

FINANCIAL RESULTS

* New Announcement

Submitting Secretarial Firm Name : TRICOR CORPORATE SERVICES SDN. BHD.

* Company name : **TEO GUAN LEE CORPORATION BHD**
199301028971(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 2020**

* Quarter : **2nd Quarter**

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

* The figures : Have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2020 (UNAUDITED)**

	INDIVIDUAL PERIOD (2ND QUARTER)				CUMULATIVE PERIOD			
	Current Year Quarter 31/12/2020	Preceding Year Corresponding Quarter 31/12/2019	Changes	Changes	Current Year To-date 31/12/2020	Preceding Year Corresponding Period 31/12/2019	Changes	Changes
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	22,919	29,376	(6,457)	-21.98%	46,925	45,770	1,155	2.52%
Gross profit	7,538 33%	9,941 34%	(2,403)	-24.17% -1.00%	16,164 34%	17,118 37%	(954)	-5.57% -3.00%
Other operating income	1,041	345	696	201.74%	2,180	1,352	828	61.24%
Operating expenses	(6,766)	(8,320)	1,554	-18.68%	(12,964)	(15,478)	2,514	-16.24%
Profit from the operation	1,813	1,966	(153)	-7.78%	5,380	2,992	2,388	79.81%
Finance costs	(154)	(121)	(33)	27.27%	(322)	(304)	(18)	5.92%
Profit before taxation	1,659	1,845	(186)	-10.08%	5,058	2,688	2,370	88.17%
Taxation	(402)	(461)	59	-12.80%	(1,279)	(566)	(713)	125.97%
Profit for the period representing total comprehensive income for the period, net of tax	1,257	1,384	(127)	-9.18%	3,779	2,122	1,657	78.09%
Profit attributable to :								
Equity holders of the parent	1,374	1,410	(36)	-2.55%	3,891	2,155	1,736	80.56%
Non-controlling interest	(117)	(26)	(91)	-350.00%	(112)	(33)	(79)	-239.39%
	1,257	1,384	(127)	-9.18%	3,779	2,122	1,657	78.09%
Earnings per share	Sen	Sen			Sen	Sen		
-Basic	3.37	3.46			9.55	5.29		
-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 31 DECEMBER 2020

	Unaudited as at 31/12/2020 RM'000	Audited as at 30/06/2020 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	2,353	2,239
Right-of-use assets	5,016	5,589
Investment properties	22,899	22,894
Investment in quoted shares	1,711	1,828
Deferred tax assets	173	173
	<hr/> 32,152 <hr/>	<hr/> 32,723 <hr/>
CURRENT ASSETS		
Inventories	29,099	36,331
Receivables	19,356	21,489
Tax assets	32	348
Investment management funds	36,351	31,385
Deposits, cash and bank balances	750	2,470
	<hr/> 85,588 <hr/>	<hr/> 92,023 <hr/>
TOTAL ASSETS	<hr/> 117,740 <hr/>	<hr/> 124,746 <hr/>
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	40,742	40,742
Reserves	50,374	47,705
	<hr/> 91,116 <hr/>	<hr/> 88,447 <hr/>
Non-controlling interest	599	711
TOTAL EQUITY	<hr/> 91,715 <hr/>	<hr/> 89,158 <hr/>
NON-CURRENT LIABILITIES		
Borrowings	2,217	2,084
Lease liabilities	4,115	4,666
Deferred taxation	1,666	1,666
	<hr/> 7,998 <hr/>	<hr/> 8,416 <hr/>
CURRENT LIABILITIES		
Payables	10,355	14,180
Tax liabilities	800	108
Lease liabilities	1,079	1,053
Borrowings	5,793	11,831
	<hr/> 18,027 <hr/>	<hr/> 27,172 <hr/>
TOTAL LIABILITIES	<hr/> 26,025 <hr/>	<hr/> 35,588 <hr/>
TOTAL EQUITY AND LIABILITIES	<hr/> 117,740 <hr/>	<hr/> 124,746 <hr/>

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.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2020 (UNAUDITED)**

