

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 2020**

* Quarter : **1st Quarter**

* Financial Year End : **30th June 2021**

* 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 2020 (UNAUDITED)**

	INDIVIDUAL PERIOD (1ST QUARTER)				CUMULATIVE PERIOD			
	Current Year Quarter 30/9/2020	Preceding Year Corresponding Quarter 30/9/2019	Changes	Changes	Current Year To-date 30/9/2020	Preceding Year Corresponding Period 30/9/2019	Changes	Changes
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	24,006	16,394	7,612	46.43%	24,006	16,394	7,612	46.43%
Gross profit	8,626 36%	7,177 44%	1,449	20.19% -8.00%	8,626 36%	7,177 44%	1,449	20.19% -8.00%
Other operating income	1,139	1,007	132	13.11%	1,139	1,007	132	13.11%
Operating expenses	(6,198)	(7,158)	960	-13.41%	(6,198)	(7,158)	960	-13.41%
Profit from the operation	3,567	1,026	2,541	247.66%	3,567	1,026	2,541	247.66%
Finance costs	(168)	(183)	15	-8.20%	(168)	(183)	15	-8.20%
Profit before taxation	3,399	843	2,556	303.20%	3,399	843	2,556	303.20%
Taxation	(877)	(105)	(772)	735.24%	(877)	(105)	(772)	735.24%
Profit for the period representing total comprehensive income for the period, net of tax	2,522	738	1,784	241.73%	2,522	738	1,784	241.73%
Profit attributable to :								
Equity holders of the parent	2,517	745	1,772	237.85%	2,517	745	1,772	237.85%
Non-controlling interest	5	(7)	12	171.43%	5	(7)	12	171.43%
	2,522	738	1,784	241.73%	2,522	738	1,784	241.73%
Earnings per share	Sen	Sen			Sen	Sen		
-Basic	6.18	1.83			6.18	1.83		
-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 2020 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020**

	Unaudited as at 30.09.2020 RM'000	Audited as at 30.06.2020 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	2,495	2,239
Right-of-use assets	5,299	5,589
Investment properties	23,041	22,894
Investment in quoted shares	1,503	1,828
Deferred tax assets	173	173
	32,511	32,723
CURRENT ASSETS		
Inventories	30,338	36,331
Receivables	20,125	21,489
Tax assets	10	348
Investment management funds	36,935	31,385
Deposits, cash and bank balances	120	2,470
	87,528	92,023
TOTAL ASSETS	120,039	124,746
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	40,742	40,742
Reserves	50,222	47,705
	90,964	88,447
Non-controlling interest	716	711
TOTAL EQUITY	91,680	89,158
NON-CURRENT LIABILITIES		
Borrowings	2,578	2,084
Lease liabilities	4,479	4,666
Deferred taxation	1,666	1,666
	8,723	8,416
CURRENT LIABILITIES		
Payables	7,778	14,180
Tax liabilities	552	108
Lease liabilities	976	1,053
Borrowings	10,330	11,831
	19,636	27,172
TOTAL LIABILITIES	28,359	35,588
TOTAL EQUITY AND LIABILITIES	120,039	124,746

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30th June 2020 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 SEPTEMBER 2020 (UNAUDITED)					
	Attributable to equity holders of the Company				
	Non-distributable	Distributable			
	Share	Retained		Non-	Total
	Capital	Earnings	Total	Controlling	Equity
	RM'000	RM'000	RM'000	Interest	RM'000
				RM'000	
Balance at 1 July 2019	40,742	49,072	89,814	869	90,683
Total comprehensive income for the year	-	2,096	2,096	(158)	1,938
Dividend paid	-	(3,463)	(3,463)	-	(3,463)
Balance at 30 June 2020/1 July 2020	40,742	47,705	88,447	711	89,158
Total comprehensive income for the period	-	2,517	2,517	5	2,522
Balance at 30 September 2020	40,742	50,222	90,964	716	91,680

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30th June 2020 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 2020 (UNAUDITED)**

