1,956
Income tax expense	<u>(1,124)</u>	<u>(175)</u>	<u>(1,124)</u>	<u>(175)</u>
Profit net of tax	<u>4,292</u>	<u>1,781</u>	<u>4,292</u>	<u>1,781</u>
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	<u>4,292</u>	<u>1,781</u>	<u>4,292</u>	<u>1,781</u>

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	INDIVIDUAL PERIOD (1st quarter)		CUMULATIVE PERIOD	
	Current Year Quarter 30/04/2020 RM'000	Preceding Year Corresponding Quarter 30/04/2019 RM'000	Current Year To date 30/04/2020 RM'000	Preceding Year Corresponding Period 30/04/2019 RM'000
Profit attributable to:				
Owners of the Company	<u>4,292</u>	<u>1,781</u>	<u>4,292</u>	<u>1,781</u>
Total comprehensive income attributable to:				
Owners of the Company	<u>4,292</u>	<u>1,781</u>	<u>4,292</u>	<u>1,781</u>
Earnings per share attributable to owners of the Company:				
Basic, for the period (Sen)	10.70	4.44	10.70	4.44
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 2020 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At End Of Current Quarter 30/04/2020 RM'000	As At Preceding Financial Year End 31/01/2020 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	24,617	25,011
Right-of-use assets	14,927	15,354
	<u>39,544</u>	<u>40,365</u>
Current Assets		
Biological assets	275	275
Inventories	18,478	27,740
Trade and other receivables	39,108	41,433
Cash and bank balances	24,933	33,293
Derivatives	22	-
Tax recoverable	759	689
	<u>83,575</u>	<u>103,430</u>
TOTAL ASSETS	<u>123,119</u>	<u>143,795</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	40,104	40,104
Retained earnings	16,421	12,129
Total Equity	<u>56,525</u>	<u>52,233</u>
Non-Current Liabilities		
Deferred tax liabilities	1,779	1,703
Lease liabilities	13,932	14,297
	<u>15,711</u>	<u>16,000</u>
Current Liabilities		
Loans and borrowings	28,180	61,096
Trade and other payables	20,604	13,040
Derivative	-	10
Lease liabilities	1,434	1,416
Income tax payable	665	-
	<u>50,883</u>	<u>75,562</u>
TOTAL LIABILITIES	<u>66,594</u>	<u>91,562</u>
TOTAL EQUITY & LIABILITIES	<u>123,119</u>	<u>143,795</u>
NET ASSETS PER SHARE (SEN)	140.97	130.27

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 2020 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 2020	40,104	12,129	52,233
Total comprehensive income for the period	-	4,292	4,292
Closing balance at 30 April 2020	40,104	16,421	56,525
Opening balance at 1 February 2019	40,104	8,970	49,074
Total comprehensive income for the year	-	3,159	3,159
Closing balance at 31 January 2020	40,104	12,129	52,233

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year To Date 30/04/2020 RM'000	Preceding Year Corresponding Period 30/04/2019 RM'000
Operating activities		
Profit before taxation	5,416	1,956
<u>Adjustments for:</u>		
Amortisation of biological assets	84	86
Depreciation of property, plant and equipment	738	842
Net fair value gain on derivatives	(32)	(34)
Unrealised gain on foreign exchange	(270)	(108)
Net fair value loss/(gain) on biological assets	1	(1)
Interest income	(134)	(202)
Interest expense	291	234
Total adjustments	<u>678</u>	<u>817</u>
Operating cash flows before changes in working capital	6,094	2,773
<u>Changes in working capital:</u>		
Inventories	9,262	(2,025)
Trade and other receivables	2,162	(11,056)
Trade and other payables	7,715	(2,359)
Total changes in working capital	<u>19,139</u>	<u>(15,440)</u>
Cash flows generated from/(used in) operations	25,233	(12,667)
Interest paid	(291)	(234)
Interest received	134	202
Income tax paid	(453)	(399)
Net cash flows generated from/(used in) operating activities	<u>24,623</u>	<u>(13,098)</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Current Year To Date 30/04/2020 RM'000	Preceding Year Corresponding Period 30/04/2019 RM'000
Investing activity		
Purchase of property, plant and equipment	(2)	(15)
Net cash flows used in investing activity	<u>(2)</u>	<u>(15)</u>
Financing activities		
Drawdown of letter of credits	-	10,969
Repayment of letter of credits	(21,827)	(4,103)
Proceeds from bankers' acceptances	11,415	24,880
Repayment of bankers' acceptances	(22,492)	(36,020)
Repayment of lease liabilities	(347)	(539)
Net cash flows used in financing activities	<u>(33,251)</u>	<u>(4,813)</u>
Net decrease in cash and cash equivalents	<u>(8,630)</u>	<u>(17,926)</u>
Effect of exchange rate changes on cash and cash equivalents	282	51
Cash and cash equivalents at beginning of the period	32,926	38,976
Cash and cash equivalents at end of the period	<u>24,578</u>	<u>21,101</u>
	As At 30/04/2020	As At 30/04/2019
*Cash and cash equivalents at end of the period consists of:		
Cash and bank balances	24,933	21,300
Bank overdrafts	(355)	(199)
	<u>24,578</u>	<u>21,101</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 2020 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 2020. 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 2020.

2. Accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 January 2020 except for the following Amendments to MFRSs during the current financial period:

Description	Effective for annual periods beginning on or after
Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020

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.

2. Accounting policies (continued)

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

Description	Effective for annual periods beginning on or after
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 10 and MFRS128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group will apply the above MFRS and Amendments to MFRSs that are applicable when they become effective.

