

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 : **31st December 2017**

* Quarter : **2nd 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 31 DECEMBER 2017 (UNAUDITED)**

	INDIVIDUAL PERIOD (2ND QUARTER)				CUMULATIVE PERIOD			
	Current Year Quarter 31.12.2017	Preceding Year Corresponding Quarter 31.12.2016	Changes	Changes	Current Year To-date 31.12.2017	Unaudited Preceding Year Corresponding Period 31.12.2016	Changes	Changes
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	19,919	21,228	(1,309)	-6.17%	32,656	38,042	(5,386)	-14.16%
Gross profit	8,956 45%	8,518 40%	438	5.14% 4.84%	15,342 47%	16,589 44%	(1,247)	-7.52%
Other operating income	414	166	248	149.40%	637	301	336	111.63%
Operating expenses	(7,938)	(8,038)	100	-1.24%	(15,116)	(15,733)	617	-3.92%
Profit from the operation	1,432	646	786	121.67%	863	1,157	(294)	-25.41%
Finance costs	(68)	(11)	(57)	518.18%	(126)	(29)	(97)	334.48%
Profit before taxation	1,364	635	729	114.80%	737	1,128	(391)	-34.66%
Taxation	(364)	(200)	(164)	82.00%	(211)	(335)	124	-37.01%
Profit for the period	1,000	435	565	129.89%	526	793	(267)	-33.67%
Other comprehensive (loss)/income for the period, net of tax	(51)	175	(226)	-129.14%	(47)	441	(488)	-110.66%
Total comprehensive income for the period	949	610	339	55.57%	479	1,234	(755)	-61.18%
Profit attributable to :								
Equity holders of the parent	969	422	547	129.62%	461	753	(292)	-38.78%
Non-controlling interest	31	13	18	138.46%	65	40	25	62.50%
	1,000	435	565	129.89%	526	793	(267)	-33.67%
Total comprehensive income attributable to:								
Equity holders of the parent	918	597	321	53.77%	414	1,194	(780)	-65.33%
Non-controlling interest	31	13	18	138.46%	65	40	25	62.50%
	949	610	339	55.57%	479	1,234	(755)	-61.18%
Earnings per share								
-Basic	2.38	1.04			1.13	1.85		
-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.

TEO GUAN LEE CORPORATION BHD (COMPANY NUMBER 283710-A)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
AS AT 31 DECEMBER 2017

	Unaudited as at 31.12.2017 RM'000	Audited as at 30.06.2017 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,980	2,352
Investment properties	21,525	21,335
Available for sale investments	2,551	2,600
Deferred tax assets	314	172
	<hr/> 26,370	<hr/> 26,459
CURRENT ASSETS		
Inventories	30,965	30,216
Receivables	22,097	39,976
Tax assets	280	207
Financial assets at fair value through profit or loss	21,448	14,783
Deposits, cash and bank balances	686	1,487
	<hr/> 75,476	<hr/> 86,669
TOTAL ASSETS	<hr/> 101,846	<hr/> 113,128
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	40,742	40,742
Reserves	40,639	42,261
	<hr/> 81,381	<hr/> 83,003
Non-controlling interest	1,055	990
TOTAL EQUITY	<hr/> 82,436	<hr/> 83,993
NON-CURRENT LIABILITY		
Deferred taxation	1,859	1,860
CURRENT LIABILITIES		
Payables	11,962	22,142
Tax liabilities	202	255
Borrowings	5,387	4,878
	<hr/> 17,551	<hr/> 27,275
TOTAL LIABILITIES	<hr/> 19,410	<hr/> 29,135
TOTAL EQUITY AND LIABILITIES	<hr/> 101,846	<hr/> 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 31 DECEMBER 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 income for the period	-	(47)	461	414	65	479
Dividend paid	-	-	(2,037)	(2,037)	-	(2,037)
Balance at 31 December 2017	40,742	895	39,744	81,381	1,055	82,436

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 31 DECEMBER 2017 (UNAUDITED)**

	Unaudited 31/12/2017 RM'000	Unaudited 31/12/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	737	1,128
Adjustments for:		
Non-cash items		
Depreciation of property, plant and equipment	541	696
Depreciation of investment properties	331	327
Gain on disposal of available-for-sale financial assets	(41)	-
Provision for doubtful debts	-	1
Unrealised gain on foreign exchange	-	(53)
	1,568	2,099
Dividend income	-	(63)
Interest expenses	126	29
Interest income	(292)	(190)
Operating profit before working capital changes	1,402	1,875
Changes in inventories	(749)	510
Changes in receivables	17,879	16,554
Changes in payables	(10,180)	(9,911)
Cash generated from operations	8,352	9,028
Dividend paid	(2,037)	(3,055)
Interest received	292	190
Interest paid	(126)	(29)
Tax paid	(479)	(885)
Net cash from operating activities	6,002	5,249
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	-	63
Proceeds from disposal of available-for-sale financial assets	102	-
Proceeds from disposal of investment management fund	6,221	5,678
Placement for investment management fund	(12,886)	(12,364)
Purchase of available-for-sale financial assets	(60)	-
Purchase of investment properties	(521)	-
Purchase of property, plant and equipment	(169)	(271)
Net cash used in investing activities	(7,313)	(6,894)
CASH FLOWS FROM FINANCING ACTIVITY		
Bank borrowings	345	(65)
Net cash from/(used in) financing activity	345	(65)
Net changes in cash and cash equivalents	(966)	(1,710)
Cash and cash equivalent at beginning of period	1,036	1,904
Cash and cash equivalent at end of year	70	194
Represented by:		
Cash and bank balances	686	501
Bank overdrafts	(616)	(307)
	70	194

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 31 DECEMBER 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

During the quarter under review, the final dividend amounting to RM2,037,110 (5 sen per share) in respect of financial year ended 30th June 2017 was paid on 14th December 2017.

