



TECK GUAN PERDANA BERHAD

199401021418 (307097 - A)

UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 JULY 2022

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 31/07/2022 RM'000	Preceding Year Corresponding Quarter 31/07/2021 RM'000	Current Year Todate 31/07/2022 RM'000	Preceding Year Corresponding Period 31/07/2021 RM'000
Revenue	248,171	95,050	281,003	150,643
Cost of sales	(231,147)	(86,465)	(261,158)	(140,685)
Gross profit	17,024	8,585	19,845	9,958
Other operating income/(expenses)	3,891	(70)	459	(1,221)
Administrative expenses	(1,772)	(1,365)	(3,103)	(2,512)
Operating profit	19,143	7,150	17,201	6,225
Interest income	180	37	278	101
Finance costs	(800)	(730)	(1,318)	(1,159)
Profit before tax	18,523	6,457	16,161	5,167
Taxation	(3,675)	(963)	(3,927)	(1,203)
Profit net of tax	14,848	5,494	12,234	3,964
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	14,848	5,494	12,234	3,964

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	INDIVIDUAL PERIOD (2nd quarter)		CUMULATIVE PERIOD	
	Current Year Quarter 31/07/2022 RM'000	Preceding Year Corresponding Quarter 31/07/2021 RM'000	Current Year ToDate 31/07/2022 RM'000	Preceding Year Corresponding Period 31/07/2021 RM'000
Profit attributable to:				
Owners of the Company	<u>14,848</u>	<u>5,494</u>	<u>12,234</u>	<u>3,964</u>
Total comprehensive income attributable to:				
Owners of the Company	<u>14,848</u>	<u>5,494</u>	<u>12,234</u>	<u>3,964</u>
Earnings per share attributable to owners of the Company:				
Basic, for the period (Sen)	37.03	13.70	30.51	9.89
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 2022 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 31/07/2022 RM'000	As At Preceding Financial Year End 31/01/2022 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	63,062	37,541
Right-of-use assets	11,089	11,942
Deferred tax assets	1,307	1,307
	<u>75,458</u>	<u>50,790</u>
Current Assets		
Biological assets	496	458
Inventories	55,826	47,431
Trade and other receivables	66,891	80,161
Cash and bank balances	47,535	40,164
Derivatives	1	10
Tax recoverable	112	-
	<u>170,861</u>	<u>168,224</u>
TOTAL ASSETS	<u>246,319</u>	<u>219,014</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	40,104	40,104
Retained earnings	50,714	38,480
Total Equity	<u>90,818</u>	<u>78,584</u>
Non-Current Liabilities		
Term Loan	9,391	9,550
Deferred tax liabilities	3,818	3,859
Lease liabilities	10,430	11,243
	<u>23,639</u>	<u>24,652</u>
Current Liabilities		
Loans and borrowings	59,564	60,061
Trade and other payables	67,867	54,017
Derivative	216	-
Lease liabilities	1,605	1,566
Income tax payable	2,610	134
	<u>131,862</u>	<u>115,778</u>
TOTAL LIABILITIES	<u>155,501</u>	<u>140,430</u>
TOTAL EQUITY & LIABILITIES	<u>246,319</u>	<u>219,014</u>
NET ASSETS PER SHARE (SEN)	226.50	195.98

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 2022 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 →		Equity, Total RM'000
	Non-distributable	Distributable	
	Share Capital RM'000	Retained Earnings RM'000	
Opening balance at 1 February 2022	40,104	38,480	78,584
Total comprehensive income for the period	-	12,234	12,234
Closing balance at 31 July 2022	<u>40,104</u>	<u>50,714</u>	<u>90,818</u>
Opening balance at 1 February 2021			
- as previously reported	40,104	20,116	60,220
- prior year adjustment	-	(1,367)	(1,367)
Total comprehensive income for the year	-	19,731	19,731
Closing balance at 31 January 2022	<u>40,104</u>	<u>38,480</u>	<u>78,584</u>

