

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 March 2021**

* Quarter : **3rd Quarter**

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

* The figures : Have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2021 (UNAUDITED)

	INDIVIDUAL PERIOD (3RD QUARTER)				CUMULATIVE PERIOD			
	Current Year Quarter 31/3/2021	Preceding Year Corresponding Quarter 31/3/2020	Changes	Changes	Current Year To-date 31/3/2021	Preceding Year Corresponding Period 31/3/2020	Changes	Changes
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	24,434	17,744	6,690	37.70%	71,359	63,514	7,845	12.35%
Gross profit	6,749 28%	7,735 44%	(986)	-12.75% -16.00%	22,913 32%	24,853 39%	(1,940)	-7.81% -7.00%
Other operating income	1,135	266	869	326.69%	3,315	1,618	1,697	104.88%
Operating expenses	(6,296)	(7,528)	1,232	-16.37%	(19,260)	(23,006)	3,746	-16.28%
Profit from the operation	1,588	473	1,115	235.73%	6,968	3,465	3,503	101.10%
Finance costs	(114)	(227)	113	-49.78%	(436)	(531)	95	-17.89%
Profit before taxation	1,474	246	1,228	499.19%	6,532	2,934	3,598	122.63%
Taxation	(405)	(133)	(272)	204.51%	(1,684)	(699)	(985)	140.92%
Profit for the period representing total comprehensive income for the period, net of tax	1,069	113	956	846.02%	4,848	2,235	2,613	116.91%
Profit attributable to :								
Equity holders of the parent	1,268	127	1,141	898.43%	5,159	2,282	2,877	126.07%
Non-controlling interest	(199)	(14)	(185)	-1321.43%	(311)	(47)	(264)	-561.70%
	1,069	113	956	846.02%	4,848	2,235	2,613	116.91%
Earnings per share	Sen	Sen			Sen	Sen		
-Basic	3.11	0.31			12.66	5.60		
-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 MARCH 2021**

	Unaudited as at 31/03/2021 RM'000	Audited as at 30/06/2020 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	2,142	2,239
Right-of-use assets	4,673	5,589
Investment properties	24,065	22,894
Investment in quoted shares	2,011	1,828
Deferred tax assets	173	173
	<hr/> 33,064 <hr/>	<hr/> 32,723 <hr/>
CURRENT ASSETS		
Inventories	36,977	36,331
Receivables	20,816	21,489
Tax assets	10	348
Investment management funds	38,260	31,385
Deposits, cash and bank balances	950	2,470
	<hr/> 97,013 <hr/>	<hr/> 92,023 <hr/>
TOTAL ASSETS	<hr/> 130,077 <hr/>	<hr/> 124,746 <hr/>
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	40,742	40,742
Reserves	51,642	47,705
	<hr/> 92,384 <hr/>	<hr/> 88,447 <hr/>
Non-controlling interest	400	711
TOTAL EQUITY	<hr/> 92,784 <hr/>	<hr/> 89,158 <hr/>
NON-CURRENT LIABILITIES		
Borrowings	3,515	2,084
Lease liabilities	3,813	4,666
Deferred taxation	1,666	1,666
	<hr/> 8,994 <hr/>	<hr/> 8,416 <hr/>
CURRENT LIABILITIES		
Payables	20,707	14,180
Tax liabilities	896	108
Lease liabilities	1,055	1,053
Borrowings	5,641	11,831
	<hr/> 28,299 <hr/>	<hr/> 27,172 <hr/>
TOTAL LIABILITIES	<hr/> 37,293 <hr/>	<hr/> 35,588 <hr/>
TOTAL EQUITY AND LIABILITIES	<hr/> 130,077 <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 MARCH 2021 (UNAUDITED)**

	Attributable to equity holders of the Company				
	<u>Non- distributable</u>	<u>Distributable</u>	Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Retained Earnings 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	-	5,159	5,159	(311)	4,848
Dividend paid	-	(1,222)	(1,222)	-	(1,222)
Balance at 31 March 2021	40,742	51,642	92,384	400	92,784

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 MARCH 2021 (UNAUDITED)