(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2017 (cont'd)

8. SEGMENTAL REPORTING

Quarter ended 31st December 2017

	Apparels RM'000	Investment holding RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External revenue	31,591	1,065	-	32,656
Inter-segment revenue	1,507	18	(1,525)	-
Total segment revenue	33,098	1,083	(1,525)	32,656
Results				
Segment profit from operations	1,430	633	(1,492)	571
Interest income	292	-	-	292
Interest expenses	(126)	-	-	(126)
Profit before tax	1,596	633	(1,492)	737
Tax expenses	-	(106)	(105)	(211)
Profit for the financial period	1,596	527	(1,597)	526
Attributable to:				
Owners of the Company				461
Non-controlling interest				65
				526
Segment assets	142,879	28,044	(69,077)	101,846
Segment liabilities	48,161	8,246	(36,997)	19,410

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 31 DECEMBER 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 31st December 2017 is as follows:

Contracted	RM'000
Non-cancellable operating lease commitment	
- Not later than 1 year	415
- Later than 1 year and not later than 5 years	178
	<hr/>
	593
	<hr/>
Investment properties	5,266
	<hr/>

14. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group undertakes at agreed terms and prices, the following significant related party transactions for the financial period ended 31st December 2017:

	RM'000
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	32
- TGL Packaging Sdn. Bhd.	1
Rental paid to	
- TGL Packaging Sdn. Bhd.	301
- TGL Industries Sdn. Bhd.	300
- Bidang Cendana Sdn. Bhd.	65
	<hr/>

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2017**

1. REVIEW OF PERFORMANCE

Revenue for the current quarter under review was RM19.919 million as compared to RM21.228 million recorded in the same quarter in previous year, a drop of 6.17% or RM1.309 million. The decrease in sales of children apparels was mainly due to the stiff competition among competitors and the relatively soft retail market.

The Group recorded a profit before tax of RM1.364 million for the current quarter, an increase of 114.80% or RM0.729 million as compared to profit before tax of RM0.635 million in the previous year corresponding quarter. The increase was mainly due to increase in gross profit margin from 40% to 45%.

2. COMPARISON WITH PRECEDING QUARTER'S REPORT

	Current Year Quarter 31 December 2017 RM'000	Immediate Preceding Quarter 30 September 2017 RM'000	Changes RM'000	Changes %
Revenue	19,919	12,737	7,182	56%
Profit/(Loss) from the operation	1,432	(569)	2,001	-352%
Profit/(Loss) before taxation	1,364	(627)	1,991	-318%
Profit/(Loss) after tax	1,000	(474)	1,474	-311%
Profit/(Loss) attributable to :				
Equity holders of the parent	969	(508)	1,477	-291%
Non-controlling interest	31	34	(3)	-9%
	1,000	(474)	1,474	-311%

As compared to the previous quarter, revenue for the quarter under review had increased by RM7.182 million or 56% from RM12.737 million to RM19.919 million.

The current quarter achieved a profit before tax of RM1.364 million as compared to a loss before tax of RM0.627 million in the preceding quarter due to higher sales generated in the current quarter. The current quarter consists mainly of year end and school holiday sales.

3. COMMENTARY ON PROSPECTS

Since the implementation of the Goods and Services Tax, 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 31 DECEMBER 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 31 December	
	2017	2016
	RM'000	RM'000
Tax liabilities at 1 July	48	183
Current period's provision	353	415
Net payment made during the period	(479)	(885)
	<hr/>	<hr/>
Tax liabilities/(assets) at 31 December	(78)	(287)
	<hr/>	<hr/>
Disclosed as:		
Tax assets	(280)	(468)
Tax liabilities	202	181
	<hr/>	<hr/>
	(78)	(287)
	<hr/>	<hr/>
Taxation expense for the period:-		
- Malaysian taxation	353	415
- Deferred taxation	(142)	(80)
	<hr/>	<hr/>
	211	335
	<hr/>	<hr/>

The effective tax rate for the period ended 31st December 2017 was approximately 28.63% 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 31 December 2017	As at 30 June 2017
	RM'000	RM'000
Unsecured short borrowings		
Bank overdrafts	616	451
Bill payables and bankers' acceptance	4,771	4,427
	<hr/>	<hr/>
	5,387	4,878
	<hr/>	<hr/>

The above borrowings are all denominated in Ringgit Malaysia.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 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

At the date of this report, there are no dividend declared that remained unpaid.

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	
	31 December 2017	2016	31 December 2017	2016
Net profit attributable to shareholders (RM'000)	969	422	461	753
Weighted average number of ordinary shares in issue ('000)	40,742	40,742	40,742	40,742
Basic earnings per share (sen)	2.38	1.04	1.13	1.85

(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 31st December 2017.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2017 (cont'd)**

13. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter ended 31 December 2017 RM'000	Year to date ended 31 December 2017 RM'000
Profit from operations for the period is arrived after charging:		
Depreciation of investment properties	166	331
Depreciation of property, plant and equipment	283	541
And after crediting:		
Interest income	133	292
Gain on disposal of available-for-sale financial assets	-	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.

14. 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 February 2018.

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 February 2018