

FINANCIAL RESULTS

* New Announcement

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

* Company name : **TEO GUAN LEE CORPORATION BHD**
Registration No. 199301028971 (283710-A)

* Stock name : **TGL**

* Stock code : **9369**

* Contact person : Madam Toh Kian Beng

* Designation : Executive Chairman

PART A1: QUARTERLY REPORT

* Quarterly report for financial period ended : **30th June 2023**

* Quarter : **4th Quarter**

* Financial Year End : **30th June 2023**

* The figures : Have not been audited

TEO GUAN LEE CORPORATION BHD (Registration No. 199301028971 (283710-A))

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2023 (UNAUDITED)**

	INDIVIDUAL PERIOD (4TH QUARTER)				CUMULATIVE PERIOD			
	Current Year Quarter 30/6/2023	Preceding Year Corresponding Quarter 30/6/2022	Changes	Changes	Current Year To-date 30/6/2023	Audited Preceding Year Corresponding Period 30/6/2022	Changes	Changes
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	40,713	54,084	(13,371)	-24.72%	126,599	129,650	(3,051)	-2.35%
Gross profit	15,564 38%	23,490 43%	(7,926)	-33.74% -5.00%	47,577 38%	48,067 37%	(490)	-1.02% 1.00%
Other operating income	488	1,615	(1,127)	-69.78%	2,047	5,609	(3,562)	-63.51%
Operating expenses	(12,082)	(12,398)	316	-2.55%	(33,977)	(31,433)	(2,544)	8.09%
Profit from the operation	3,970	12,707	(8,737)	-68.76%	15,647	22,243	(6,596)	-29.65%
Finance costs	(173)	(130)	(43)	33.08%	(666)	(454)	(212)	46.70%
Profit before taxation	3,797	12,577	(8,780)	-69.81%	14,981	21,789	(6,808)	-31.25%
Taxation	(480)	(2,548)	2,068	-81.16%	(3,592)	(4,817)	1,225	-25.43%
Profit for the period representing total comprehensive income for the period, net of tax	3,317	10,029	(6,712)	-66.93%	11,389	16,972	(5,583)	-32.90%
Profit attributable to :								
Equity holders of the parent	3,321	9,017	(5,696)	-63.17%	11,388	15,931	(4,543)	-28.52%
Non-controlling interest	(4)	1,012	(1,016)	-100.40%	1	1,041	(1,040)	99.90%
	3,317	10,029	(6,712)	-66.93%	11,389	16,972	(5,583)	-32.90%
Earnings per share	Sen	Sen			Sen	Sen		
-Basic	3.98	11.01			13.72	19.48		
-Diluted	3.98	11.00			13.72	19.47		

The condensed consolidated statements of comprehensive income statements should be read in conjunction with the audited financial statements for the year ended 30th June 2022 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Unaudited 30/6/2023 RM'000	Audited 30/6/2022 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	2,238	2,082
Investment properties	26,453	23,436
Right-of-use assets	3,639	4,512
Investment in quoted shares	2,003	1,900
Intangible asset	3,150	-
Deferred tax assets	80	99
	<hr/> 37,563	<hr/> 32,029
CURRENT ASSETS		
Inventories	34,124	12,695
Receivables	22,610	32,743
Tax assets	45	11
Investment management funds	42,480	61,777
Deposits, cash and bank balances	2,631	3,880
Investment in subsidiary, held for distribution	306	
	<hr/> 102,196	<hr/> 111,106
TOTAL CURRENT ASSETS	<hr/> 102,196	<hr/> 111,106
TOTAL ASSETS	<hr/> 139,759	<hr/> 143,135
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY		
HOLDERS OF THE PARENT		
Share capital	43,219	41,539
Reserves	71,063	66,465
	<hr/> 114,282	<hr/> 108,004
Non-controlling interest	-	1,444
TOTAL EQUITY	<hr/> 114,282	<hr/> 109,448
NON-CURRENT LIABILITIES		
Borrowings	2,826	3,127
Lease liabilities	3,074	3,930
Deferred taxation	1,524	1,575
	<hr/> 7,424	<hr/> 8,632
CURRENT LIABILITIES		
Payables	9,404	13,192
Tax liabilities	752	2,452
Lease liabilities	856	820
Borrowings	7,041	8,591
	<hr/> 18,053	<hr/> 25,055
TOTAL LIABILITIES	<hr/> 25,477	<hr/> 33,687
TOTAL EQUITY AND LIABILITIES	<hr/> 139,759	<hr/> 143,135

