



# **TECK GUAN PERDANA BERHAD**

**199401021418 (307097 - A)**

## **UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 JULY 2020**

# TECK GUAN PERDANA BERHAD

199401021418 (307097-A)  
(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD (2nd quarter)		CUMULATIVE PERIOD	
	Current Year Quarter 31/07/2020 RM'000	Preceding Year Corresponding Quarter 31/07/2019 RM'000	Current Year ToDate 31/07/2020 RM'000	Preceding Year Corresponding Period 31/07/2019 RM'000
Revenue	181,048	70,549	245,790	131,086
Cost of sales	<u>(166,788)</u>	<u>(62,631)</u>	<u>(222,547)</u>	<u>(118,576)</u>
<b>Gross profit</b>	14,260	7,918	23,243	12,510
Other operating income/(expenses)	167	(280)	1,368	279
Selling and distribution costs	(9,869)	(3,068)	(13,423)	(4,975)
Administrative expenses	<u>(1,164)</u>	<u>(1,241)</u>	<u>(2,220)</u>	<u>(2,496)</u>
<b>Operating profit</b>	3,394	3,329	8,968	5,318
Interest income	119	124	253	326
Finance costs	<u>(405)</u>	<u>(229)</u>	<u>(696)</u>	<u>(463)</u>
<b>Profit before tax</b>	3,108	3,224	8,525	5,181
Income tax expense	(683)	(860)	(1,807)	(1,034)
<b>Profit net of tax</b>	<u>2,425</u>	<u>2,364</u>	<u>6,718</u>	<u>4,147</u>
<b>Other comprehensive income for the period, net of tax</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>2,425</u>	<u>2,364</u>	<u>6,718</u>	<u>4,147</u>

# TECK GUAN PERDANA BERHAD

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(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	INDIVIDUAL PERIOD (2nd quarter)		CUMULATIVE PERIOD	
	Current Year Quarter 31/07/2020 RM'000	Preceding Year Corresponding Quarter 31/07/2019 RM'000	Current Year Todate 31/07/2020 RM'000	Preceding Year Corresponding Period 31/07/2019 RM'000
<b>Profit attributable to:</b>				
Owners of the Company	<u>2,425</u>	<u>2,364</u>	<u>6,718</u>	<u>4,147</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	<u>2,425</u>	<u>2,364</u>	<u>6,718</u>	<u>4,147</u>
<b>Earnings per share attributable to owners of the Company:</b>				
Basic, for the period (Sen)	6.05	5.90	16.75	10.34
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.*

# TECK GUAN PERDANA BERHAD

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(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At End Of Current Quarter 31/07/2020 RM'000	As At Preceding Financial Year End 31/01/2020 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	24,226	25,011
Right-of-use assets	14,501	15,354
	<u>38,727</u>	<u>40,365</u>
<b>Current Assets</b>		
Biological assets	261	275
Inventories	26,825	27,740
Trade and other receivables	95,798	41,433
Cash and bank balances	31,019	33,293
Tax recoverable	759	689
	<u>154,662</u>	<u>103,430</u>
<b>TOTAL ASSETS</b>	<u>193,389</u>	<u>143,795</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	40,104	40,104
Retained earnings	18,847	12,129
<b>Total Equity</b>	<u>58,951</u>	<u>52,233</u>
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	1,643	1,703
Lease liabilities	13,562	14,297
	<u>15,205</u>	<u>16,000</u>
<b>Current Liabilities</b>		
Loans and borrowings	52,533	61,096
Trade and other payables	64,191	13,040
Derivative	9	10
Lease liabilities	1,452	1,416
Income tax payable	1,048	-
	<u>119,233</u>	<u>75,562</u>
<b>TOTAL LIABILITIES</b>	<u>134,438</u>	<u>91,562</u>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<u>193,389</u>	<u>143,795</u>
<b>NET ASSETS PER SHARE (SEN)</b>	147.02	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
<b>Opening balance at 1 February 2020</b>	40,104	12,129	52,233
Total comprehensive income for the period	-	6,718	6,718
<b>Closing balance at 31 July 2020</b>	40,104	18,847	58,951
<b>Opening balance at 1 February 2019</b>	40,104	8,970	49,074
Total comprehensive income for the year	-	3,159	3,159
<b>Closing balance at 31 January 2020</b>	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.*

