

FINANCIAL RESULTS

* New Announcement

Submitting Secretarial Firm Name : TRICOR CORPORATE SERVICES SDN. BHD.

* Company name : **TEO GUAN LEE CORPORATION BHD (283710-A)**

* Stock name : **TGL**

* Stock code : **9369**

* Contact person : Madam Toh Kian Beng

* Designation : Executive Director

PART A1: QUARTERLY REPORT

* Quarterly report for financial period ended : **30th September 2017**

* Quarter : **1st Quarter**

* Financial Year End : **30th June 2018**

* The figures : Have not been audited

TEO GUAN LEE CORPORATION BHD (COMPANY NUMBER 283710-A)
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2017 (UNAUDITED)**

	INDIVIDUAL PERIOD (1ST QUARTER)				CUMULATIVE PERIOD			
	Current Year	Preceding Year			Current Year	Preceding Year		
	Quarter	Corresponding	Changes	Changes	To-date	Corresponding	Changes	Changes
	30.09.2017	30.09.2016			30.09.2017	30.09.2016		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	12,737	16,814	(4,077)	-24.25%	12,737	16,814	(4,077)	-24.25%
Gross profit	6,386 50%	8,071 48%	(1,685)	-20.88%	6,386 50%	8,071 48%	(1,685)	-20.88%
Other operating income	223	135	88	65.19%	223	135	88	65.19%
Operating expenses	(7,178)	(7,695)	517	-6.72%	(7,178)	(7,695)	517	-6.72%
(Loss)/Profit from the operation	(569)	511	(1,080)	-211.35%	(569)	511	(1,080)	-211.35%
Finance costs	(58)	(18)	(40)	222.22%	(58)	(18)	(40)	222.22%
(Loss)/Profit before taxation	(627)	493	(1,120)	-227.18%	(627)	493	(1,120)	-227.18%
Taxation	153	(135)	288	-213.33%	153	(135)	288	-213.33%
(Loss)/Profit for the period	(474)	358	(832)	-232.40%	(474)	358	(832)	-232.40%
Other comprehensive income for the period, net of tax	4	266	(262)	-98.50%	4	266	(262)	-98.50%
Total comprehensive (loss)/income for the period	(470)	624	(1,094)	-175.32%	(470)	624	(1,094)	-175.32%
(Loss)/Profit attributable to :								
Equity holders of the parent	(508)	331	(839)	-253.47%	(508)	331	(839)	-253.47%
Non-controlling interest	34	27	7	25.93%	34	27	7	25.93%
	(474)	358	(832)	-232.40%	(474)	358	(832)	-232.40%
Total comprehensive (loss)/income attributable to:								
Equity holders of the parent	(504)	597	(1,101)	-184.42%	(504)	597	(1,101)	-184.42%
Non-controlling interest	34	27	7	25.93%	34	27	7	25.93%
	(470)	624	(1,094)	-175.32%	(470)	624	(1,094)	-175.32%
(Loss)/Earnings per share								
-Basic	(1.25)	0.81			(1.25)	0.81		
-Diluted	N/A	N/A			N/A	N/A		

The condensed consolidated statements of comprehensive income statements should be read in conjunction with the audited financial statements for the year ended 30th June 2017 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	Unaudited as at 30.09.2017 RM'000	Audited as at 30.06.2017 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	2,152	2,352
Investment properties	21,170	21,335
Available for sale investments	2,602	2,600
Deferred tax assets	555	172
	26,479	26,459
CURRENT ASSETS		
Inventories	31,542	30,216
Receivables	16,220	39,976
Tax assets	64	207
Financial assets at fair value through profit or loss	27,597	14,783
Deposits, cash and bank balances	984	1,487
	76,407	86,669
TOTAL ASSETS	102,886	113,128
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	40,742	40,742
Reserves	41,758	42,261
	82,500	83,003
Non-controlling interest	1,024	990
TOTAL EQUITY	83,524	83,993
NON-CURRENT LIABILITY		
Deferred taxation	1,859	1,860
CURRENT LIABILITIES		
Payables	12,437	22,142
Tax liabilities	183	255
Borrowings	4,883	4,878
	17,503	27,275
TOTAL LIABILITIES	19,362	29,135
TOTAL EQUITY AND LIABILITIES	102,886	113,128

