

## **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 : **30<sup>th</sup> June 2018**

\* Quarter : **4<sup>th</sup> Quarter**

\* Financial Year End : **30<sup>th</sup> 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 JUNE 2018 (UNAUDITED)**

	INDIVIDUAL PERIOD (4TH QUARTER)				CUMULATIVE PERIOD			
	Current Year Quarter 30/6/2018	Preceding Year Corresponding Quarter 30/6/2017	Changes	Changes	Current Year To-date 30/6/2018	Audited Preceding Year Corresponding Period 30/6/2017	Changes	Changes
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	<b>39,262</b>	37,586	1,676	4.46%	<b>88,934</b>	92,599	(3,665)	-3.96%
Gross profit	<b>13,661</b> 35%	13,218 35%	443	3.35% -0.37%	<b>36,616</b> 41%	37,525 41%	(909)	-2.42%
Other operating income	<b>241</b>	673	(432)	-64.19%	<b>1,085</b>	1,130	(45)	-3.98%
Operating expenses	<b>(8,862)</b>	(9,024)	162	-1.80%	<b>(31,177)</b>	(32,499)	1,322	-4.07%
Profit from the operation	<b>5,040</b>	4,867	173	3.55%	<b>6,524</b>	6,156	368	5.98%
Finance costs	<b>(78)</b>	(56)	(22)	39.29%	<b>(265)</b>	(107)	(158)	147.66%
Profit before taxation	<b>4,962</b>	4,811	151	3.14%	<b>6,259</b>	6,049	210	3.47%
Taxation	<b>(1,169)</b>	(1,098)	(71)	6.47%	<b>(1,511)</b>	(1,498)	(13)	0.87%
Profit for the period	<b>3,793</b>	3,713	80	2.15%	<b>4,748</b>	4,551	197	4.33%
Other comprehensive income/(loss) for the period, net of tax	<b>44</b>	46	(2)	-4.35%	<b>(153)</b>	619	(772)	-124.72%
Total comprehensive income for the period	<b>3,837</b>	3,759	78	2.08%	<b>4,595</b>	5,170	(575)	-11.12%
Profit attributable to :								
Equity holders of the parent	<b>3,877</b>	3,751	126	3.36%	<b>4,731</b>	4,540	191	4.21%
Non-controlling interest	<b>(84)</b>	(38)	(46)	121.05%	<b>17</b>	11	6	54.55%
	<b>3,793</b>	3,713	80	2.15%	<b>4,748</b>	4,551	197	4.33%
Total comprehensive income attributable to:								
Equity holders of the parent	<b>3,921</b>	3,797	124	3.27%	<b>4,578</b>	5,159	(581)	-11.26%
Non-controlling interest	<b>(84)</b>	(38)	(46)	121.05%	<b>17</b>	11	6	54.55%
	<b>3,837</b>	3,759	1,438	63.21%	<b>4,595</b>	5,170	(575)	-11.12%
Earnings per share								
-Basic	<b>9.52</b>	9.21			<b>11.61</b>	11.14		
-Diluted	<b>N/A</b>	N/A			<b>N/A</b>	N/A		

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

	<b>Unaudited as at 30/6/2018 RM'000</b>	<b>Audited as at 30.06.2017 RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,814	2,352
Investment properties	21,193	21,335
Available for sale investments	2,429	2,600
Deferred tax assets	253	172
	<hr/> 25,689	<hr/> 26,459
<b>CURRENT ASSETS</b>		
Inventories	25,531	30,216
Receivables	40,838	39,976
Tax assets	36	207
Financial assets at fair value through profit or loss	20,839	14,783
Deposits, cash and bank balances	1,354	1,487
	<hr/> 88,598	<hr/> 86,669
<b>TOTAL ASSETS</b>	<hr/> <b>114,287</b>	<hr/> <b>113,128</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		
Share capital	40,742	40,742
Reserves	44,802	42,261
	<hr/> 85,544	<hr/> 83,003
Non-controlling interest	1,007	990
<b>TOTAL EQUITY</b>	<hr/> <b>86,551</b>	<hr/> <b>83,993</b>
<b>NON-CURRENT LIABILITY</b>		
Deferred taxation	1,768	1,860
	<hr/> 1,768	<hr/> 1,860
<b>CURRENT LIABILITIES</b>		
Payables	16,801	22,142
Tax liabilities	455	255
Borrowings	8,712	4,878
	<hr/> 25,968	<hr/> 27,275
<b>TOTAL LIABILITIES</b>	<hr/> <b>27,736</b>	<hr/> <b>29,135</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<hr/> <b>114,287</b>	<hr/> <b>113,128</b>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30<sup>th</sup> 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 CHANGE IN EQUITY  
FOR THE QUARTER ENDED 30 JUNE 2018 (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	-	-	(3,056)	(3,056)	-	(3,056)
Balance at 30 June 2017/1 July 2017	40,742	942	41,319	83,003	990	83,993
Total comprehensive income for the year	-	(153)	4,731	4,578	17	4,595
Dividend paid	-	-	(2,037)	(2,037)	-	(2,037)
Balance at 30 June 2018	40,742	789	44,013	85,544	1,007	86,551

