



TECK GUAN PERDANA BERHAD

199401021418 (307097 - A)

UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 JULY 2023

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 31/07/2023 RM'000	Preceding Year Corresponding Quarter 31/07/2022 RM'000	Current Year ToDate 31/07/2023 RM'000	Preceding Year Corresponding Period 31/07/2022 RM'000
Revenue	52,958	248,171	121,687	281,003
Cost of sales	(47,821)	(231,147)	(112,303)	(261,158)
Gross profit	5,137	17,024	9,384	19,845
Other operating income	246	3,891	889	459
Administrative expenses	(1,772)	(1,772)	(3,560)	(3,103)
Operating profit	3,611	19,143	6,713	17,201
Interest income	228	180	392	278
Finance costs	(461)	(800)	(853)	(1,318)
Profit before tax	3,378	18,523	6,252	16,161
Taxation	(776)	(3,675)	(1,552)	(3,927)
Profit net of tax	2,602	14,848	4,700	12,234
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	2,602	14,848	4,700	12,234

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	INDIVIDUAL PERIOD (2nd quarter)		CUMULATIVE PERIOD	
	Current Year Quarter 31/07/2023 RM'000	Preceding Year Corresponding Quarter 31/07/2022 RM'000	Current Year ToDate 31/07/2023 RM'000	Preceding Year Corresponding Period 31/07/2022 RM'000
Profit attributable to:				
Owners of the Company	<u>2,602</u>	<u>14,848</u>	<u>4,700</u>	<u>12,234</u>
Total comprehensive income attributable to:				
Owners of the Company	<u>2,602</u>	<u>14,848</u>	<u>4,700</u>	<u>12,234</u>
Earnings per share attributable to owners of the Company:				
Basic, for the period (Sen)	6.49	37.03	11.72	30.51
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 2023 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 31/07/2023 RM'000	As At Preceding Financial Year End 31/01/2023 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	20,222	19,591
Right-of-use assets	51,027	52,549
	71,249	72,140
Current Assets		
Biological assets	444	451
Inventories	40,476	32,647
Trade and other receivables	7,506	13,166
Short-term deposits with licensed banks	35,781	48,688
Cash and bank balances	7,545	6,379
Derivatives	1	-
Tax recoverable	110	110
	91,863	101,441
TOTAL ASSETS	163,112	173,581
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	40,104	40,104
Retained earnings	71,731	67,031
Total Equity	111,835	107,135
Non-Current Liabilities		
Term Loan	6,685	7,640
Deferred tax liabilities	3,223	3,240
Lease liabilities	8,742	9,597
	18,650	20,477
Current Liabilities		
Loans and borrowings	5,544	8,099
Trade and other payables	23,327	33,243
Derivative	-	6
Lease liabilities	1,688	1,646
Income tax payable	2,068	2,975
	32,627	45,969
TOTAL LIABILITIES	51,277	66,446
TOTAL EQUITY & LIABILITIES	163,112	173,581
NET ASSETS PER SHARE (SEN)	278.91	267.19

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 2023 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 2023	40,104	67,031	107,135
Total comprehensive income for the period	-	4,700	4,700
Closing balance at 31 July 2023	<u>40,104</u>	<u>71,731</u>	<u>111,835</u>
Opening balance at 1 February 2022	40,104	38,479	78,583
Total comprehensive income for the year	-	29,755	29,755
Dividend	-	(1,203)	(1,203)
Closing balance at 31 January 2023	<u>40,104</u>	<u>67,031</u>	<u>107,135</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 2023 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

