

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 2019**

* Quarter : **1st Quarter**

* Financial Year End : **30th June 2020**

* 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 2019 (UNAUDITED)**

	INDIVIDUAL PERIOD (1ST QUARTER)				CUMULATIVE PERIOD			
	Current Year Quarter 30/9/2019	Preceding Year Corresponding Quarter 30/9/2018	Changes	Changes	Current Year To-date 30/9/2019	Preceding Year Corresponding Period 30/9/2018	Changes	Changes
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	16,394	14,927	1,467	9.83%	16,394	14,927	1,467	9.83%
Gross profit	7,177 44%	5,970 40%	1,207	20.22% 3.78%	7,177 44%	5,970 40%	1,207	20.22%
Other operating income	1,007	521	486	93.28%	1,007	521	486	93.28%
Operating expenses	(7,158)	(5,606)	(1,552)	27.68%	(7,158)	(5,606)	(1,552)	27.68%
Profit from the operation	1,026	885	141	15.93%	1,026	885	141	15.93%
Finance costs	(183)	(94)	(89)	94.68%	(183)	(94)	(89)	94.68%
Profit before taxation	843	791	52	6.57%	843	791	52	6.57%
Taxation	(105)	(118)	13	11.02%	(105)	(118)	13	-11.02%
Profit for the period representing total comprehensive income for the period, net of tax	738	673	65	9.66%	738	673	65	9.66%
Profit attributable to :								
Equity holders of the parent	745	719	26	3.62%	745	719	26	3.62%
Non-controlling interest	(7)	(46)	39	-84.78%	(7)	(46)	39	-84.78%
	738	673	65	9.66%	738	673	65	9.66%
Earnings per share								
-Basic	1.83	1.76			1.83	1.76		
-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 2019 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 30 SEPTEMBER 2019

	Unaudited as at 30.09.2019 RM'000	Audited as at 30.06.2019 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,798	1,830
Right-of-use assets	6,452	-
Investment properties	22,465	22,622
Investment in quoted shares	2,141	2,337
Deferred tax assets	246	156
	<hr/> 33,102	<hr/> 26,945
CURRENT ASSETS		
Inventories	32,222	26,224
Receivables	18,111	37,347
Tax assets	26	21
Investment management funds	37,186	22,180
Deposits, cash and bank balances	576	679
	<hr/> 88,121	<hr/> 86,451
TOTAL ASSETS	<hr/> 121,223	<hr/> 113,396
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	40,742	40,742
Reserves	49,817	49,072
	<hr/> 90,559	<hr/> 89,814
Non-controlling interest	862	869
TOTAL EQUITY	<hr/> 91,421	<hr/> 90,683
NON-CURRENT LIABILITIES		
Borrowings	871	7
Lease liabilities	5,489	-
Deferred taxation	1,716	1,716
	<hr/> 8,076	<hr/> 1,723
CURRENT LIABILITIES		
Payables	12,560	10,923
Tax liabilities	444	624
Derivative financial instruments	-	-
Lease liabilities	1,001	-
Borrowings	7,721	9,443
	<hr/> 21,726	<hr/> 20,990
TOTAL LIABILITIES	<hr/> 29,802	<hr/> 22,713
TOTAL EQUITY AND LIABILITIES	<hr/> 121,223	<hr/> 113,396

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30th June 2019 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2019 (UNAUDITED)**

	Attributable to equity holders of the Company					
	Non-distributable		Distributable		Non-Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Fair value Reserve RM'000	Retained Earnings RM'000	Total RM'000		
Balance at 1 July 2018	40,742	789	44,046	85,577	1,007	86,584
Effect of adoption of MFRS 9	-	(789)	789	-	-	-
Total comprehensive income for the year	-	-	6,274	6,274	(138)	6,136
Dividend paid	-	-	(2,037)	(2,037)	-	(2,037)
Balance at 30 June 2019/1 July 2019	40,742	-	49,072	89,814	869	90,683
Total comprehensive income for the period	-	-	745	745	(7)	738
Balance at 30 September 2019	40,742	-	49,817	90,559	862	91,421

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30th June 2019 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 2019 (UNAUDITED)**

