



TECK GUAN PERDANA BERHAD

199401021418 (307097 - A)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 OCTOBER 2021

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 31/10/2021 RM'000	Preceding Year Corresponding Quarter 31/10/2020 RM'000	Current Year ToDate 31/10/2021 RM'000	Preceding Year Corresponding Period 31/10/2020 RM'000
Revenue	26,624	139,666	177,267	385,455
Cost of sales	(24,575)	(137,455)	(165,261)	(373,424)
Gross profit	2,049	2,211	12,006	12,031
Other operating income/(expenses)	538	(286)	(684)	1,082
Administrative expenses	(1,298)	(1,197)	(3,810)	(3,416)
Operating profit	1,289	728	7,512	9,697
Interest income	76	60	177	313
Finance costs	(644)	(335)	(1,803)	(1,031)
Profit before tax	721	453	5,886	8,979
Taxation	(129)	(197)	(1,332)	(2,005)
Profit net of tax	592	256	4,554	6,974
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	592	256	4,554	6,974

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	INDIVIDUAL PERIOD (3rd quarter)		CUMULATIVE PERIOD	
	Current Year Quarter 31/10/2021 RM'000	Preceding Year Corresponding Quarter 31/10/2020 RM'000	Current Year Todate 31/10/2021 RM'000	Preceding Year Corresponding Period 31/10/2020 RM'000
Profit attributable to:				
Owners of the Company	<u>592</u>	<u>256</u>	<u>4,554</u>	<u>6,974</u>
Total comprehensive income attributable to:				
Owners of the Company	<u>592</u>	<u>256</u>	<u>4,554</u>	<u>6,974</u>
Earnings per share attributable to owners of the Company:				
Basic, for the period (Sen)	1.48	0.64	11.36	17.39
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 2021 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 31/10/2021 RM'000	As At Preceding Financial Year End 31/01/2021 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	36,205	37,415
Right-of-use assets	12,368	13,648
	48,573	51,063
Current Assets		
Biological assets	617	294
Inventories	121,134	26,089
Trade and other receivables	16,953	7,664
Cash and bank balances	9,925	51,977
Tax recoverable	1,215	570
	149,844	86,594
TOTAL ASSETS	198,417	137,657
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	40,104	40,104
Retained earnings	24,670	20,116
Total Equity	64,774	60,220
Non-Current Liabilities		
Term Loan	9,550	9,550
Deferred tax liabilities	2,187	1,931
Lease liabilities	11,642	12,809
	23,379	24,290
Current Liabilities		
Loans and borrowings	68,488	37,685
Trade and other payables	40,226	13,107
Derivative	4	866
Lease liabilities	1,546	1,489
	110,264	53,147
TOTAL LIABILITIES	133,643	77,437
TOTAL EQUITY & LIABILITIES	198,417	137,657
NET ASSETS PER SHARE (SEN)	161.54	150.19

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 2021 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 2021	40,104	20,116	60,220
Total comprehensive income for the period	-	4,554	4,554
Closing balance at 31 October 2021	40,104	24,670	64,774
Opening balance at 1 February 2020	40,104	12,129	52,233
Total comprehensive income for the year	-	7,987	7,987
Closing balance at 31 January 2021	40,104	20,116	60,220