	Attributable to equity holders of the Company			
	<u>Non-distributable</u>	<u>Distributable</u>	Total RM'000	Non- Controlling Interest RM'000
	Share Capital RM'000	Retained Earnings RM'000		
Balance at 1 July 2019	40,742	49,072	89,814	869
Total comprehensive income for the year	-	2,096	2,096	(158)
Dividend paid	-	(3,463)	(3,463)	-
Balance at 30 June 2020/1 July 2020	40,742	47,705	88,447	711
Total comprehensive income for the period	-	3,891	3,891	(112)
Dividend paid	-	(1,222)	(1,222)	-
Balance at 31 December 2020	40,742	50,374	91,116	599

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.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2020 (UNAUDITED)

	Unaudited 31/12/2020 RM'000	Unaudited 31/12/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,058	2,688
Adjustments for:		
Non-cash items		
Depreciation of investment properties	315	315
Depreciation of property, plant and equipment	335	282
Depreciation of right-of-use assets	567	570
Distribution from investment management funds	(520)	(1,079)
Dividend income	(66)	(69)
Fair value change in quoted shares	117	103
Fair value change in investment management funds	(6)	494
Gain on disposal of property, plant and equipment	(7)	(60)
Interest expenses	322	304
Interest income	(4)	(11)
Operating profit before working capital changes	6,111	3,537
Changes in inventories	7,232	(2,657)
Changes in receivables	2,133	15,759
Changes in payables	(3,825)	364
Cash generated from operations	11,651	17,003
Dividend paid	(1,222)	(3,463)
Interest received	4	11
Interest paid	(322)	(304)
Tax paid	(351)	(695)
Tax refunded	80	5
Net cash from operating activities	9,840	12,557
CASH FLOWS FROM INVESTING ACTIVITIES		
Net movement in investment management funds	(4,960)	(15,425)
Dividend received	66	69
Proceeds from disposal of property, plant and equipment	7	60
Proceeds from disposal of investment management funds	520	4,343
Proceeds from distribution from investment management funds		1,079
Purchase of investment property	(320)	
Purchase of property, plant and equipment	(106)	(372)
Net cash used in investing activities	(4,793)	(10,246)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables and lease liabilities	(636)	(503)
Proceeds from drawn down of term loans	301	868
Movement in short term borrowings	(6,612)	(2,623)
Net cash used in financing activities	(6,947)	(2,258)
Net changes in cash and cash equivalents	(1,900)	53
Cash and cash equivalent at beginning of period	2,285	350
Cash and cash equivalent at end of period	385	403
Represented by:		
Cash and bank balances	750	678
Bank overdrafts	(365)	(275)
	385	403

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 31 DECEMBER 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 31 DECEMBER 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

During the quarter under review, an interim single tier dividend of 3 sen per share amounting to RM1,222,266 in respect of the financial year ended 30th June 2021 was paid on 23rd December 2020.

8. SEGMENTAL REPORTING

Quarter ended 31st December 2020

	Apparels RM'000	Investment holding RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External revenue	45,951	974	-	46,925
Inter-segment revenue	2,294	18	(2,312)	-
Total segment revenue	48,245	992	(2,312)	46,925
Results				
Segment profit from operations	4,533	323	-	4,856
Interest income	4	-	-	4
Distribution from management investment funds	520	-	-	520
Interest expenses	(322)	-	-	(322)
Profit before tax	4,735	323	-	5,058
Tax expenses	(1,104)	(175)	-	(1,279)
Profit for the financial period	3,631	148	-	3,779
<u>Attributable to:</u>				
Owners of the Company				3,891
Non-controlling interest				(112)
				3,779
Segment assets	95,437	25,302	(2,999)	117,740
Segment liabilities	21,425	7,599	(2,999)	26,025

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 31 DECEMBER 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 31st December 2020 is as follows:

Contracted	RM'000
Investment properties	753
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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 31st December 2020:

	RM'000
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	37
- TGL Packaging Sdn. Bhd.	4
Rental paid to	
- TGL Packaging Sdn. Bhd.	300
- TGL Industries Sdn. Bhd.	300
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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2020 (cont'd)**

1. REVIEW OF PERFORMANCE

Revenue for the current quarter under review was RM22.919 million as compared to RM29.376 million recorded in the same quarter in previous year, a decrease of 21.98% or RM6.457 million mainly due to adverse impact from Covid-19 outbreak. The enforcement of Recovery Movement Control Order (“RMCO”) and subsequently Conditional Movement Control Order (“CMCO”) has impacted on consumer demand and with the restriction in place, retail industry is badly affected.