	Unaudited 30/9/2019 RM'000	Unaudited 30/9/2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	843	791
Adjustments for:		
Non-cash items		
Bad debts written off	-	-
Depreciation of investment properties	157	157
Depreciation of property, plant and equipment	143	101
Depreciation of right-of-use assets	285	-
Dividend income	(53)	(52)
Fair value change in investment quoted shares	196	(13)
Fair value change in investment management funds	419	-
Distribution from investment management funds	(902)	(596)
Interest expenses	183	94
Interest income	(4)	(7)
Operating profit before working capital changes	1,267	475
Changes in inventories	(5,998)	(2,869)
Changes in receivables	19,236	23,839
Changes in payables	1,637	(4,715)
Cash generated from operations	16,142	16,730
Interest received	4	7
Interest paid	(183)	(94)
Tax paid	(385)	(311)
Tax refunded	5	20
Net cash from operating activities	15,583	16,352
CASH FLOWS FROM INVESTING ACTIVITIES		
Additional placement for investment management funds	(15,425)	(12,250)
Dividend received	53	52
Proceeds from distribution from investment management funds	902	596
Purchase of property, plant and equipment	(111)	(251)
Net cash used in investing activities	(14,581)	(11,853)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payable and lease liabilities	(250)	-
Proceeds from drawn down of term loan	868	-
Movement in short term borrowings	(1,402)	(3,863)
Net cash from financing activities	(784)	(3,863)
Net changes in cash and cash equivalents	218	636
Cash and cash equivalent at beginning of period	350	1,236
Cash and cash equivalent at end of period	568	1,872
Represented by:		
Cash and bank balances	576	1,872
Bank overdrafts	(8)	-
	568	1,872

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statement for the year ended 30th June 2019 and the accompanying explanatory notes attached to the interim financial statements.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

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 2019. 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 2019.

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 accounting policies adopted are consistent with those of the previous financial year except for the following Standards, Amendments to Standards and Interpretation which are mandatory for annual financial periods beginning on or after 1 January 2019 and which were adopted by the Group on 1st July 2019.

Annual Improvements to MFRS Standards 2015 - 2017 Cycle

MFRS 9 *Prepayment Features With Negative Compensation (Amendments to MFRS 9)*

MFRS 128 *Long-term Interests in Associates and Joint Venture (Amendments to MFRS 128)*

IC Interpretation 23 *Uncertainty over Income Tax Treatments*

MFRS 16 *Leases*

The adoption of the above Amendments and Annual improvements to Standards did not have any material financial impact to the Group except as stated below:

MFRS 16 *Leases*

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. MFRS 16 replaces the guidance in MFRS 117 Leases, IC interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases - Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduces a single, on-balance sheet model for lessee which is similar to the accounting for finance leases under MFRS 117. Lessor accounting remains similar to MFRS 117 which continues to be classified as finance or operating lease.

The Group adopted MFRS 16 using a modified retrospective method. The Group did not restate the comparative information, which continued to be reported under MFRS 117.

(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2019 (cont'd)

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

MFRS 16 Leases (cont'd)

The effects of adopting MFRS 16 are as follows:

(a) Leases previously accounted for as operating leases

The Group recognised right-of-use (“ROU”) assets and lease liabilities for those leases previously classified as operating leases. The Group elected to use the exemptions applicable to the standard on lease contracts for which the lease term ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

The Group had also elected to apply the practical expedient for the fixed non-lease components embedded in the lease contract, these components were not separated out from lease payments in measuring lease liabilities and capitalised as ROU assets.

The lease liabilities were stated at the present value of the remaining outstanding lease payments, discounted using the incremental borrowing rate at the date of initial application. The Group had opted to measure the ROU assets at an amount equal to lease liabilities. The Group applied practical expedient and excluded the initial direct costs from the measurement of the ROU assets at the date of initial application. Hence, there was no financial impact to its retained earnings as at the initial application date.

The ROU assets are depreciated using the straight-line method from the date of initial application to the earlier of the end of useful life of the ROU assets or the end of the lease term. The finance charges are charged to profit or loss. The total lease payments are separated into a principal portion, which is presented within financing activities and finance charges, which is presented within operating activities in the statement of cashflows.

(b) Financial impacts of adoption of MFRS 16

In summary, the financial impacts of adopting MFRS 16 to the opening balances as at 1 July 2019 are as follows:

Statement of financial position	As at 1.7.2019 RM'000	Adjustments due to adoption of MFRS 16 RM'000	After MFRS 16 adjustments RM'000
Assets			
Right-of-use assets	-	6,737	6,737
	<hr/>	<hr/>	<hr/>
Liabilities			
Current liase liabilities	-	1,092	1,092
Non-current lease liabilities	-	5,645	5,645
	<hr/>	<hr/>	<hr/>
	-	6,737	6,737
	<hr/>	<hr/>	<hr/>

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2019 (cont'd)**

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.

8. SEGMENTAL REPORTING

Quarter ended 30th September 2019

	Apparels RM'000	Investment holding RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External revenue	15,931	463	-	16,394
Inter-segment revenue	1,093	9	(1,102)	-
Total segment revenue	17,024	472	(1,102)	16,394
Results				
Segment profit from operations	123	(14)	11	120
Interest income	4	-	-	4
Distribution from management investment funds	902	-	-	902
Interest expenses	(183)	-	-	(183)
Profit before tax	846	(14)	11	843
Tax expenses	(32)	(73)	-	(105)
Profit for the financial period	814	(87)	11	738

(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2019 (cont'd)

8. SEGMENTAL REPORTING (cont'd)

Quarter ended 30th September 2019 (cont'd)

	Apparels RM'000	Investment holding RM'000	Eliminations RM'000	Consolidated RM'000
<u>Profit for the financial period attributable to:</u>				
Owners of the Company				745
Non-controlling interest				(7)
				<hr/> 738 <hr/>
Segment assets	99,929	25,677	(4,383)	121,223
Segment liabilities	26,236	7,949	(4,383)	29,802
				<hr/>

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 2019.