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 2021 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 31/10/2021 RM'000	Preceding Year Corresponding Period 31/10/2020 RM'000
Operating activities		
Profit before taxation	5,886	8,979
<u>Adjustments for:</u>		
Amortisation of biological assets	254	253
Gain on disposal of property, plant and equipment	(1)	(14)
Depreciation of property, plant and equipment	2,562	2,245
Property, plant and equipment written off	1	-
Net fair value loss/(gain) on forward currency contracts	12	(23)
Net fair value gain on commodity future contracts	(875)	-
Net unrealised gain on foreign exchange	(120)	(23)
Net fair value gain on biological assets	(323)	(55)
Interest income	(177)	(313)
Interest expense	1,803	1,031
Total adjustments	<u>3,136</u>	<u>3,101</u>
Operating cash flows before changes in working capital	9,022	12,080
<u>Changes in working capital:</u>		
Inventories	(95,045)	5,106
Trade and other receivables	(9,230)	(55,191)
Trade and other payables	27,165	57,303
Total changes in working capital	<u>(77,110)</u>	<u>7,218</u>
Cash flows (used in)/generated from operations	(68,088)	19,298
Interest paid	(1,803)	(1,031)
Interest received	177	313
Income tax paid	(1,916)	(1,517)
Income tax refunded	196	-
Net cash flows (used in)/generated from operating activities	<u>(71,434)</u>	<u>17,063</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Current Year To Date 31/10/2021 RM'000	Preceding Year Corresponding Period 31/10/2020 RM'000
Investing activities		
Purchase of property, plant and equipment	(43)	(454)
Plantation development expenditure	(284)	(726)
Proceeds from disposal of property, plant and equipment	2	14
Net cash flows used in investing activities	<u>(325)</u>	<u>(1,166)</u>
Financing activities		
Drawdown of letter of credits	22,044	140,162
Repayment of letter of credits	(28,295)	(156,115)
Proceeds from bankers' acceptances	169,381	66,652
Repayment of bankers' acceptances	(132,852)	(86,563)
Repayment of lease liabilities	(1,110)	(1,055)
Net cash flows generated from/(used in) financing activities	<u>29,168</u>	<u>(36,919)</u>
Net decrease in cash and cash equivalents	<u>(42,591)</u>	<u>(21,022)</u>
Effect of exchange rate changes on cash and cash equivalents	14	72
Cash and cash equivalents at beginning of the period	51,558	32,926
Cash and cash equivalents at end of the period	<u>8,981</u>	<u>11,976</u>
	As At 31/10/2021	As At 31/10/2020
*Cash and cash equivalents at end of the period consists of:		
Cash and bank balances	9,925	12,674
Bank overdrafts	(944)	(698)
	<u>8,981</u>	<u>11,976</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 2021 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 2021. 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 2021.

2. Accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 January 2021 except for the following Amendments to MFRSs during the current financial period:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform-Phase 2	1 January 2021

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.

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
Annual Improvements to MFRS Standards 2018–2020	
(i) Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022
(ii) Amendments to MFRS 9: Financial Instruments	1 January 2022
(iii) Amendments to MFRS 16: Illustrative Example 13, Leases	1 January 2022
(iv) Amendments to MFRS 141: Agriculture	1 January 2022

2. Accounting policies (continued)

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: Business Combinations	
- 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
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
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 2021 is set out below:

	Palm Oil Products RM'000	Cocoa Products RM'000	Consolidated RM'000
Revenue	166,848	10,419	177,267
Results			
Segment results	6,918	1,651	8,569
Unallocated corporate expenses			(880)
Finance cost			(1,803)
Profit before tax			<u>5,886</u>
Assets			
Segment assets	181,571	16,221	197,792
Unallocated assets			625
			<u>198,417</u>
Liabilities			
Segment liabilities	116,534	421	116,955
Unallocated liabilities			16,688
			<u>133,643</u>
Other information			
Capital expenditure	16	27	43
Depreciation	2,430	132	2,562
Amortisation	254	-	254

Palm Oil Products

The palm oil products segment remained the Group's main source of revenue, which contributed 85.84% of the revenue of the Group in the current quarter.

For the quarter under review, revenue for this segment decreased to RM22.85 million from RM137.20 million in the preceding year corresponding quarter. The decrease was mainly attributed to the decrease in sales volume.

However, the operating profit for the current quarter increased slightly to RM1.06 million from RM0.93 million in the preceding year corresponding quarter. The increase was primarily attributed to an increase in operating margin.

Cocoa Products

Cocoa products segment contributed 14.16% to the revenue of the Group as compared to 1.77% 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 October 2021.

11. Discontinued operation

There was no discontinued operation during the quarter ended 31 October 2021.