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30th June 2022 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2023 (UNAUDITED)**

	Attributable to equity holders of the Company					
	Non-distributable		Distributable		Non-Controlling Interest	Total Equity
	Share Capital	Share Based Reserve	Retained Earnings	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance at 1 July 2021	40,742	-	52,830	93,572	403	93,975
Total comprehensive income for the year	-	-	15,931	15,931	1,041	16,972
Transactions with owner						
Shares awarded and share options vested under Long Term Incentive Plan ("LTIP")	-	946	-	946	-	946
Issuance of shares pursuant to LTIP						
- Shares awarded	797	(797)	-	-	-	-
Dividend paid	-	-	(2,445)	(2,445)	-	(2,445)
	797	149	(2,445)	(1,499)	-	(1,499)
Balance at 30 June 2022/1 July 2022	41,539	149	66,316	108,004	1,444	109,448
Total comprehensive income for the period	-	-	11,388	11,388	1	11,389
Transitions with owners						
Shares awarded and share options vested under Long Term Incentive Plan ("LTIP")	-	884	-	884	-	884
Issuance of shares pursuant to LTIP						
- Shares awarded	622	(622)	-	-	-	-
- Share option	1,058	(394)	-	664	-	664
Dividend paid	-	-	(6,658)	(6,658)	(1,175)	(7,833)
De-recognised of non-controlling interest of the subsidiary held for distribution	-	-	-	-	(270)	(270)
	1,680	(132)	(6,658)	(5,110)	(1,445)	(6,555)
Balance at 30 June 2023	43,219	17	71,046	114,282	-	114,282

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30th June 2022 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 30 JUNE 2023 (UNAUDITED)**

	Unaudited 30/6/2023 RM'000	Audited 30/6/2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	14,981	21,789
Adjustments for:		
Non-cash items		
Amortisation of intangible asset	350	-
Depreciation of investment properties	756	737
Depreciation of property, plant and equipment	775	602
Depreciation of right-of-use assets	873	1,031
Distribution from investment management funds	(90)	(489)
Dividend income	(103)	(84)
Expenses relating to short term lease	-	14
Fair value change in other investments	(103)	(6)
Fair value change in investment management funds	(1,726)	(309)
Gain on disposal of property, plant and equipment and assets held for sale	(38)	(2,438)
Intangible asset written off	87	-
Interest expenses	666	454
Interest income	(49)	(22)
Inventories written down to net realisable value	3,446	4,119
Share based expenses	884	946
	20,709	26,344
Operating profit before working capital changes	20,709	26,344
Changes in inventories	(24,875)	6,318
Changes in receivables	9,829	(966)
Changes in payables	(4,058)	(433)
	1,605	31,263
Cash generated from operations	1,605	31,263
Dividend paid to equity holders of the Company	(6,658)	(2,445)
Dividend paid to non-controlling interest	(1,175)	-
Interest received	49	22
Interest paid	(666)	(454)
Short-term lease payment	-	(14)
Tax paid	(5,348)	(2,858)
Tax refunded	2	33
	(12,191)	25,547
Net cash (used in)/from operating activities	(12,191)	25,547
CASH FLOWS FROM INVESTING ACTIVITIES		
Net movement in investment management funds	21,023	(27,430)
Acquisition of a subsidiary including trade mark, net of cash acquired	(3,599)	-
Dividend received	103	84
Proceeds from disposal of property, plant and equipment and assets held for sale	38	3,069
Proceeds from distribution from investment management funds	90	489
Payment for investment properties	(3,773)	(147)
Purchase of property, plant and equipment	(632)	(815)
	13,250	(24,750)
Net cash from/(used in) investing activities	13,250	(24,750)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 30 JUNE 2023 (UNAUDITED) (cont'd)**