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30<sup>th</sup> 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 JUNE 2018 (UNAUDITED)**

	<b>Unaudited 30/6/2018 RM'000</b>	<b>Audited 30/6/2017 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>6,259</b>	<b>6,049</b>
Adjustments for:		
Non-cash items		
Bad debts written off	5	6
Depreciation of property, plant and equipment	962	1,318
Depreciation of investment properties	662	629
Distribution from investment management funds	(801)	(592)
Gain on disposal of quoted investment	(41)	-
Gain on disposal of property, plant and equipment	(5)	-
Property, plant and equipment written off	1	-
Impairment loss on available for sale investments	83	-
Inventories written down to net realisable value	2,445	2,325
Loss on winding up of a subsidiary company	-	4
Unrealised loss/(gain) on foreign exchange	115	(203)
	<b>9,685</b>	<b>9,536</b>
Dividend income	(113)	(83)
Interest expenses	265	84
Interest income	(24)	(27)
	<b>9,813</b>	<b>9,510</b>
Operating profit before working capital changes	<b>9,813</b>	<b>9,510</b>
Changes in inventories	2,240	889
Changes in receivables	(867)	(3,042)
Changes in derivative financial instruments	-	(30)
Changes in payables	(5,456)	(3,088)
	<b>5,730</b>	<b>4,239</b>
<b>Cash generated from operations</b>	<b>5,730</b>	<b>4,239</b>
Dividend paid	(2,037)	(3,056)
Interest received	24	27
Interest paid	(265)	(84)
Tax refund	104	112
Tax paid	(1,417)	(1,815)
	<b>2,139</b>	<b>(577)</b>
<b>Net cash from/(used in) operating activities</b>	<b>2,139</b>	<b>(577)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from voluntary winding up of a subsidiary company	-	2,002
Additional placement for investment management fund	(18,113)	(6,160)
Distribution from investment management funds	801	570
Dividend received	113	83
Purchase of property, plant and equipment	(425)	(411)
Purchase of investment property	(520)	-
Purchase of available for sale investments	(127)	-
Proceeds from disposal of property, plant and equipment	5	-
Proceeds from disposal of financial assets through profit or loss	12,057	-
Proceeds from disposal of quoted investment	103	-
	<b>(6,106)</b>	<b>(3,916)</b>
<b>Net cash used in investing activities</b>	<b>(6,106)</b>	<b>(3,916)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Movement in short term borrowings	4,167	3,626
	<b>4,167</b>	<b>3,626</b>
<b>Net cash from financing activity</b>	<b>4,167</b>	<b>3,626</b>
Net changes in cash and cash equivalents	200	(867)
Cash and cash equivalent at beginning of period	1,036	1,903
Cash and cash equivalent at end of period	1,236	1,036
Represented by:		
Cash and bank balances	1,354	1,487
Bank overdrafts	(118)	(451)
	<b>1,236</b>	<b>1,036</b>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statement for the year ended 30<sup>th</sup> 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 JUNE 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 30<sup>th</sup> 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 30<sup>th</sup> 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 30<sup>th</sup> 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 JUNE 2018 (cont'd)**

**8. SEGMENTAL REPORTING**

Quarter ended 30<sup>th</sup> June 2018

	Apparels RM'000	Investment holding RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>				
External revenue	86,902	2,032	-	88,934
Inter-segment revenue	8,114	36	(8,150)	-
Total segment revenue	95,016	2,068	(8,150)	88,934
<b>Results</b>				
Segment profit from operations	9,688	1,050	(5,040)	5,698
Interest income	24	-	-	24
Distribution from management investment funds	801			801
Interest expenses	(265)	-	-	(265)
Profit before tax	10,248	1,050	(5,040)	6,258
Tax expenses	(1,186)	(324)	-	(1,510)
Profit for the financial period	9,062	726	(5,040)	4,748
<b>Attributable to:</b>				
Owners of the Company				4,731
Non-controlling interest				17
				4,748
Segment assets	144,919	27,066	(57,698)	114,287
Segment liabilities	47,140	7,823	(27,227)	27,736

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 30<sup>th</sup> 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 JUNE 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 30<sup>th</sup> June 2018 is as follows:

Contracted	<b>RM'000</b>
Non-cancellable operating lease commitment	
- Not later than 1 year	41
	<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 30<sup>th</sup> June 2018:

	<b>RM'000</b>
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	53
- TGL Packaging Sdn. Bhd.	4
Rental paid to	
- TGL Packaging Sdn. Bhd.	602
- TGL Industries Sdn. Bhd.	600
- Bidang Cendana Sdn. Bhd.	131
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**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2018**

**1. REVIEW OF PERFORMANCE**

Revenue for the current quarter under review was RM39.262 million as compared to RM37.586 million recorded in the same quarter in previous year, an increase of 4.46% or RM1.676 million. The increased in sales of baby and children apparels and footwear was mainly due to higher sales recorded during Hari Raya festive season.

