

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 March 2018**

* Quarter : **3rd 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 MARCH 2018 (UNAUDITED)**

	INDIVIDUAL PERIOD (3RD QUARTER)				CUMULATIVE PERIOD			
	Current Year Quarter 31.03.2018	Preceding Year Corresponding Quarter 31.03.2017	Changes	Changes	Current Year To-date 31.03.2018	Unaudited Preceding Year Corresponding Period 31.03.2017	Changes	Changes
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	17,016	16,971	45	0.27%	49,672	55,013	(5,341)	-9.71%
Gross profit	7,613 45%	7,718 45%	(105)	-1.36% -0.74%	22,955 46%	24,307 44%	(1,352)	-5.56%
Other operating income	207	156	51	32.69%	844	457	387	84.68%
Operating expenses	(7,199)	(7,742)	543	-7.01%	(22,315)	(23,475)	1,160	-4.94%
Profit from the operation	621	132	489	370.45%	1,484	1,289	195	15.13%
Finance costs	(61)	(22)	(39)	177.27%	(187)	(51)	(136)	266.67%
Profit before taxation	560	110	450	409.09%	1,297	1,238	59	4.77%
Taxation	(131)	(65)	(66)	101.54%	(342)	(400)	58	-14.50%
Profit for the period	429	45	384	853.33%	955	838	117	13.96%
Other comprehensive (loss)/income for the period, net of tax	(150)	132	(282)	-213.64%	(197)	573	(770)	-134.38%
Total comprehensive income for the period	279	177	102	57.63%	758	1,411	(653)	-46.28%
Profit attributable to :								
Equity holders of the parent	393	36	357	991.67%	854	789	65	8.24%
Non-controlling interest	36	9	27	300.00%	101	49	52	106.12%
	429	45	384	853.33%	955	838	117	13.96%
Total comprehensive income attributable to:								
Equity holders of the parent	243	168	75	44.64%	657	1,362	(705)	-51.76%
Non-controlling interest	36	9	27	300.00%	101	49	52	106.12%
	279	177	102	57.63%	758	1,411	(653)	-46.28%
Earnings per share								
-Basic	0.96	0.09			2.10	1.94		
-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 MARCH 2018

	Unaudited as at 31.03.2018 RM'000	Audited as at 30.06.2017 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,841	2,352
Investment properties	21,354	21,335
Available for sale investments	2,443	2,600
Deferred tax assets	308	172
	<hr/> 25,946	<hr/> 26,459
CURRENT ASSETS		
Inventories	27,909	30,216
Receivables	18,614	39,976
Tax assets	610	207
Financial assets at fair value through profit or loss	27,248	14,783
Deposits, cash and bank balances	642	1,487
	<hr/> 75,023	<hr/> 86,669
TOTAL ASSETS	<hr/> 100,969	<hr/> 113,128
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	40,742	40,742
Reserves	40,882	42,261
	<hr/> 81,624	<hr/> 83,003
Non-controlling interest	1,091	990
TOTAL EQUITY	<hr/> 82,715	<hr/> 83,993
NON-CURRENT LIABILITY		
Deferred taxation	1,859	1,860
	<hr/> 1,859	<hr/> 1,860
CURRENT LIABILITIES		
Payables	10,884	22,142
Tax liabilities	202	255
Borrowings	5,309	4,878
	<hr/> 16,395	<hr/> 27,275
TOTAL LIABILITIES	<hr/> 18,254	<hr/> 29,135
TOTAL EQUITY AND LIABILITIES	<hr/> 100,969	<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 MARCH 2018 (UNAUDITED)**

	Attributable to equity holders of the parent					
	Non-distributable		Distributable		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	-	(197)	854	657	101	758
Dividend paid	-	-	(2,037)	(2,037)	-	(2,037)
Balance at 31 March 2018	40,742	745	40,137	81,624	1,091	82,715

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 MARCH 2018 (UNAUDITED)**

	Unaudited 31/3/2018 RM'000	Unaudited 31/3/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,297	1,238
Adjustments for:		
Non-cash items		
Depreciation of property, plant and equipment	756	1,020
Depreciation of investment properties	502	494
Gain on disposal of available-for-sale financial assets	(41)	-
Provision for doubtful debts	-	1
Unrealised gain on foreign exchange	-	(53)
	2,514	2,700
Dividend income	-	(64)
Interest expenses	187	51
Interest income	(635)	(307)
Operating profit before working capital changes	2,066	2,380
Changes in inventories	2,307	5,942
Changes in receivables	21,362	22,159
Changes in payables	(11,258)	(17,120)
Cash generated from operations	14,477	13,361
Dividend paid	(2,037)	(3,055)
Interest received	635	307
Interest paid	(187)	(51)
Tax paid	(934)	(1,478)
Net cash from operating activities	11,954	9,084
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(245)	(331)
Purchase of investment properties	(521)	-
Placement for investment management fund	(18,705)	(15,874)
Purchase of available-for-sale financial assets	(102)	-
Proceeds from disposal of financial assets through profit or loss	6,240	5,678
Proceeds from disposal of available-for-sale financial assets	103	-
Dividend received	-	64
Net cash used in investing activities	(13,230)	(10,463)
CASH FLOWS FROM FINANCING ACTIVITY		
Bank borrowings	494	146
Net cash from financing activity	494	146
Net changes in cash and cash equivalents	(782)	(1,233)
Cash and cash equivalent at beginning of period	1,036	1,904
Cash and cash equivalent at end of period	254	671
Represented by:		
Cash and bank balances	642	918
Bank overdrafts	(388)	(247)
	254	671