# TECK GUAN PERDANA BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Current Year To Date 31/07/2020 RM'000</b>	<b>Preceding Year Corresponding Period 31/07/2019 RM'000</b>
<b>Operating activities</b>		
Profit before taxation	8,525	5,181
<u>Adjustments for:</u>		
Amortisation of biological assets	169	170
(Gain)/loss on disposal of property, plant and equipment	(14)	4
Depreciation of property, plant and equipment	1,472	1,652
Property, plant and equipment written off	-	1
Net fair value gain on derivatives	(1)	(16)
Unrealised gain on foreign exchange	(415)	(32)
Net fair value loss on biological assets	14	17
Interest income	(253)	(326)
Interest expense	696	463
Total adjustments	<u>1,668</u>	<u>1,933</u>
<b>Operating cash flows before changes in working capital</b>	<b>10,193</b>	<b>7,114</b>
<u>Changes in working capital:</u>		
Inventories	915	8,839
Trade and other receivables	(54,695)	(21,043)
Trade and other payables	51,474	(4,152)
Total changes in working capital	<u>(2,306)</u>	<u>(16,356)</u>
Cash flows generated from/(used in) operations	7,887	(9,242)
Interest paid	(696)	(463)
Interest received	253	326
Income tax paid	(897)	(724)
Income tax refunded	8	69
<b>Net cash flows generated from/(used in) operating activities</b>	<b><u>6,555</u></b>	<b><u>(10,034)</u></b>

# TECK GUAN PERDANA BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	<b>Current Year To Date 31/07/2020 RM'000</b>	<b>Preceding Year Corresponding Period 31/07/2019 RM'000</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(3)	(75)
Proceeds from disposal of property, plant and equipment	14	14
<b>Net cash flows generated from/(used in) investing activity</b>	<u>11</u>	<u>(61)</u>
<b>Financing activities</b>		
Drawdown of letter of credits	89,978	41,060
Repayment of letter of credits	(77,752)	(25,602)
Proceeds from bankers' acceptances	29,603	50,663
Repayment of bankers' acceptances	(50,317)	(66,159)
Repayment of lease liabilities	(699)	(1,071)
<b>Net cash flows used in financing activities</b>	<u>(9,187)</u>	<u>(1,109)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(2,621)</u>	<u>(11,204)</u>
Effect of exchange rate changes on cash and cash equivalents	422	3
<b>Cash and cash equivalents at beginning of the period</b>	32,926	38,976
<b>Cash and cash equivalents at end of the period</b>	<u>30,727</u>	<u>27,775</u>
	<b>As At 31/07/2020</b>	<b>As At 31/07/2019</b>
*Cash and cash equivalents at end of the period consists of:		
Cash and bank balances	31,019	27,955
Bank overdrafts	(292)	(180)
	<u>30,727</u>	<u>27,775</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:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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 31 July 2020 is set out below:

	Palm Oil Products RM'000	Cocoa Products RM'000	Consolidated RM'000
<b>Revenue</b>	239,032	6,758	245,790
<b>Results</b>			
Segment results	8,701	1,027	9,728
Unallocated corporate expenses			(507)
Finance cost			(696)
Profit before tax			<u>8,525</u>
<b>Assets</b>			
Segment assets	176,449	16,624	193,073
Unallocated assets			316
			<u>193,389</u>
<b>Liabilities</b>			
Segment liabilities	133,799	199	133,998
Unallocated liabilities			440
			<u>134,438</u>
<b>Other information</b>			
Capital expenditure	3	-	3
Depreciation	1,378	94	1,472
Amortisation	169	-	169

### Palm Oil Products

The palm oil products segment remained the Group's main source of revenue, which contributed 98.23% of the revenue of the Group in the current quarter.

For the quarter under review, revenue for this segment increased to RM177.85 million from RM67.89 million in the preceding year corresponding quarter. The increase was mainly attributed to the increase in both sales volume and selling price.

The operating profit for the current quarter decreased slightly to RM3.24 million from RM3.35 million in the preceding year corresponding quarter. The decrease was primarily attributed to a decrease in operating margin despite the sales volume and selling price were increased.

### Cocoa Products

Cocoa products segment contributed 1.77% to the revenue of the Group as compared to 3.77% 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 2020.

## 11. Discontinued operation

There was no discontinued operation during the quarter ended 31 July 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:

	6 months ended 31 July 2020 RM'000
Purchase of palm kernel	27,185
Purchase of palm oil related products	2,810
Purchase of fertilizers, chemicals, etc.	774
Rental on factory building and infrastructures	1,153
Sales of crude palm kernel oil	70,481
Sales of fresh fruit bunches	2,782
Sales of fresh palm kernel expeller	299
Sales of cocoa powder	259
Sales of chocolate products	692

## 15. Subsequent Events

The Company had on 2 September 2020 entered into a Sale and Purchase Agreement (“SPA”) With Kebun Rimau Sdn Bhd for the purchase of one parcel of land measuring approximately 510.6 acres held under Country Lease Number CL 105311260 in the District of Tawau, Sabah at a purchase price of RM 11,937,828.00.