The Group recorded a profit before tax of RM4.962 million for the current quarter, an increase of 3.14% or RM0.15 million as compared to profit before tax of RM4.811 million in the previous year corresponding quarter.

**2. COMPARISON WITH PRECEDING QUARTER'S REPORT**

	Current Year Quarter 30 June 2018  RM'000	Immediate Preceding Quarter 31 March 2018  RM'000	Changes  RM'000	Changes  %
Revenue	39,262	17,016	22,246	131%
Profit from the operation	5,040	621	4,419	712%
Profit before taxation	4,962	560	4,402	786%
Profit after tax	3,793	429	3,364	784%
Profit attributable to :				
Equity holders of the parent	3,877	393	3,484	887%
Non-controlling interest	(84)	36	(120)	-333%
	3,793	429	3,364	784%

As compared to the previous quarter, revenue for the quarter under review had increased by RM22.246 million or 131%. The substantial increase in revenue in the current quarter is due to the Hari Raya festival sales.

The profit before tax of RM4.962 million for the current quarter was higher than the preceding quarter of RM0.560 million. The improvement in profit before tax was due to higher sales generated in the current quarter due to the Hari Raya festival sales.

**3. COMMENTARY ON PROSPECTS**

For the financial year recently concluded, profit after taxation increase by approximately RM0.197 million or 4.33% from RM4.551 million to RM4.748 million when compared to that of the previous financial year.

Despite the uncertain economic conditions ahead and fluctuation in foreign exchange, 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 margin in the current competitive environment. The Group will also ensure efficient use of resources and control operating costs to remain profitable.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2018 (cont'd)**

**4. VARIANCE FROM PROFIT FORECASTS**

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

**5. TAXATION**

	<b>Year to date ended 30 June</b>	
	<b>2018 RM'000</b>	<b>2017 RM'000</b>
Tax liabilities at 1 July	48	183
Current period's provision	1,684	1,568
Net payment made during the year	(1,313)	(1,703)
	<hr/>	<hr/>
Tax assets at 30 June	419	48
	<hr/>	<hr/>
Disclosed as:		
Tax assets	(36)	(207)
Tax liabilities	455	255
	<hr/>	<hr/>
	419	48
	<hr/>	<hr/>
Taxation expense for the year:-		
- Malaysian taxation	1,684	1,568
- Deferred taxation	(173)	(70)
	<hr/>	<hr/>
	1,511	1,498
	<hr/>	<hr/>

The effective tax rate for the period ended 30<sup>th</sup> June 2018 was approximately 25.74% 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**

	<b>As at 30 June 2018 RM'000</b>	<b>As at 30 June 2017 RM'000</b>
	<b>Unsecured short borrowings</b>	
Bank overdrafts	118	451
Bill payables and bankers' acceptance	8,594	4,427
	<hr/>	<hr/>
	8,712	4,878
	<hr/>	<hr/>

The above borrowings are all denominated in Ringgit Malaysia.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 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**

The Directors proposed a final single tier dividend of 5 sen per share amounting to RM2,037,100 in respect of the financial year ended 30<sup>th</sup> June 2018. The proposed final dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting and has not been included as liability in the financial statements.

**11. QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report of the most recent annual financial statements for the financial year ended 30<sup>th</sup> 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:

	<b>Individual quarter ended</b>		<b>Year to date ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
Net profit attributable to shareholders (RM'000)	<b>3,877</b>	3,751	<b>4,731</b>	4,540
Weighted average number of ordinary shares in issue ('000)	<b>40,742</b>	40,742	<b>40,742</b>	40,742
Basic earnings per share (sen)	<b>9.52</b>	9.21	<b>11.61</b>	11.14

**(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 30<sup>th</sup> June 2018.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2018 (cont'd)**

**13. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME**

	Individual quarter ended 30 June 2018 RM'000	Year to date ended 30 June 2018 RM'000
Profit from operations for the period is arrived after charging:		
Depreciation of investment properties	160	662
Depreciation of property, plant and equipment	206	962
Inventories written off/written down	1,693	2,445
Impairment loss on available for sales investments	83	83
Unrealised foreign exchange loss	34	115
And after crediting:		
Distribution from investment management funds	183	801
Gain on disposal of property, plant and equipment	5	5
Interest income	7	24
Realised foreign exchange gain	-	99
	<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 27<sup>th</sup> August 2018.

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

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Chew Siew Cheng (MAICSA 7019191)  
Lim Choo Tan (LS 0008888)  
Company Secretaries

Date: 27<sup>th</sup> August 2018