	Unaudited 31/3/2021 RM'000	Unaudited 31/3/2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,532	2,934
Adjustments for:		
Non-cash items		
Depreciation of investment properties	473	473
Depreciation of property, plant and equipment	491	478
Depreciation of right-of-use assets	847	853
Deposit written off	3	-
Distribution from investment management funds	(666)	(1,245)
Dividend income	(66)	(78)
Fair value change in quoted shares	(183)	429
Fair value change in investment management funds	194	481
Gain on disposal of property, plant and equipment	(89)	(60)
Interest expenses	436	531
Interest income	(6)	(15)
Property, plant and equipment written off	22	-
Operating profit before working capital changes	7,988	4,781
Changes in inventories	(646)	(13,187)
Changes in receivables	670	23,618
Changes in payables	6,527	8,713
Cash generated from operations	14,539	23,925
Dividend paid	(1,222)	(3,463)
Interest received	6	15
Interest paid	(436)	(531)
Tax paid	(638)	(1,373)
Tax refunded	80	5
Net cash from operating activities	12,329	18,578
CASH FLOWS FROM INVESTING ACTIVITIES		
Net movement in investment management funds	(7,069)	(21,886)
Dividend received	66	78
Proceeds from disposal of property, plant and equipment	135	60
Proceeds from disposal of investment management funds	666	4,343
Proceeds from distribution from investment management funds	-	1,245
Purchase of investment property	(1,644)	(516)
Purchase of property, plant and equipment	(119)	(383)
Net cash used in investing activities	(7,965)	(17,059)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables and lease liabilities	(964)	(776)
Proceeds from drawn down of term loans	1,615	1,384
Movement in short term borrowings	(6,447)	(2,890)
Net cash used in financing activities	(5,796)	(2,282)
Net changes in cash and cash equivalents	(1,432)	(763)
Cash and cash equivalent at beginning of period	2,285	350
Cash and cash equivalent at end of period	853	(413)
Represented by:		
Cash and bank balances	950	356
Bank overdrafts	(97)	(769)
	853	(413)

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 MARCH 2021**

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 MARCH 2021 (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 31st March 2021

	Apparels RM'000	Investment holding RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External revenue	70,000	1,359	-	71,359
Inter-segment revenue	2,453	27	(2,480)	-
Total segment revenue	72,453	1,386	(2,480)	71,359
Results				
Segment profit from operations	6,843	621	(1,168)	6,296
Interest income	6	-	-	6
Distribution from management investment funds	666	-	-	666
Interest expenses	(436)	-	-	(436)
Profit before tax	7,079	621	(1,168)	6,532
Tax expenses	(1,467)	(217)	-	(1,684)
Profit for the financial period	5,612	404	(1,168)	4,848
<u>Attributable to:</u>				
Owners of the Company				5,159
Non-controlling interest				(311)
				4,848
Segment assets	106,226	26,869	(3,018)	130,077
Segment liabilities	31,426	8,885	(3,018)	37,293

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 MARCH 2021 (cont'd)**

10. MATERIAL SUBSEQUENT EVENTS

Save as disclosed in Note B6, there were no other material events subsequent to the end of the current quarter that have not been reflected in this interim report.

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 March 2021 is as follows:

	RM'000
Approved and contracted	
Investment properties	144
Approved but not contracted	
Tender for trademarks	3,150

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 2021:

	RM'000
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	40
- TGL Packaging Sdn. Bhd.	4
Rental paid to	
- TGL Packaging Sdn. Bhd.	450
- TGL Industries Sdn. Bhd.	450

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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 MARCH 2021 (cont'd)**

1. REVIEW OF PERFORMANCE

Revenue for the current quarter under review was RM24.434 million as compared to RM17.744 million recorded in the same quarter in previous year, an increase of 37.0% or RM6.690 million. The increase in revenue was mainly due to enforcement of Conditional Movement Control Order (“CMCO”) which allowed all economic sectors to operate compared to enforcement of first Movement Control Order (“MCO”) in Malaysia on 18th March 2020 which restricted businesses operations in full capacity which causes zero sales being recorded for the period from 18th March 2020 to 31st March 2020.

The Group recorded profit before tax of RM1.474 million for the current quarter, an increase of 499.59% or RM1.228 million as compared to profit before tax of RM0.246 million in the previous year corresponding quarter. The increased in profit before taxation was mainly due to higher sales and other income with lower operating expenses compared to preceding year corresponding quarter.

