



TECK GUAN PERDANA BERHAD

199401021418 (307097 - A)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 OCTOBER 2020

TECK GUAN PERDANA BERHAD

199401021418 (307097-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD (3rd quarter)		CUMULATIVE PERIOD	
	Current Year Quarter 31/10/2020 RM'000	Preceding Year Corresponding Quarter 31/10/2019 RM'000	Current Year Todate 31/10/2020 RM'000	Preceding Year Corresponding Period 31/10/2019 RM'000
Revenue	139,666	45,255	385,455	176,341
Cost of sales	(131,320)	(39,996)	(353,867)	(158,571)
Gross profit	8,346	5,259	31,588	17,770
Other operating (expenses)/income	(286)	433	1,082	711
Selling and distribution costs	(6,135)	(1,570)	(19,557)	(6,545)
Administrative expenses	(1,197)	(1,695)	(3,416)	(4,190)
Operating profit	728	2,427	9,697	7,746
Interest income	60	116	313	442
Finance costs	(335)	(218)	(1,031)	(681)
Profit before tax	453	2,325	8,979	7,507
Income tax expense	(197)	(498)	(2,005)	(1,533)
Profit net of tax	256	1,827	6,974	5,974
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	256	1,827	6,974	5,974

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	INDIVIDUAL PERIOD (3rd quarter)		CUMULATIVE PERIOD	
	Current Year Quarter 31/10/2020 RM'000	Preceding Year Corresponding Quarter 31/10/2019 RM'000	Current Year Todate 31/10/2020 RM'000	Preceding Year Corresponding Period 31/10/2019 RM'000
Profit attributable to:				
Owners of the Company	<u>256</u>	<u>1,827</u>	<u>6,974</u>	<u>5,974</u>
Total comprehensive income attributable to:				
Owners of the Company	<u>256</u>	<u>1,827</u>	<u>6,974</u>	<u>5,974</u>
Earnings per share attributable to owners of the Company:				
Basic, for the period (Sen)	0.64	4.56	17.39	14.90
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 31/10/2020 RM'000	As At Preceding Financial Year End 31/01/2020 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	24,972	25,011
Right-of-use assets	14,074	15,354
	<hr/> 39,046	<hr/> 40,365
Current Assets		
Biological assets	330	275
Inventories	22,634	27,740
Trade and other receivables	96,468	41,433
Cash and bank balances	12,674	33,293
Derivatives	13	-
Tax recoverable	760	689
	<hr/> 132,879	<hr/> 103,430
TOTAL ASSETS	<hr/> 171,925	<hr/> 143,795
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	40,104	40,104
Retained earnings	19,103	12,129
Total Equity	<hr/> 59,207	<hr/> 52,233
Non-Current Liabilities		
Deferred tax liabilities	1,779	1,703
Lease liabilities	13,188	14,297
	<hr/> 14,967	<hr/> 16,000
Current Liabilities		
Loans and borrowings	25,563	61,096
Trade and other payables	70,236	13,040
Derivative	-	10
Lease liabilities	1,470	1,416
Income tax payable	482	-
	<hr/> 97,751	<hr/> 75,562
TOTAL LIABILITIES	<hr/> 112,718	<hr/> 91,562
TOTAL EQUITY & LIABILITIES	<hr/> 171,925	<hr/> 143,795
NET ASSETS PER SHARE (SEN)	147.66	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	-	6,974	6,974
Closing balance at 31 October 2020	40,104	19,103	59,207
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 31/10/2020 RM'000	Preceding Year Corresponding Period 31/10/2019 RM'000
Operating activities		
Profit before taxation	8,979	7,507
<u>Adjustments for:</u>		
Amortisation of biological assets	253	254
Gain on disposal of property, plant and equipment	(14)	(8)
Depreciation of property, plant and equipment	2,245	2,484
Property, plant and equipment written off	-	2
Net fair value gain on derivatives	(23)	(24)
Unrealised gain on foreign exchange	(23)	(79)
Net fair value gain on biological assets	(55)	(96)
Interest income	(313)	(442)
Interest expense	1,031	681
Total adjustments	<u>3,101</u>	<u>2,772</u>
Operating cash flows before changes in working capital	12,080	10,279
<u>Changes in working capital:</u>		
Inventories	5,106	10,222
Trade and other receivables	(55,191)	(5,135)
Trade and other payables	57,303	(2,676)
Total changes in working capital	<u>7,218</u>	<u>2,411</u>
Cash flows generated from operations	19,298	12,690
Interest paid	(1,031)	(681)
Interest received	313	442
Income tax paid	(1,517)	(1,226)
Income tax refunded	-	1,223
Net cash flows generated from operating activities	<u>17,063</u>	<u>12,448</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Current Year To Date 31/10/2020 RM'000	Preceding Year Corresponding Period 31/10/2019 RM'000
Investing activities		
Purchase of property, plant and equipment	(454)	(134)
Plantation development expenditure	(726)	-
Proceeds from disposal of property, plant and equipment	14	17
Net cash flows used in investing activities	<u>(1,166)</u>	<u>(117)</u>
Financing activities		
Drawdown of letter of credits	140,162	51,151
Repayment of letter of credits	(156,115)	(51,151)
Proceeds from bankers' acceptances	66,652	69,523
Repayment of bankers' acceptances	(86,563)	(86,683)
Repayment of lease liabilities	(1,055)	(1,597)
Net cash flows used in financing activities	<u>(36,919)</u>	<u>(18,757)</u>
Net decrease in cash and cash equivalents	<u>(21,022)</u>	<u>(6,426)</u>
Effect of exchange rate changes on cash and cash equivalents	72	47
Cash and cash equivalents at beginning of the period	32,926	38,976
Cash and cash equivalents at end of the period	<u>11,976</u>	<u>32,597</u>
	As At 31/10/2020	As At 31/10/2019
*Cash and cash equivalents at end of the period consists of:		
Cash and bank balances	12,674	33,005
Bank overdrafts	(698)	(408)
	<u>11,976</u>	<u>32,597</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 31 October 2020 is set out below:

	Palm Oil Products RM'000	Cocoa Products RM'000	Consolidated RM'000
Revenue	376,231	9,224	385,455
Results			
Segment results	9,627	1,209	10,836
Unallocated corporate expenses			(826)
Finance cost			(1,031)
Profit before tax			<u>8,979</u>
Assets			
Segment assets	154,871	16,886	171,757
Unallocated assets			168
			<u>171,925</u>
Liabilities			
Segment liabilities	111,740	193	111,933
Unallocated liabilities			785
			<u>112,718</u>
Other information			
Capital expenditure	454	-	454
Depreciation	2,106	139	2,245
Amortisation	253	-	253

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 RM137.20 million from RM42.99 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 to RM0.93 million from RM2.53 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 5.01% 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 October 2020.

11. Discontinued operation

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

	9 months ended 31 October 2020 RM'000
Purchase of palm kernel	39,787
Purchase of palm oil related products	4,796
Purchase of fertilizers, chemicals, etc.	1,329
Rental on factory building and infrastructures	1,728
Sales of crude palm kernel oil	110,025
Sales of fresh fruit bunches	4,270
Sales of fresh palm kernel expeller	411
Sales of cocoa powder	363
Sales of chocolate products	1,067

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 (3rd quarter)		Changes	CUMULATIVE PERIOD		Changes
	Current Year Quarter 31/10/2020 RM'000	Preceding Year Corresponding Quarter 31/10/2019 RM'000		Current Year Todate 31/10/2020 RM'000	Preceding Year Corresponding Period 31/10/2019 RM'000	
			%		%	
Revenue	139,666	45,255	209%	385,455	176,341	119%
Gross profit	8,346	5,259	59%	31,588	17,770	78%
Operating profit	728	2,427	-70%	9,697	7,746	25%
Profit before tax	453	2,325	-81%	8,979	7,507	20%
Profit net of tax	256	1,827	-86%	6,974	5,974	17%
Profit attributable to ordinary equity holders of the Parent	256	1,827	-86%	6,974	5,974	17%

For the current quarter under review, revenue for the Group increased by 209% from RM45.26 million to RM139.67 million as compared with preceding year corresponding quarter. The increase was mainly attributed to the increase in both sale volume and selling price. However, the operating profit decreased from RM2.43 million to RM0.73 million compared with preceding year corresponding quarter, the decrease was mainly attributed to the decrease in operating margin.

17. Comment On Material Changes In Profit Before Tax

	Current Quarter 31/10/2020 RM'000	Immediate Preceding Quarter 31/07/2020 RM'000	Changes %
Revenue	139,666	181,048	-23%
Gross profit	8,346	14,260	-41%
Operating profit	728	3,394	-79%
Profit before tax	453	3,108	-85%
Profit net of tax	256	2,425	-89%
Profit attributable to ordinary equity holders of the Parent	256	2,425	-89%

The Group registered a profit before tax of RM0.45 million as compared with RM3.11 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 foregoing uncertainties in both the local and global economic environment after being battered by the Covid-19 pandemic, the current palm-based industry continues to remain challenging despite the recent sharp upswing in palm products prices.

However in the current scenario, Management will continue to assess its efforts and aggressively focus on enhancing productivity jointly with operating cost optimisation to mitigate the negative impact on its profitability and liquidity so as to ensure a sustainable growth.

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 31/10/2020 RM'000	Year-to-date 31/10/2020 RM'000
Interest Income	(60)	(313)
Interest Expenses	335	1,031
Rental Income	(44)	(132)
Depreciation and amortisation	857	2,498
Net foreign exchange loss/(gain)	744	(215)
Rental of premises	11	34
Rental of equipment	22	69

21. Taxation

	Current Quarter 31/10/2020 RM'000	Year-To- Date 31/10/2020 RM'000
Taxation for the current period	62	1,929
Deferred taxation for the current period	135	76
	<u>197</u>	<u>2,005</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 31/10/2020 RM'000	As at 31/10/2019 RM'000
Short term borrowings:		
Secured		
Bankers' acceptances	18,991	18,860
Letter of credit	5,874	-
	24,865	18,860
Unsecured		
Bank overdrafts	698	408
Total	25,563	19,268

26. Derivatives

Type of derivative	Contract/ notional amount as at 31/10/2020 RM'000	Fair value liabilities as at 31/10/2020 RM'000
Non-hedging derivatives		
Forward currency contracts - Less than 1 year	8,181	13

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	90,882	1	90,883
Cash and bank balances	5,317	-	5,317
Trade and other payables	(52,337)	(586)	(52,923)
Loans and borrowings	(5,874)	-	(5,874)
Total	37,988	(585)	37,403

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 31/10/2020	Preceding Year Corresponding Quarter 31/10/2019	Current Year To Date 31/10/2020	Preceding Year Corresponding Period 31/10/2019
Profit for the period (RM'000)	256	1,827	6,974	5,974
Weighted average number of ordinary shares in issue ('000)	40,097	40,097	40,097	40,097
Basic earnings per share (Sen)	<u>0.64</u>	<u>4.56</u>	<u>17.39</u>	<u>14.90</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 December 2020.