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 2022 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 31/07/2022 RM'000	Preceding Year Corresponding Period 31/07/2021 RM'000
Operating activities		
Profit before taxation	16,161	5,167
<u>Adjustments for:</u>		
Amortisation of biological assets	201	169
Gain on disposal of property, plant and equipment	(3)	(2)
Depreciation of property, plant and equipment	1,794	1,717
Property, plant and equipment written off	1	-
Net fair value loss on forward currency contracts	224	108
Net fair value gain on commodity future contracts	-	(875)
Net unrealised (gain)/loss on foreign exchange	(878)	61
Net fair value gain on biological assets	(38)	(169)
Interest income	(278)	(101)
Interest expense	1,318	1,159
Total adjustments	<u>2,341</u>	<u>2,067</u>
Operating cash flows before changes in working capital	18,502	7,234
<u>Changes in working capital:</u>		
Inventories	(8,395)	(33,305)
Trade and other receivables	14,048	(73,956)
Trade and other payables	13,765	22,047
Total changes in working capital	<u>19,418</u>	<u>(85,214)</u>
Cash flows generated from/(used in) operations	37,920	(77,980)
Interest paid	(1,318)	(1,159)
Interest received	278	101
Income tax paid	(2,016)	(952)
Income tax refunded	411	196
Net cash flows generated from/(used in) operating activities	<u>35,275</u>	<u>(79,794)</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Current Year To Date 31/07/2022 RM'000	Preceding Year Corresponding Period 31/07/2021 RM'000
Investing activities		
Purchase of property, plant and equipment	(26,219)	(44)
Plantation development expenditure	(449)	-
Proceeds from disposal of property, plant and equipment	7	2
Net cash flows used in investing activities	<u>(26,661)</u>	<u>(42)</u>
Financing activities		
Drawdown of letter of credits	20,011	22,044
Repayment of letter of credits	(9,814)	(28,295)
Proceeds from bankers' acceptances	121,985	108,195
Repayment of bankers' acceptances	(132,313)	(64,079)
Repayment of lease liabilities	(773)	(735)
Net cash flows (used in)/generated from financing activities	<u>(904)</u>	<u>37,130</u>
Net decrease in cash and cash equivalents	<u>7,710</u>	<u>(42,706)</u>
Effect of exchange rate changes on cash and cash equivalents	187	32
Cash and cash equivalents at beginning of the period	39,280	51,558
Cash and cash equivalents at end of the period	<u>47,177</u>	<u>8,884</u>
	As At 31/07/2022	As At 31/07/2021
*Cash and cash equivalents at end of the period consists of:		
Cash and bank balances	47,535	8,968
Bank overdrafts	(358)	(84)
	<u>47,177</u>	<u>8,884</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 2022 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 2022. 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 2022.

2. Accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 January 2022 except for the following Amendments to MFRSs during the current financial period:

Description	Effective for annual periods beginning on or after
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

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 and Amendments to MFRS 17	1 January 2023
Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101 and MFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: 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 2022 is set out below:

	Palm Oil Products RM'000	Cocoa Products RM'000	Consolidated RM'000
Revenue	272,385	8,618	281,003
Results			
Segment results	17,596	543	18,139
Unallocated corporate expenses			(660)
Finance cost			(1,318)
Profit before tax			<u>16,161</u>
Assets			
Segment assets	225,262	19,309	244,571
Unallocated assets			<u>1,748</u>
			<u>246,319</u>
Liabilities			
Segment liabilities	106,356	274	106,630
Unallocated liabilities			<u>48,871</u>
			<u>155,501</u>
Other information			
Capital expenditure	26,100	119	26,219
Depreciation	1,702	92	1,794
Amortisation	201	-	201

Palm Oil Products

The palm oil products segment remained the Group's main source of revenue, which contributed 98.31% of the revenue of the Group in the current quarter.

For the quarter under review, revenue for this segment increased to RM243.99 million from RM90.55 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 RM19.56 million from RM6.72 million in the preceding year corresponding quarter. The increase was primarily attributed to an increase in operating margin.

Cocoa Products

Cocoa products segment contributed 1.69% to the revenue of the Group as compared to 4.74% 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 2022.

11. Discontinued operation

There was no discontinued operation during the quarter ended 31 July 2022.