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 30 April 2020 is set out below:

	Palm Oil Products RM'000	Cocoa Products RM'000	Consolidated RM'000
Revenue	61,184	3,557	64,741
Results			
Segment results	5,456	487	5,943
Unallocated corporate expenses			(236)
Finance cost			(291)
Profit before tax			<u>5,416</u>
Assets			
Segment assets	106,869	16,018	122,887
Unallocated assets			232
			<u>123,119</u>
Liabilities			
Segment liabilities	65,878	237	66,115
Unallocated liabilities			479
			<u>66,594</u>
Other information			
Capital expenditure	2	-	2
Depreciation	689	49	738
Amortisation	84	-	84

Palm Oil Products

The palm oil products segment remained the Group's main source of revenue, which contributed 94.51% of the revenue of the Group in the current quarter.

For the quarter under review, revenue for this segment increased to RM61.18 million from RM58.32 million in the preceding year corresponding quarter. The increase was mainly attributed to the increase in selling price.

The operating profit for the current quarter increased to RM5.46 million from RM2.26 million in the preceding year corresponding quarter. The increase was primarily attributed to an increase in operating margin.

Cocoa Products

Cocoa products segment contributed 5.49% to the revenue of the Group as compared to 3.66% 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 30 April 2020.

11. Discontinued operation

There was no discontinued operation during the quarter ended 30 April 2020.

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:

	3 months ended 30 April 2020 RM'000
Purchase of palm kernel	12,654
Purchase of palm oil related products	641
Purchase of fertilizers, chemicals, etc.	449
Rental on factory building and infrastructures	576
Sales of crude palm kernel oil	44,590
Sales of fresh fruit bunches	1,289
Sales of cocoa powder	111
Sales of chocolate products	329

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 (1st quarter)		Changes	CUMULATIVE PERIOD		Changes
	Current Year Quarter 30/04/2020 RM'000	Preceding Year Corresponding Quarter 30/04/2019 RM'000		Current Year To date 30/04/2020 RM'000	Preceding Year Corresponding Period 30/04/2019 RM'000	
			%			%
Revenue	64,741	60,537	7%	64,741	60,537	7%
Gross profit	8,983	4,592	96%	8,983	4,592	96%
Operating profit	5,573	1,988	180%	5,573	1,988	180%
Profit before tax	5,416	1,956	177%	5,416	1,956	177%
Profit net of tax	4,292	1,781	141%	4,292	1,781	141%
Profit attributable to ordinary equity holders of the Parent	4,292	1,781	141%	4,292	1,781	141%

For the current quarter under review, revenue for the Group increased by 7% from RM60.54 million to RM64.74 million as compared with preceding year corresponding quarter. The increase was mainly attributed to the increase in selling price. Furthermore, the operating profit increased from RM1.99 million to RM5.57 million compared with 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 30/04/2020 RM'000	Immediate Preceding Quarter 31/01/2020 RM'000	Changes
			%
Revenue	64,741	97,311	-33%
Gross profit	8,983	5,098	76%
Operating profit/(loss)	5,573	(1,979)	382%
Profit/(loss) before tax	5,416	(2,945)	284%
Profit/(loss) net of tax	4,292	(2,815)	252%
Profit/(loss) attributable to ordinary equity holders of the Parent	4,292	(2,815)	252%

The Group registered a profit before tax of RM5.42 million as compared with a loss before tax of RM2.95 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 current palm-based products market continues to remain challenging with vulnerability in leaping commodity prices coupled with volatile foreign exchange and influenced by uncertainty in the changing global market demand and supply. Nevertheless Management is cautiously optimistic on the long-term prospects of the palm-based industry and will continue to focus on enhancing production yield, operating cost efficiency and to mitigate business associated risks.

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 30/04/2020 RM'000	Year-to-date 30/04/2020 RM'000
Interest Income	(134)	(134)
Interest Expenses	291	291
Rental Income	(44)	(44)
Depreciation and amortisation	822	822
Net foreign exchange gain	(1,037)	(1,037)
Rental of premises	11	11
Rental of equipment	23	23

21. Taxation

	Current Quarter 30/04/2020 RM'000	Year-To- Date 30/04/2020 RM'000
Taxation for the current period	1,047	1,047
Deferred taxation for the current period	77	77
	<u>1,124</u>	<u>1,124</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 30/04/2020 RM'000	As at 30/04/2019 RM'000
Short term borrowings:		
Secured		
Bankers' acceptances	27,825	24,880
Letter of credit	-	6,866
	27,825	31,746
Unsecured		
Bank overdrafts	355	199
Total	28,180	31,945

26. Derivatives

Type of derivative	Contract/ notional amount as at 30/04/2020 RM'000	Fair value liabilities as at 30/04/2020 RM'000
Non-hedging derivatives		
Forward currency contracts - Less than 1 year	5,041	22

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	35,111	-	35,111
Cash and bank balances	7,131	-	7,131
Trade payables	(4,761)	(1)	(4,762)
Total	37,481	(1)	37,480

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 30/04/2020	Preceding Year Corresponding Quarter 30/04/2019	Current Year To Date 30/04/2020	Preceding Year Corresponding Period 30/04/2019
Profit for the period (RM'000)	4,292	1,781	4,292	1,781
Weighted average number of ordinary shares in issue ('000)	40,097	40,097	40,097	40,097
Basic earnings per share (Sen)	<u>10.70</u>	<u>4.44</u>	<u>10.70</u>	<u>4.44</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 29 June 2020.