	Unaudited 30/9/2020 RM'000	Unaudited 30/9/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,399	843
Adjustments for:		
Non-cash items		
Depreciation of investment properties	158	157
Depreciation of property, plant and equipment	169	143
Depreciation of right-of-use assets	284	285
Distribution from investment management funds	(366)	(902)
Dividend income	(60)	(53)
Fair value change in quoted shares	325	196
Fair value change in investment management funds	(16)	419
Gain on disposal of property, plant and equipment	(4)	-
Interest expenses	168	183
Interest income	(3)	(4)
Operating profit before working capital changes	4,054	1,267
Changes in inventories	5,993	(5,998)
Changes in receivables	1,364	19,236
Changes in payables	(6,402)	1,637
Cash generated from operations	5,009	16,142
Interest received	3	4
Interest paid	(168)	(183)
Tax paid	(122)	(385)
Tax refunded	27	5
Net cash from operating activities	4,749	15,583
CASH FLOWS FROM INVESTING ACTIVITIES		
Net movement in investment management funds	(5,534)	(15,425)
Dividend received	60	53
Proceeds from disposal of property, plant and equipment	4	-
Proceeds from distribution from investment management funds	366	902
Purchase of investment properties	(305)	-
Purchase of property, plant and equipment	(82)	(111)
Net cash used in investing activities	(5,491)	(14,581)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables and lease liabilities	(308)	(250)
Proceeds from drawn down of term loans	285	868
Movement in short term borrowings	(1,751)	(1,402)
Net cash used in financing activities	(1,774)	(784)
Net changes in cash and cash equivalents	(2,516)	218
Cash and cash equivalent at beginning of period	2,285	350
Cash and cash equivalent at end of period	(231)	568
Represented by:		
Cash and bank balances	120	576
Bank overdrafts	(351)	(8)
	(231)	568

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statement for the year ended 30th June 2020 and the accompanying explanatory notes attached to the interim financial statements.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

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 2020. 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 2020.

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 2020 and which were adopted by the Group on 1st July 2020.

- Amendments to MFRS 3: Definition of a Business
- Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
- Amendments to MFRS 101 and MFRS 108: Definition of Materiality
- IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments
- IC Interpretation 22: Foreign Currency Transaction and Advance Consideration

The adoption of the above Amendments and Annual improvements to Standards did not have any material financial impact to the Group.

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 DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during 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.

(A) **NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2020 (cont'd)**

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 2020

	Apparels RM'000	Investment holding RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External revenue	23,621	385	-	24,006
Inter-segment revenue	329	9	(338)	-
Total segment revenue	23,950	394	(338)	24,006
Results				
Segment profit from operations	3,387	(189)	-	3,198
Interest income	3	-	-	3
Distribution from management investment funds	366	-	-	366
Interest expenses	(168)	-	-	(168)
Profit before tax	3,588	(189)	-	3,399
Tax expenses	(782)	(95)	-	(877)
Profit for the financial period	2,806	(284)	-	2,522
Attributable to:				
Owners of the Company				2,517
Non-controlling interest				5
				2,522
Segment assets	98,102	25,043	(3,106)	120,039
Segment liabilities	23,674	7,791	(3,106)	28,359

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 2020.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2020 (cont'd)**

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 2020 is as follows:

Contracted	RM'000
Investment properties	768
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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 2020:

	RM'000
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	18
- TGL Packaging Sdn. Bhd.	3
Rental paid to	
- TGL Packaging Sdn. Bhd.	151
- TGL Industries Sdn. Bhd.	150
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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2020 (cont'd)**

1. REVIEW OF PERFORMANCE

Revenue for the current quarter under review was RM24.006 million as compared to RM16.394 million recorded in the same quarter in previous year, an increase of 46.43% or RM7.612 million mainly due less restriction on business activities and almost all businesses are allowed to resume business during Recovery Movement Control Order (“RMCO”) couple with strong consumer demand sentiment post the enforcement of the Movement Control Order (“MCO”) and in conjunction with the Hari Raya Haji celebration.

The Group recorded profit before tax of RM3.399 million for the current quarter, an increase of 303.20% or RM2.556 million as compared to profit before tax of RM0.843 million in the previous year corresponding quarter. Gross profit margin for the quarter is lower due to massive clearance of stock. Operating expenses have declined as no temporary and part timers were engaged during this period. No promotional activities were carried out as the standard operating procedures restricted overcrowding, sales were mainly conducted at in store premises, thus selling expenses and promotional expenses also declined.