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 2022 RM'000
Purchase of palm kernel	67,832
Purchase of palm oil related products	11,292
Purchase of fertilizers, chemicals, etc.	1,691
Rental on factory building and infrastructures	1,153
Insurance expense	430
Sales of crude palm kernel oil	201,913
Sales of palm oil related products	16,044
Sales of fresh fruit bunches	6,250
Sales of palm kernel expeller	226
Sales of cocoa powder	382

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 To date	Preceding Year Corresponding Period	
	31/07/2022 RM'000	31/07/2021 RM'000	%	31/07/2022 RM'000	31/07/2021 RM'000	%
Revenue	248,171	95,050	161%	281,003	150,643	87%
Gross profit	17,024	8,585	98%	19,845	9,958	99%
Operating profit	19,143	7,150	168%	17,201	6,225	176%
Profit before tax	18,523	6,457	187%	16,161	5,167	213%
Profit net of tax	14,848	5,494	170%	12,234	3,964	209%
Loss attributable to ordinary equity holders of the Parent	14,848	5,494	170%	12,234	3,964	209%

For the current quarter under review, revenue for the Group increased by 161% from RM95.05 million to RM248.17 million as compared with preceding year corresponding quarter. The increase was mainly attributed to the increase in selling price. The operating profit increased from RM7.15 million to RM19.14 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
	31/07/2022 RM'000	30/04/2022 RM'000	%
Revenue	248,171	32,832	656%
Gross profit	17,024	2,821	503%
Operating profit/(loss)	19,143	(1,942)	1086%
Profit/(loss) before tax	18,523	(2,362)	884%
Profit/(loss) net of tax	14,848	(2,614)	668%
Profit/(loss) attributable to ordinary equity holders of the Parent	14,848	(2,614)	668%

The Group registered a profit before tax of RM18.52 million as compared with a loss before tax of RM2.36 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 price continues to rally due to tight edible oils supplies worldwide and is expected to remain firmed in the near term. Notwithstanding in the face of uncertainty in changing global economies, Management however remains cautiously optimistic and committed to ensuring sufficient avenues to manage forthcoming challenges.

The Management will also continue to intensify its efforts to focus on enhancing productivity together with cost optimisation to alleviate the negative impact on 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 31/07/2022 RM'000	Year-to-date 31/07/2022 RM'000
Interest Income	(180)	(278)
Interest Expenses	800	1,318
Rental Income	(55)	(139)
Depreciation and amortisation	1,044	1,995
Net fair value gain on forward currency contracts	(4,289)	-
Net loss/(gain) on foreign exchange		
- realised	726	474
- unrealised	(579)	(879)
Rental of premises	11	23
Rental of equipment	23	47

21. Taxation

	Current Quarter 31/07/2022 RM'000	Year-To-Date 31/07/2022 RM'000
Taxation for the current period	3,536	3,968
Deferred taxation for the current period	139	(41)
	<u>3,675</u>	<u>3,927</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 31/07/2022 RM'000	As at 31/07/2021 RM'000
Current Secured:		
Bankers' acceptances	48,850	75,131
Letter of credit	10,197	-
Term loan	159	-
Lease liabilities	1,605	1,527
	60,811	76,658
Unsecured:		
Bank overdrafts	358	84
	61,169	76,742
Non-current Secured:		
Term loan	9,391	9,550
Lease liabilities	10,430	12,036
	19,821	21,586
Total	80,990	98,328

26. Derivatives

Type of derivative	Contract/ notional amount as at 31/07/2022 RM'000	Fair value liabilities as at 31/07/2022 RM'000
Non-hedging derivatives		
Forward currency contracts - Less than 1 year	31,711	(216)
	31,711	(216)

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	63,550	-	63,550
Cash and bank balances	3,636	-	3,636
Trade and other payables	(1,986)	(57)	(2,043)
Loans and borrowings	(10,197)	-	(10,197)
Total	55,003	(57)	54,946

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 31/07/2022	Preceding Year Corresponding Quarter 31/07/2021	Current Year Todate 31/07/2022	Preceding Year Corresponding Period 31/07/2021
Profit for the period (RM'000)	14,848	5,494	12,234	3,964
Weighted average number of ordinary shares in issue ('000)	40,097	40,097	40,097	40,097
Basic earnings per share (Sen)	37.03	13.70	30.51	9.89

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 27 September 2022.