## 16. Review of Group's Performance

	INDIVIDUAL PERIOD (2nd quarter)		Changes	CUMULATIVE PERIOD		Changes
	Current Year	Preceding Year		Current Year	Preceding Year	
	Quarter 31/07/2020 RM'000	Corresponding Quarter 31/07/2019 RM'000	%	ToDate 31/07/2020 RM'000	Corresponding Period 31/07/2019 RM'000	%
Revenue	181,048	70,549	157%	245,790	131,086	88%
Gross profit	14,260	7,918	80%	23,243	12,510	86%
Operating profit	3,394	3,329	2%	8,968	5,318	69%
Profit before tax	3,108	3,224	-4%	8,525	5,181	65%
Profit net of tax	2,425	2,364	3%	6,718	4,147	62%
Profit attributable to ordinary equity holders of the Parent	2,425	2,364	3%	6,718	4,147	62%

For the current quarter under review, revenue for the Group increased by 157% from RM70.55 million to RM181.05 million as compared with preceding year corresponding quarter. The increase was mainly attributed to the increase in both sale volume and selling price. Furthermore, the operating profit increased slightly from RM3.33 million to RM3.39 million compared with preceding year corresponding quarter, the increase was mainly attributed to the increase in both sales volume and selling price.

## 17. Comment On Material Changes In Profit Before Tax

	Current Quarter 31/07/2020 RM'000	Immediate Preceding Quarter 30/04/2020 RM'000	Changes %
Revenue	181,048	64,741	180%
Gross profit	14,260	8,983	59%
Operating profit	3,394	5,573	-39%
Profit before tax	3,108	5,416	-43%
Profit net of tax	2,425	4,292	-43%
Profit attributable to ordinary equity holders of the Parent	2,425	4,292	-43%

The Group registered a profit before tax of RM3.11 million as compared with RM5.42 million in the immediate preceding quarter. The decrease was primarily attributed to the decrease in operating margin in the current quarter.

## 18. Current Year Prospects

The current palm-based industry continues to remain challenging which influenced by uncertainties in both local and macroeconomic landscape brought about by the ongoing Covid-19 pandemic. Nevertheless, in the face of external volatility and adversity, Management is cautiously optimistic and committed to ensuring sufficient space to manage future challenges. The Management will continue to intensify its efforts to focus on enhancing production yield together with operating cost optimisation to mitigate the negative impact on its profitability and liquidity so as to achieve a sustainable future.

## 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:

	<b>Quarter Ended 31/07/2020 RM'000</b>	<b>Year-to-date 31/07/2020 RM'000</b>
Interest Income	(119)	(253)
Interest Expenses	405	696
Rental Income	(44)	(88)
Depreciation and amortisation	819	1,641
Net foreign exchange loss/(gain)	78	(959)
Rental of premises	12	23
Rental of equipment	24	47

## 21. Taxation

	<b>Current Quarter 31/07/2020 RM'000</b>	<b>Year-To- Date 31/07/2020 RM'000</b>
Taxation for the current period	820	1,867
Deferred taxation for the current period	(137)	(60)
	<u>683</u>	<u>1,807</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 31/07/2020 RM'000	As at 31/07/2019 RM'000
<b>Short term borrowings:</b>		
<b>Secured</b>		
Bankers' acceptances	18,188	20,524
Letter of credit	34,053	15,457
	52,241	35,981
<b>Unsecured</b>		
Bank overdrafts	292	180
<b>Total</b>	<b>52,533</b>	<b>36,161</b>

## 26. Derivatives

Type of derivative	Contract/ notional amount as at 31/07/2020 RM'000	Fair value liabilities as at 31/07/2020 RM'000
<b>Non-hedging derivatives</b>		
Forward currency contracts - Less than 1 year	2,863	(9)

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	91,584	-	91,584
Cash and bank balances	13,616	-	13,616
Trade and other payables	(28,122)	(1,194)	(29,316)
Loans and borrowings	(34,053)	-	(34,053)
Total	43,025	(1,194)	41,831

## 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 31/07/2020	Preceding Year Corresponding Quarter 31/07/2019	Current Year To Date 31/07/2020	Preceding Year Corresponding Period 31/07/2019
Profit for the period (RM'000)	2,425	2,364	6,718	4,147
Weighted average number of ordinary shares in issue ('000)	40,097	40,097	40,097	40,097
Basic earnings per share (Sen)	<u>6.05</u>	<u>5.90</u>	<u>16.75</u>	<u>10.34</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 22 September 2020.