2. COMPARISON WITH PRECEDING QUARTER’S REPORT

	Current Year Quarter 31 March 2021 RM'000	Immediate Preceding Quarter 31 December 2020 RM'000	Changes RM'000	Changes %
Revenue	24,434	22,919	1,515	7%
Profit from the operation	1,588	1,813	(225)	-12%
Profit before taxation	1,474	1,659	(185)	-11%
Profit after tax	1,069	1,257	(188)	-15%
Profit/(loss) attributable to :				
Equity holders of the parent	1,268	1,374	(106)	-8%
Non-controlling interest	(199)	(117)	(82)	70%
	1,069	1,257	(188)	-15%

Revenue for this quarter increased by approximately RM1.515 million (7%), while profit from the operation decreased by RM0.225 million (12%). Despite increase in revenue, profit before taxation drop by 11% in the current quarter as compared to preceding quarter is due to lower gross margin in the current quarter.

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 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 MARCH 2021 (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	
	2021	2020
	RM'000	RM'000
Tax (assets)/liabilities at 1 July	(240)	603
Current period's provision	1,684	724
Net payment made during the year	(558)	(1,368)
	886	(41)
Disclosed as:		
Tax assets	(10)	(254)
Tax liabilities	896	213
	886	(41)
Taxation expense for the period:-		
- Malaysian taxation	1,684	724
- Deferred taxation	-	(25)
	1,684	699

The effective tax rate for the period ended 31st March 2021 was approximately 25.78% due to certain expenses that are disallowed for tax deduction.

6. CORPORATE PROPOSAL

On 23 April 2021, Affin Hwang Investment Bank Berhad had, on behalf of the Board announced that the Company proposes to undertake the following:

- (i) proposed bonus issue of 40,742,200 new ordinary shares in the Company ("TGL Share(s)") ("Bonus Share(s)") on the basis of 1 Bonus Share for every 1 existing TGL Share held by the shareholders whose names appear in the Record of Depositors as at the close of business on an entitlement date to be determined and announced later ("Entitlement Date") ("Proposed Bonus Issue"); and
- (ii) proposed establishment of a long term incentive plan of up to 10% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the duration of the scheme for the eligible executive directors and employees of the Company and its subsidiary companies ("TGL Group" or "Group") (excluding subsidiary companies which are dormant) ("Proposed LTIP" or "Scheme"). The Proposed LTIP comprises a share grant plan ("Proposed SGP") and a share option plan ("Proposed SOP").

The above proposals had been submitted to Bursa Securities on 27th April 2021 and approved by Bursa Securities on 10th May 2021.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 MARCH 2021 (cont'd)**

7. GROUP BORROWINGS AND DEBT SECURITIES

	As at 31 March 2021 RM'000	As at 30 June 2020 RM'000
Unsecured short term borrowings		
Bank overdrafts	97	185
Bankers' acceptance and invoice financing	5,043	11,490
	5,140	11,675
Secured hire purchase payables	264	156
Term loans	237	-
	5,641	11,831
Long term liabilities		
Secured hire purchase payables	397	344
Term loans	3,118	1,740
	3,515	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 MARCH 2021 (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 March		31 March	
	2021	2020	2021	2020
Net profit attributable to shareholders (RM'000)	1,268	127	5,159	2,282
Weighted average number of ordinary shares in issue ('000)	40,742	40,742	40,742	40,742
Basic earnings per share (sen)	3.11	0.31	12.66	5.60

(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 2021.

13. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter ended	Year to date ended
	31 March 2021	31 March 2021
	RM'000	RM'000
Profit from operations for the period is arrived		
After charging:		
Depreciation of investment properties	158	473
Depreciation of property, plant and equipment	156	491
Depreciation of right-of-use assets	280	847
Deposit written off	3	3
Fair value change in investment in quoted shares	66	183
Property, plant and equipment written off	22	22
And after crediting:		
Distribution from investment management funds	146	666
Dividend income	-	66
Fair value change on investment management funds	188	194
Interest income	2	6
Profit from disposal of property, plant and equipment	82	89

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 2021 (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 May 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: 27th May 2021