The Group recorded profit before tax of RM1.659 million for the current quarter, a decrease of 10.08% or RM0.186 million as compared to profit before tax of RM1.845 million in the previous year corresponding quarter.

2. COMPARISON WITH PRECEDING QUARTER’S REPORT

	Current Year Quarter 31 December 2020 RM'000	Immediate Preceding Quarter 30 September 2020 RM'000	Changes RM'000	Changes %
Revenue	22,919	24,006	(1,087)	-5%
Profit from the operation	1,813	3,567	(1,754)	-49%
Profit before taxation	1,659	3,399	(1,740)	-51%
Profit after tax	1,257	2,522	(1,265)	-50%
Profit/(loss) attributable to :				
Equity holders of the parent	1,374	2,517	(1,143)	-45%
Non-controlling interest	(117)	5	(122)	-2440%
	1,257	2,522	(1,265)	-50%

Revenue for this quarter decreased by approximately RM1.087 million (5%), while profit from the operation decreased by RM1.754 million (49%). The decrease in revenue and profit in the current quarter as compared to preceding quarter is due to the CMCO enforced in view of rising Covid-19 cases. Restrictions in place according to CMCO severely affected the retail industry.

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 Movement Control Order (“MCO”), we will continue to ensure the safety of our people and business partners and play our part to support communities. Although Malaysia (except for Sarawak) is now in MCO 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.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2020 (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	
	2020 RM'000	2019 RM'000
Tax (assets)/liabilities at 1 July	(240)	603
Current period's provision	1,279	606
Net payment made during the year	(271)	(690)
	768	519
Disclosed as:		
Tax assets	(32)	(29)
Tax liabilities	800	548
	768	519
Taxation expense for the period:-		
- Malaysian taxation	1,279	606
- Deferred taxation	-	(40)
	1,279	566

The effective tax rate for the period ended 31st December 2020 was approximately 25.28% 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.

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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2020 (cont'd)**

7. GROUP BORROWINGS AND DEBT SECURITIES

	As at 31 December 2020 RM'000	As at 30 June 2020 RM'000
Unsecured short term borrowings		
Bank overdrafts	365	185
Bankers' acceptance and invoice financing	4,878	11,490
	<hr/> 5,243	<hr/> 11,675
Secured hire purchase payables	262	156
Term loans	288	-
	<hr/> 5,793	<hr/> 11,831
Long term liabilities		
Secured hire purchase payables	464	344
Term loans	1,753	1,740
	<hr/> 2,217	<hr/> 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

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 2020 was not qualified.

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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 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	
	31 December		31 December	
	2020	2019	2020	2019
Net profit attributable to shareholders (RM'000)	1,374	1,410	3,891	2,155
Weighted average number of ordinary shares in issue ('000)	40,742	40,742	40,742	40,742
Basic earnings per share (sen)	3.37	3.46	9.55	5.29

(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 2020.

13. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter ended	Year to date ended
	31 December 2020	31 December 2020
	RM'000	RM'000
Profit from operations for the period is arrived		
After charging:		
Depreciation of investment properties	157	315
Depreciation of property, plant and equipment	166	335
Depreciation of right-of-use assets	283	567
Fair value change in investment in quoted shares	(208)	117
And after crediting:		
Distribution from investment management funds	154	520
Dividend income	6	66
Fair value change on investment management funds	(10)	6
Interest income	1	4
Profit from disposal of property, plant and equipment	7	7

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 DECEMBER 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 February 2021.

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 February 2021