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30th June 2017 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2017 (UNAUDITED)**

Attributable to equity holders of the parent

	<u>Non-distributable</u>		<u>Distributable</u>		Non-Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Fair value Reserve RM'000	Retained Profits RM'000	Total RM'000		
Balance at 1 July 2016	40,742	323	39,835	80,900	979	81,879
Total comprehensive income for the year	-	619	4,540	5,159	11	5,170
Dividend paid	-	-	(3,055)	(3,055)	-	(3,055)
Balance at 30 June 2017/1 July 2017	40,742	942	41,320	83,004	990	83,994
Total comprehensive loss for the period	-	4	(508)	(504)	34	(470)
Balance at 30 September 2017	40,742	946	40,812	82,500	1,024	83,524

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30th June 2017 and the accompanying explanatory notes attached to the interim financial statements.

TEO GUAN LEE CORPORATION BHD (COMPANY NUMBER 283710-A)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 30 September 2017 (UNAUDITED)**

	Unaudited 30/9/2017 RM'000	Unaudited 30/9/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(627)	493
Adjustments for:		
Non-cash items		
Depreciation of property, plant and equipment	258	347
Depreciation of investment properties	165	166
Gain on disposal of available-for-sale financial assets	(41)	-
Unrealised gain on foreign exchange	-	(53)
	(245)	953
Dividend income	-	(45)
Interest expenses	58	18
Interest income	(159)	(62)
Operating profit before working capital changes	(346)	864
Changes in inventories	(1,326)	(65)
Changes in receivables	23,756	17,676
Changes in payables	(9,705)	(6,580)
Cash generated from operations	12,379	11,895
Interest received	159	62
Interest paid	(58)	(18)
Tax paid	(159)	(477)
Net cash from operating activities	12,321	11,462
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	-	45
Proceeds from disposal of available-for-sale financial assets	102	-
Placement for investment management fund	(12,814)	(12,364)
Purchase of available-for-sale financial assets	(60)	-
Purchase of property, plant and equipment	(58)	(101)
Net cash used in investing activities	(12,830)	(12,420)
CASH FLOWS FROM FINANCING ACTIVITY		
Bank borrowings	(131)	(65)
Net cash from/(used in) financing activity	(131)	(65)
Net changes in cash and cash equivalents	(640)	(1,023)
Cash and cash equivalent at beginning of period	1,036	1,904
Cash and cash equivalent at end of year	396	881
Represented by:		
Cash and bank balances	984	881
Bank overdrafts	(588)	-
	396	881

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statement for the year ended 30th June 2017 and the accompanying explanatory notes attached to the interim financial statements.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 30th June 2017. The 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 30th June 2017.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest ringgit (RM) except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30th June 2017.

3. SEASONAL OR CYCLICAL FACTORS

The Group is principally involved in the manufacture, wholesale and retail of garments and related accessories. The demand for the Group’s products is generally dependent on the Malaysian economy, consumer confidence and is seasonal with demand peaking at the festive seasons at the end and beginning of the year.

4. UNUSUAL MATERIAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the financial period under review.

5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates that have a material effect to the current quarter results.

6. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the interim quarter under review.

7. DIVIDEND PAID

No dividends were paid during the quarter under review.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2017 (cont'd)**

8. SEGMENTAL REPORTING

Quarter ended 30th September 2017

	Apparels RM'000	Investment holding RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External revenue	12,188	549	-	12,737
Inter-segment revenue	931	9	(940)	-
Total segment revenue	13,119	558	(940)	12,737
Results				
Segment profit from operations	(1,073)	340	5	(728)
Interest income	159	-	-	159
Interest expenses	(58)	-	-	(58)
Profit before tax	(972)	340	5	(627)
Tax expenses	236	(83)	-	153
Profit for the financial period	(736)	257	5	(474)
Attributable to:				
Owners of the Company				(508)
Non-controlling interest				34
				(474)
Segment assets	140,221	27,588	(64,923)	102,886
Segment liabilities	46,034	7,925	(34,597)	19,362

The Group's business activities were predominantly carried out in Malaysia.