	Current Year To Date 31/07/2023 RM'000	Preceding Year Corresponding Period 31/07/2022 RM'000
Operating activities		
Profit before taxation	6,252	16,161
<u>Adjustments for:</u>		
Gain on disposal of property, plant and equipment	(16)	(3)
Depreciation of property, plant and equipment	1,888	1,794
Depreciation of right-of-use assets	435	201
Property, plant and equipment written off	1	1
Net fair value (gain)/loss on forward currency contracts	(7)	224
Net unrealised gain on foreign exchange	(280)	(878)
Net fair value loss/(gain) on biological assets	6	(38)
Interest income	(392)	(278)
Interest expense	853	1,318
Total adjustments	<u>2,488</u>	<u>2,341</u>
Operating cash flows before changes in working capital	8,740	18,502
<u>Changes in working capital:</u>		
Inventories	(7,829)	(8,395)
Trade and other receivables	5,837	14,048
Trade and other payables	(9,910)	13,765
Total changes in working capital	<u>(11,902)</u>	<u>19,418</u>
Cash flows (used in)/generated from operations	(3,162)	37,920
Interest paid	(853)	(1,318)
Interest received	392	278
Income tax paid	(2,477)	(2,016)
Income tax refunded	-	411
Net cash flows (used in)/generated from operating activities	<u>(6,100)</u>	<u>35,275</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Current Year To Date 31/07/2023 RM'000	Preceding Year Corresponding Period 31/07/2022 RM'000
Investing activities		
Purchase of property, plant and equipment	(705)	(26,219)
Addition to right-of-use assets	(727)	(449)
Proceeds from disposal of property, plant and equipment	16	7
Net cash flows used in investing activities	<u>(1,416)</u>	<u>(26,661)</u>
Financing activities		
Drawdown of letter of credits	6,441	20,011
Repayment of letter of credits	(6,441)	(9,814)
Proceeds from bankers' acceptances	23,332	121,985
Repayment of bankers' acceptances	(24,871)	(132,313)
Repayment of lease liabilities	(813)	(773)
Repayment of term loan	(955)	-
Net cash flows used in financing activities	<u>(3,307)</u>	<u>(904)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(10,823)</u>	<u>7,710</u>
Effect of exchange rate changes on cash and cash equivalents	96	187
Cash and cash equivalents at beginning of the period	54,019	39,280
Cash and cash equivalents at end of the period	<u>43,292</u>	<u>47,177</u>
	As At 31/07/2023	As At 31/07/2022
*Cash and cash equivalents at end of the period consists of:		
Cash and bank balances	7,545	9,251
Short-term deposits with licensed banks	35,781	38,284
Bank overdrafts	(34)	(358)
	<u>43,292</u>	<u>47,177</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 2023 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 2023. 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 2023.

2. Accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 January 2023 except for the following Amendments to MFRSs during the current financial period:

Description	Effective for annual periods beginning on or after
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	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

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
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to MFRS 101: Non-Current Liabilities with Covenants	1 January 2024
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 2023 is set out below:

	Palm Oil Products RM'000	Cocoa Products RM'000	Consolidated RM'000
Revenue	110,760	10,927	121,687
Results			
Segment results	7,219	606	7,825
Unallocated corporate expenses			(720)
Finance cost			(853)
Profit before tax			<u>6,252</u>
Assets			
Segment assets	134,230	26,362	160,592
Unallocated assets			<u>2,520</u>
			<u>163,112</u>
Liabilities			
Segment liabilities	39,427	424	39,851
Unallocated liabilities			<u>11,426</u>
			<u>51,277</u>
Other information			
Capital expenditure	317	388	705
Depreciation	1,792	96	1,888
Amortisation	435	-	435

Palm Oil Products

The palm oil products segment remained the Group's main source of revenue, which contributed 88.29% of the revenue of the Group in the current quarter.

For the quarter under review, revenue for this segment decreased to RM46.75 million from RM243.99 million in the preceding year corresponding quarter. The decrease was mainly attributed to the decrease in both sales volume and selling price.

The operating profit for the current quarter decreased to RM3.74 million from RM19.56 million in the preceding year corresponding quarter. The decrease was primarily attributed to the decrease in both sales volume and selling price.

Cocoa Products

Cocoa products segment contributed 11.71% to the revenue of the Group as compared to 1.69% in the preceding year corresponding quarter.

9. 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 2023.

10. Discontinued operation

There was no discontinued operation during the quarter ended 31 July 2023.

11. Capital commitment

There were no material capital commitments as at the end of the quarter under review.

12. Contingent liabilities

There were no material contingent liabilities since the last annual balance sheet date.

13. Material related party transactions

Significant transactions between the Group and its jointly controlled entities are as follows:

	6 months ended 31 July 2023 RM'000
Purchase of palm kernel	39,856
Purchase of palm oil related products	2,295
Purchase of fertilizers, chemicals, etc.	1,358
Rental on factory building and infrastructures	1,159
Sales of crude palm kernel oil	82,490
Sales of fresh fruit bunches	4,465
Sales of palm kernel expeller	195
Sales of cocoa powder	297
Sales of chocolate products	1,496
Insurance expenses	217
Interest expenses	228

14. 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.