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 MARCH 2018**

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 31 MARCH 2018 (cont'd)

8. SEGMENTAL REPORTING

Quarter ended 31st March 2018

	Apparels RM'000	Investment holding RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External revenue	48,098	1,574	-	49,672
Inter-segment revenue	2,449	27	(2,476)	-
Total segment revenue	50,547	1,601	(2,476)	49,672
Results				
Segment profit from operations	2,445	896	(2,492)	849
Interest income	635	-	-	635
Interest expenses	(187)	-	-	(187)
Profit before tax	2,893	896	(2,492)	1,297
Tax expenses	(182)	(160)	-	(342)
Profit for the financial period	2,711	736	(2,492)	955
Attributable to:				
Owners of the Company				854
Non-controlling interest				101
				955
Segment assets	140,302	27,949	(67,294)	100,957
Segment liabilities	44,289	8,089	(34,136)	18,242

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 MARCH 2018 (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 March 2018 is as follows:

Contracted	RM'000
Non-cancellable operating lease commitment	
- Not later than 1 year	94
	<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 March 2018:

	RM'000
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	40
- TGL Packaging Sdn. Bhd.	1
Rental paid to	
- TGL Packaging Sdn. Bhd.	452
- TGL Industries Sdn. Bhd.	450
- Bidang Cendana Sdn. Bhd.	98
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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 MARCH 2018**

1. REVIEW OF PERFORMANCE

Revenue for the current quarter under review was RM17.016 million as compared to RM16.971 million recorded in the same quarter in previous year, an increase of 0.27% or RM45,000.

The Group recorded a profit before tax of RM0.56 million for the current quarter, an increase of 409.09% or RM0.45 million as compared to profit before tax of RM0.11 million in the previous year corresponding quarter. The increase was mainly due to reduction in operating expenses.

2. COMPARISON WITH PRECEDING QUARTER'S REPORT

	Current Year Quarter 31 March 2018 RM'000	Immediate Preceding Quarter 31 December 2017 RM'000	Changes RM'000	Changes %
Revenue	17,016	19,919	(2,903)	-15%
Profit from the operation	621	1,432	(811)	-57%
Profit before taxation	560	1,364	(804)	-59%
Profit after tax	429	1,000	(571)	-57%
Profit attributable to :				
Equity holders of the parent	393	969	(576)	-59%
Non-controlling interest	36	31	5	16%
	429	1,000	(571)	-57%

As compared to the previous quarter, revenue for the quarter under review had dropped by RM2.903 million or 15% from RM19.919 million to RM17.016 million.

The current quarter achieved a profit before tax of RM0.56 million as compared to a profit before tax of RM1.364 million in the preceding quarter due to lower sales generated in the current quarter.

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 MARCH 2018 (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 March	
	2018 RM'000	2017 RM'000
Tax liabilities at 1 July	48	183
Current period's provision	478	490
Net payment made during the period	(934)	(1,478)
	<hr/>	<hr/>
Tax assets at 31 March	(408)	(805)
	<hr/>	<hr/>
Disclosed as:		
Tax assets	(610)	(919)
Tax liabilities	202	114
	<hr/>	<hr/>
	(408)	(805)
	<hr/>	<hr/>
Taxation expense for the period:-		
- Malaysian taxation	478	490
- Deferred taxation	(136)	(90)
	<hr/>	<hr/>
	342	400
	<hr/>	<hr/>

The effective tax rate for the period ended 31st March 2018 was approximately 26.37% 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 March 2018 RM'000	As at 30 June 2017 RM'000
	Unsecured short borrowings	
Bank overdrafts	388	451
Bill payables and bankers' acceptance	4,921	4,427
	<hr/>	<hr/>
	5,309	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 MARCH 2018 (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 March		31 March	
	2018	2017	2018	2017
Net profit attributable to shareholders (RM'000)	393	36	854	789
Weighted average number of ordinary shares in issue ('000)	40,742	40,742	40,742	40,742
Basic earnings per share (sen)	0.96	0.09	2.10	1.94

(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 March 2018.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 MARCH 2018 (cont'd)**

13. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter ended 31 March 2018 RM'000	Year to date ended 31 March 2018 RM'000
Profit from operations for the period is arrived after charging:		
Depreciation of investment properties	171	502
Depreciation of property, plant and equipment	215	756
And after crediting:		
Interest income	343	635
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 28th May 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: 28th May 2018