9. CARRYING AMOUNT OF REVALUED ASSETS

The valuation of land and buildings has been brought forward, without amendment from the financial statements for the financial year ended 30th June 2017.

10. MATERIAL SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current quarter.

11. CHANGES IN COMPOSITION OF GROUP

There was no change in composition of the Group during the quarter under review.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2017 (cont'd)**

12. CONTINGENT LIABILITIES

There were no material contingent liabilities or contingent assets to be disclosed as at date of this report.

13. CAPITAL COMMITMENTS

Capital commitment as at 30th September 2017 is as follows:

	RM'000
Contracted	
Non-cancellable operating lease commitment	
- Not later than 1 year	356
- Later than 1 year and not later than 5 years	26
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	382
	<hr/>
Investment properties	5,787
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14. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group undertakes at agreed terms and prices, the following significant related party transactions for the financial period ended 30th September 2017:

	RM'000
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	18
- TGL Packaging Sdn. Bhd.	1
Rental paid to	
- TGL Packaging Sdn. Bhd.	151
- TGL Industries Sdn. Bhd.	150
- Bidang Cendana Sdn. Bhd.	33
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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

1. REVIEW OF PERFORMANCE

Revenue for the current quarter under review was RM12.737 million as compared to RM16.814 million recorded in the same quarter in previous year, a drop of 24.25% or RM4.077 million. The decrease in sales of baby and children apparels and footwear was mainly due to Hari Raya Festive for 2017 has moved forward to 25th June 2017, bulk of festive sales were captured in last quarter. In addition, competition remain stiff as retail market remain soft after festive period.

The Group recorded a loss before tax of RM0.627 million for the current quarter, a decrease of 227.18% or RM1.12 million as compared to profit before tax of RM0.493 million in the previous year corresponding quarter.

2. COMPARISON WITH PRECEDING QUARTER'S REPORT

	Current Year Quarter 30 September 2017 RM'000	Immediate Preceding Quarter 30 June 2017 RM'000	Changes RM'000	Changes %
Revenue	12,737	37,586	(24,849)	-66%
(Loss)/Profit from the operation	(569)	4,867	(5,436)	-112%
(Loss)/Profit before taxation	(627)	4,811	(5,438)	-113%
(Loss)/Profit after tax	(474)	3,713	(4,187)	-113%
(Loss)/Profit attributable to :				
Equity holders of the parent	(508)	3,722	(4,230)	-114%
Non-controlling interest	34	(38)	72	-189%
	(474)	3,684	(4,158)	-113%

As compared to the previous quarter, revenue for the quarter under review had decreased by RM24.849 million or 66% from RM37.586 million to RM12.737 million. The lower revenue achieved in current quarter under review was mainly due to the preceding quarter comprised Hari Raya festive season which formed a substantial portion of the Group's sales.

The current quarter achieved a loss before tax of RM0.627 million as compared to a profit before tax of RM4.811 million in the preceding quarter due to substantial drop in sales in current quarter while certain operating expenses are fixed in nature.

3. COMMENTARY ON PROSPECTS

Since the implementation of the Goods and Services Tax and continued weakening of the Ringgit, the retail environment remains soft and challenging. The Group will continue to implement aggressive sales strategies to drive sales and strengthen our sourcing in order to improve our margins in the current competitive environment. The Group will also ensure efficient use of resources and control operating costs to remain profitable.

Barring any unforeseen circumstances, the Directors are cautiously optimistic that the Group will continue to stay competitive and maintain the view that long term prospect of the apparel industry remain good.