15. Review of Group's Performance

	INDIVIDUAL PERIOD (2nd quarter)		Changes	CUMULATIVE PERIOD		Changes
	Current Year Quarter 31/07/2023 RM'000	Preceding Year Corresponding Quarter 31/07/2022 RM'000		Current Year To date 31/07/2023 RM'000	Preceding Year Corresponding Period 31/07/2022 RM'000	
			%		%	
Revenue	52,958	248,171	-79%	121,687	281,003	-57%
Gross profit	5,137	17,024	-70%	9,384	19,845	-53%
Operating profit	3,611	19,143	-81%	6,713	17,201	-61%
Profit before tax	3,378	18,523	-82%	6,252	16,161	-61%
Profit net of tax	2,602	14,848	-82%	4,700	12,234	-62%
Profit attributable to ordinary equity holders of the Parent	2,602	14,848	-82%	4,700	12,234	-62%

For the current quarter under review, revenue for the Group decreased by 79% from RM248.17 million to RM52.96 million as compared with preceding year corresponding quarter. The decrease was mainly attributed to the decrease in both sales volume and selling price. Furthermore, the operating profit decreased from RM19.14 million to RM3.61 million compared with preceding year corresponding quarter, the decrease was mainly attributed to the decrease in both sales volume and selling price.

16. Comment On Material Changes In Profit Before Tax

	Current Quarter 31/07/2023 RM'000	Immediate Preceding Quarter 30/04/2023 RM'000	Changes
			%
Revenue	52,958	68,729	-23%
Gross profit	5,137	4,247	21%
Operating profit	3,611	3,102	16%
Profit before tax	3,378	2,875	17%
Profit net of tax	2,602	2,099	24%
Profit attributable to ordinary equity holders of the Parent	2,602	2,099	24%

The Group registered a profit before tax of RM3.38 million as compared with RM2.88 million in the immediate preceding quarter. The increase was primarily attributed to the increase in operating margin in the current quarter.

17. Current Year Prospects

Although the current palm-based products market continues to face challenging operating environment with vulnerable fluctuating commodity prices coupled with volatility in foreign exchange and such complex business condition is further influenced by uncertainties in both changing domestic and global market demand and supply.

However the Management remains cautiously optimistic on the long term prospects of the palm-based industry and will continue to focus on enhancing productivity and optimising operating cost efficiency so as to mitigate business related risks in order to sustain a positive growth.

18. Profit Forecast

The Group did not announce any profit forecast or profit guarantee during the current financial year.

19. Profit Before Tax

The following items have been included in arriving at profit before tax:

	Quarter Ended 31/07/2023 RM'000	Year-to-date 31/07/2023 RM'000
Interest Income	(228)	(392)
Interest Expenses	461	853
Rental Income	(48)	(96)
Depreciation and amortisation	1,164	2,323
Net gain on foreign exchange		
- realised	(117)	(436)
- unrealised	(9)	(279)
Rental of premises	11	22
Rental of equipment	27	53

20. Taxation

	Current Quarter 31/07/2023 RM'000	Year-To-Date 31/07/2023 RM'000
Taxation for the current period	840	1,568
Deferred taxation for the current period	(64)	(16)
	<u>776</u>	<u>1,552</u>

21. 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.

22. 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.

23. Corporate Proposals

There are no corporate proposals announced but not completed as at the date of this report.

24. 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 31/07/2023 RM'000	As at 31/07/2022 RM'000
Current		
Secured:		
Bankers' acceptances	3,600	48,850
Letter of credit	-	10,197
Term loan	1,910	159
Lease liabilities	1,688	1,605
	7,198	60,811
Unsecured:		
Bank overdrafts	34	358
	7,232	61,169
Non-current		
Secured:		
Term loan	6,685	9,391
Lease liabilities	8,742	10,430
	15,427	19,821
Total	22,659	80,990

25. Derivatives

Type of derivative	Contract/ notional amount as at 31/07/2023 RM'000	Fair value liabilities as at 31/07/2023 RM'000
Non-hedging derivatives		
Forward currency contracts		
- Less than 1 year	18,463	1
	18,463	1

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.

26. 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	4,842	-	4,842
Cash and bank balances	5,148	-	5,148
Trade and other payables	258	(509)	(251)
Total	10,248	(509)	9,739

27. Material Litigation

There were no pending material litigations at the date of this report.

28. Dividends

No dividend has been declared for the financial quarter under review.

29. 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 31/07/2023	Preceding Year Corresponding Quarter 31/07/2022	Current Year Todate 31/07/2023	Preceding Year Corresponding Period 31/07/2022
Profit for the period (RM'000)	2,602	14,848	4,700	12,234
Weighted average number of ordinary shares in issue ('000)	40,097	40,097	40,097	40,097
Basic earnings per share (Sen)	6.49	37.03	11.72	30.51

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.

30. Authorisation for issue

The unaudited interim financial statements were authorised for issue by the Board of Directors on 26 September 2023.