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.

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 2019 is as follows:

Contracted	RM'000
Investment properties	<hr/> 3,240 <hr/>

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2019 (cont'd)**

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 2019:

	RM'000
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	1
Rental paid to	
- TGL Packaging Sdn. Bhd.	151
- TGL Industries Sdn. Bhd.	150
	<hr/>

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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2019 (cont'd)**

1. REVIEW OF PERFORMANCE

Revenue for the current quarter under review was RM16,394 million as compared to RM14,927 million recorded in the same quarter in previous year, a increase of 9.83% or RM1.467 million. Better sales is due to more outlets and increase in same store sales.

The Group recorded a profit before tax of RM0.843 million for the current quarter, an increase of 6.57% or RM0.052 million as compared to profit before tax of RM0.791 million in the previous year corresponding quarter. The increase in profit before taxation mainly due to higher sales and increase in other income from distribution from investment management funds. Increase in expenses are due to increase in staff costs and additional losses in fair value of investment funds and quoted shares.

2. COMPARISON WITH PRECEDING QUARTER'S REPORT

	Current Year Quarter 30 September 2019 RM'000	Immediate Preceding Quarter 30 June 2019 RM'000	Changes RM'000	Changes %
Revenue	16,394	49,642	(33,248)	-67%
Profit from the operation	1,026	4,886	(3,860)	-79%
Profit before taxation	843	4,790	(3,947)	-82%
Profit after tax	738	3,626	(2,888)	-80%
Profit attributable to :				
Equity holders of the parent	745	3,674	(2,929)	-80%
Non-controlling interest	(7)	(48)	41	-85%
	738	3,626	(2,888)	-80%

As compared to the previous quarter, revenue for the quarter under review had decreased by RM33,248 million or 67%. 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 profit before tax of RM0.843 million for the current quarter was lower than the preceding quarter of RM4.790 million in the preceding quarter due to substantial drop in sales in current quarter.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2019 (cont'd)**

3. COMMENTARY ON PROSPECTS

Due to 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 gross 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.

4. VARIANCE FROM PROFIT FORECASTS

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

5. TAXATION

	Year to date ended 30 September	
	2019	2018
	RM'000	RM'000
Tax liabilities at 1 July	603	419
Current period's provision	195	1,842
Net payment made during the year	(380)	(1,658)
	418	603
Disclosed as:		
Tax assets	(26)	(21)
Tax liabilities	444	624
	418	603
Taxation expense for the year:-		
- Malaysian taxation	195	1,842
- Deferred taxation	(90)	(174)
	105	1,668

The effective tax rate for the period ended 30th September 2019 was approximately 12.45% due to income from distribution from investment management funds is not taxable.

6. CORPORATE PROPOSAL

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

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2019 (cont'd)**

7. GROUP BORROWINGS AND DEBT SECURITIES

	As at 30 September 2019 RM'000	As at 30 June 2019 RM'000
Unsecured short term borrowings		
Bank overdrafts	8	329
Bill payables and bankers' acceptance	7,698	9,099
	<hr/>	<hr/>
	7,706	9,428
Secured hire purchase payable	15	15
	<hr/>	<hr/>
	7,721	9,443
	<hr/>	<hr/>
Long term liability		
Secured hire purchase payable	3	7
Term loan	868	-
	<hr/>	<hr/>
	871	7
	<hr/>	<hr/>

The above borrowings are all denominated in Ringgit Malaysia.

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

Special and final dividend which have been declared for the financial year ended 30th June 2019 is as follows:

Rate	:	3.5 sen and 5 sen per share (single tier)
Announced	:	25 th October 2019
Book Closure	:	4 th December 2019
Payment Date	:	18 th December 2019

11. QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report of the most recent annual financial statements for the financial year ended 30th June 2019 was not qualified.

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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2019 (cont'd)**

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 2019	2018	30 September 2019	2018
Net profit attributable to shareholders (RM'000)	745	719	745	719
Weighted average number of ordinary shares in issue ('000)	40,742	40,742	40,742	40,742
Basic earnings per share (sen)	1.83	1.76	1.83	1.76

(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 September 2019.

13. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter ended 30 September 2019 RM'000	Year to date ended 30 September 2019 RM'000
Profit from operations for the period is arrived after charging:		
Depreciation of investment properties	157	157
Depreciation of property, plant and equipment	143	143
Depreciation of right-of-use assets	285	285
Fair value loss on investment management funds	419	419
Fair value change in investment in quoted shares	196	196
And after crediting:		
Distribution from investment management funds	902	902
Dividend income	53	53
Interest income	4	4

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 31 MARCH 2019 (cont'd)**

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 November 2019.

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

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

Date: 27th November 2019