**B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2017 (cont'd)**

4. VARIANCE FROM PROFIT FORECASTS

Not applicable as the Group did not publish any profit forecast.

5. TAXATION

	Year to date ended 30 September	
	2017	2016
	RM'000	RM'000
Tax liabilities at 1 July	48	183
Current period's provision	230	204
Net payment made during the period	(159)	(477)
	<hr/> 119	<hr/> (90)
Tax (assets)/liabilities at 30 September		
Disclosed as:		
Tax assets	(64)	(266)
Tax liabilities	183	176
	<hr/> 119	<hr/> (90)
Taxation expense for the period:-		
- Malaysian taxation	230	204
- Deferred taxation	(383)	(69)
	<hr/> (153)	<hr/> 135

The effective tax rate for the year ended 30th June 2017 was approximately 24.44% due to some expenses that are disallowed for tax deduction.

6. CORPORATE PROPOSAL

At the date of this report, there are no corporate proposals which have been announced that remain uncompleted.

7. GROUP BORROWINGS AND DEBT SECURITIES

	As at 30 September 2017	As at 30 June 2017
	RM'000	RM'000
Unsecured short borrowings		
Bank overdrafts	588	451
Bill payables and bankers' acceptance	4,295	4,427
	<hr/> 4,883	<hr/> 4,878

The above borrowings are all denominated in Ringgit Malaysia.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2017 (cont'd)**

8. FINANCIAL INSTRUMENTS - DERIVATIVE

The Group has not entered into any derivative financial instruments during the quarter under review.

9. MATERIAL LITIGATION

There was no material litigation pending the date of this announcement.

10. DIVIDEND PAYABLE

The final dividend which has been declared for the financial year ended 30th June 2017 is as follows:

Rate	:	5 sen per share (single tier)
Announced	:	26 th October 2017
Book Closure	:	28 th November 2017
Payment Date	:	14 th December 2017

11. QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report of the most recent annual financial statements for the financial year ended 30th June 2017 was not qualified.

12. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share of the Group is calculated based on the net profit attributable to shareholders divided by weighted average number of ordinary shares in issue as follow:

	Individual quarter ended		Year to date ended	
	30 September 2017	2016	30 September 2017	2016
Net (loss)/profit attributable to shareholders (RM'000)	(508)	331	(508)	331
Weighted average number of ordinary shares in issue (*000)	40,742	40,742	40,742	40,742
Basic (loss)/earnings per share (sen)	(1.25)	0.81	(1.25)	0.81

(b) Diluted earnings per share

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the current financial period ended 30th June 2017.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2017 (cont'd)**

13. REALISED AND UNREALISED PROFIT

The determination of realised and unrealised profits or losses is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysia Institute of Accountants on 20th December 2010.

The disclosure of realised and unrealised profits or losses is made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	30 September 2017 RM'000	30 June 2017 RM'000
Total retained profits of the Group		
- Realised	39,814	40,322
- Unrealised	4,815	4,815
	<hr/>	<hr/>
	44,629	45,137
Consolidation adjustments	(3,817)	(3,817)
	<hr/>	<hr/>
	40,812	41,320
	<hr/>	<hr/>

14. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter ended 30 September 2017 RM'000	Year to date ended 30 September 2017 RM'000
Loss from operations for the period is arrived after charging:		
Depreciation of investment properties	165	165
Depreciation of property, plant and equipment	258	258
And after crediting:		
Interest income	159	159
Gain on disposal of available-for-sale financial assets	41	41
	<hr/>	<hr/>

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of the Bursa Malaysia Securities Berhad are not applicable.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2017 (cont'd)**

15. AUTHORISED FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with the resolution of the directors on 27th November 2017.

For and on behalf of the Board,
Teo Guan Lee Corporation Berhad

Chew Siew Cheng (MAICSA 7019191)
Chua Hooi Yee (MAICSA 7064181)
Company Secretaries

Date: 27th November 2017