2. COMPARISON WITH PRECEDING QUARTER’S REPORT

	Current Year Quarter 30 Septmeber 2020 RM’000	Immediate Preceding Quarter 30 June 2020 RM’000	Changes RM’000	Changes %
Revenue	24,006	23,467	539	2%
Profit/(loss) from the operation	3,567	(385)	3,952	1026%
Profit/(loss) before taxation	3,399	(539)	3,938	731%
Profit/(loss) after tax	2,522	(298)	2,820	946%
Profit/(loss) attributable to :				
Equity holders of the parent	2,517	(187)	2,704	1446%
Non-controlling interest	5	(111)	116	-105%
	2,522	(298)	2,820	946%

Revenue for this quarter increased by approximately RM0.539 million (2%), while profit before taxation increased by RM3.952 million (1026%). The increase in revenue is due to strong consumer demand in conjunction with Hari Raya Haji and relaxed restrictions under RMCO. However, profit before tax increased by RM3.938 million from a loss of RM0.539 million to a profit of RM3.399 million due to inventories written down and written off of RM3.495 million in previous quarter.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2020 (cont'd)**

3. COMMENTARY ON PROSPECTS

Retail business in general, is impacted by the outbreak of Covid-19 to varying degree, both in terms of sales as well as supply chain. Management has implemented measures to control costs, optimising working capital, preserving cash and streamline its operations to minimise the impact. With the recent rise in Covid-19 cases and the re-enforcement of the Conditional Movement Control Order (“CMCO”), we will continue to ensure the safety of our people and business partners and play our part to support communities. Although Malaysia is now in CMCO the restrictions in place will dampen the retail industry in addition to weak consumer demand as livelihoods are severely impacted. Nevertheless, the Group will continue to be cautious and vigilant in controlling costs and ensure efficient use of the resources to remain profitable.

4. VARIANCE FROM PROFIT FORECASTS

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

5. TAXATION

	Year to date ended	
	30 September 2020 RM'000	30 June 2020 RM'000
Tax (assets)/liabilities at 1 July 2020/2019	(240)	603
Current period's provision	877	526
Net payment made during the year	(95)	(1,369)
	542	(240)
Disclosed as:		
Tax assets	(10)	(348)
Tax liabilities	552	108
	542	(240)
Taxation expense for the period:-		
- Malaysian taxation	877	526
- Deferred taxation	-	(68)
	877	458

The effective tax rate for the period ended 30th September 2020 was approximately 25.80% due to certain 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.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2020 (cont'd)**

7. GROUP BORROWINGS AND DEBT SECURITIES

	As at 30 September 2020 RM'000	As at 30 June 2020 RM'000
Unsecured short term borrowings		
Bank overdrafts	351	185
Bankers' acceptance and invoice financing	9,739	11,490
	10,090	11,675
Secured hire purchase payables	240	156
	10,330	11,831
Long term liabilities		
Secured hire purchase payables	553	344
Term loans	2,025	1,740
	2,578	2,084

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

The interim dividend which has been declared for the financial year ending 30th June 2021 is as follows:

Rate	:	3 sen per share (single tier)
Announced	:	26 th November 2020
Book Closure	:	11 th December 2020
Payment Date	:	23 rd December 2020

11. QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report of the most recent annual financial statements for the financial year ended 30th June 2020 was not qualified.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2020 (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		30 September	
	2020	2019	2020	2019
Net profit attributable to shareholders (RM'000)	2,517	745	2,517	745
Weighted average number of ordinary shares in issue ('000)	40,742	40,742	40,742	40,742
Basic earnings per share (sen)	6.18	1.83	6.18	1.83

(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 2020.

13. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter ended	Year to date ended
	30 September 2020	30 September 2020
	RM'000	RM'000
Profit from operations for the period is arrived		
After charging:		
Depreciation of investment properties	158	158
Depreciation of property, plant and equipment	169	169
Depreciation of right-of-use assets	284	284
Fair value change in investment in quoted shares	325	325
And after crediting:		
Distribution from investment management funds	366	366
Dividend income	60	60
Fair value change on investment management funds	16	16
Interest income	3	3

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 2020 (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 26th November 2020.

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: 26th November 2020