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 2021 RM'000
Purchase of palm kernel	78,992
Purchase of palm oil related products	2,980
Purchase of fertilizers, chemicals, etc.	1,670
Rental on factory building and infrastructures	1,727
Sales of crude palm kernel oil	85,723
Sales of fresh fruit bunches	6,590
Sales of palm kernel expeller	321
Sales of cocoa powder	390
Sales of chocolate products	1,551

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	Preceding Year Corresponding Quarter		Current Year To date	Preceding Year Corresponding Period	
	31/10/2021 RM'000	31/10/2020 RM'000	%	31/10/2021 RM'000	31/10/2020 RM'000	%
Revenue	26,624	139,666	-81%	177,267	385,455	-54%
Gross profit	2,049	2,211	-7%	12,006	12,031	0%
Operating profit	1,289	728	77%	7,512	9,697	-23%
Profit before tax	721	453	59%	5,886	8,979	-34%
Profit net of tax	592	256	131%	4,554	6,974	-35%
Profit attributable to ordinary equity holders of the Parent	592	256	131%	4,554	6,974	-35%

For the current quarter under review, revenue for the Group decreased by 81% from RM139.67 million to RM26.62 million as compared with preceding year corresponding quarter. The decrease was mainly attributed to the decrease in sale volume. However, the operating profit increased from RM0.73 million to RM1.29 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	Immediate Preceding Quarter	Changes
	31/10/2021 RM'000	31/07/2021 RM'000	%
Revenue	26,624	95,050	-72%
Gross profit	2,049	8,585	-76%
Operating profit	1,289	7,150	-82%
Profit before tax	721	6,457	-89%
Profit net of tax	592	5,494	-89%
Profit attributable to ordinary equity holders of the Parent	592	5,494	-89%

The Group registered a profit before tax of RM0.72 million as compared with RM6.46 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

Despite the prolonged COVID-19 pandemic, the palm-based industry continues to remain challenging which again influenced by both internal and external factors exerted on oil palm related environment. Nevertheless, palm products prices are expected to maintain firm whilst the impending world economy strives possible solutions into recovery.

However, the Management will continue to aggressively focus on enhancing productivity and cost optimisation so as to minimise the negative impact on its profitability and liquidity in order 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:

	Quarter Ended 31/10/2021 RM'000	Year-to-date 31/10/2021 RM'000
Interest Income	(76)	(177)
Interest Expenses	644	1,803
Rental Income	(47)	(157)
Depreciation and amortisation	930	2,816
Net loss/(gain) on foreign exchange		
- realised	8	(156)
- unrealised	(181)	(120)
Net fair value loss on commodity futures contracts		
- realised	-	1,720
Rental of premises	12	34
Rental of equipment	23	68

21. Taxation

	Current Quarter 31/10/2021 RM'000	Year-To-Date 31/10/2021 RM'000
Taxation for the current period	3	1,076
Deferred taxation for the current period	126	256
	<u>129</u>	<u>1,332</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. Loans and borrowings

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

	As at 31/10/2021 RM'000	As at 31/10/2020 RM'000
Current Secured:		
Bankers' acceptances	67,544	18,991
Letter of credit	-	5,874
Lease liabilities	1,546	1,470
	69,090	26,335
Unsecured:		
Bank overdrafts	944	698
	70,034	27,033
Non-current Secured:		
Term loan	9,550	-
Lease liabilities	11,642	13,188
	21,192	13,188
Total	91,226	40,221

26. Derivatives

Type of derivative	Contract/ notional amount as at 31/10/2021 RM'000	Fair value liabilities as at 31/10/2021 RM'000
Non-hedging derivatives		
Forward currency contracts - Less than 1 year	11,960	(4)
	11,960	(4)

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	12,916	-	12,916
Cash and bank balances	966	-	966
Trade and other payables	(193)	(2,825)	(3,018)
Loans and borrowings	(358)	-	(358)
Total	13,331	(2,825)	10,506

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 31/10/2021	Preceding Year Corresponding Quarter 31/10/2020	Current Year Todate 31/10/2021	Preceding Year Corresponding Period 31/10/2020
Profit for the period (RM'000)	592	256	4,554	6,974
Weighted average number of ordinary shares in issue ('000)	40,097	40,097	40,097	40,097
Basic earnings per share (Sen)	1.48	0.64	11.36	17.39

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 20 December 2021.