	Unaudited 30/6/2023 RM'000	Audited 30/6/2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables and lease liabilities	(1,246)	(1,345)
Proceeds from drawn down of term loans	-	144
Proceeds from issuance of shares under LTIP	665	-
Repayment of term loans	(310)	(279)
Movement in short term borrowings	(1,417)	3,213
Net cash (used in)/from financing activities	(2,308)	1,733
Net changes in cash and cash equivalents	(1,249)	2,530
Cash and cash equivalent at beginning of period	3,880	1,350
Cash and cash equivalent at end of period	2,631	3,880
Represented by:		
Cash and bank balances	2,631	3,880

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statement for the year ended 30th June 2022 and the accompanying explanatory notes attached to the interim financial statements.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2023**

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 2022. 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 2022.

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 2022 and which were adopted by the Group on 1st July 2022.

Amendments to MFRS 3 - Reference to the Conceptual Framework
Amendments to MFRS 116 - Proceeds before intended use
Amendments to MFRS 137 - Onerous contracts - cost of fulfilling a contract
Annual improvements of MFRSs 2018 - 2020:
MFRS 1 - Subsidiary as First-time Adopter
MFRS 9 - fees in the 10% test for derecognition of financial liabilities
MFRS 140 - Taxation in fair value measurements
Illustrative Example accompanying MFRS 16 on lease incentives

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 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 JUNE 2023 (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 current quarter under review.

7. DIVIDEND PAID

No dividends were paid during the quarter under review.

8. SEGMENTAL REPORTING

Quarter ended 30th June 2023

	Apparels RM'000	Investment holding RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External revenue	124,602	1,997	-	126,599
Inter-segment revenue	19,203	36	(19,239)	-
Total segment revenue	143,805	2,033	(19,239)	126,599
Results				
Segment profit from operations	14,580	928	-	15,508
Interest income	49	-	-	49
Distribution from management investment funds	90	-	-	90
Interest expenses	(542)	(124)	-	(666)
Profit before tax	14,177	804	-	14,981
Tax expenses	(3,338)	(254)	-	(3,592)
Profit for the financial period	10,839	550	-	11,389
Attributable to:				
Owners of the Company				11,388
Non-controlling interest				1
				11,389
Segment assets	115,668	28,856	(4,765)	139,759
Segment liabilities	19,961	10,281	(4,765)	25,477

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 2022.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2023 (cont'd)**

10. MATERIAL SUBSEQUENT EVENTS

There were no other material events subsequent to the end of the current quarter.

11. CHANGES IN COMPOSITION OF GROUP

There were no changes in composition of the Group during the financial period other than the following:

- (i) acquisition of 100% equity interest of Teo Guan Lee Marketing Sdn. Bhd. (formally known as Kiko Garments Sdn. Bhd.) as disclosed in Note 6, Part B of this announcement; and
- (ii) On 20th March 2023, Syarikat Perniagaan Bingel (M) Sdn. Berhad (“SPB”), a dormant subsidiary of the Company, has been placed under members’ voluntary winding-up (‘winding-up’) pursuant to Section 439(1)(b) of the Companies Act 2016.

12. CONTINGENT LIABILITIES

There were no material contingent liabilities or contingent assets to be disclosed as at date of this report.

13. CAPITAL COMMITMENTS

There are no material commitments which require disclosure during the quarter.

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 June 2023:

	RM'000
Purchase of goods from	
- TGL Packaging Sdn. Bhd.	3
Rental paid to	
- TGL Packaging Sdn. Bhd.	420
- TGL Industries Sdn. Bhd.	600
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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2023**

1. REVIEW OF PERFORMANCE

	INDIVIDUAL PERIOD (3RD QUARTER)				CUMULATIVE PERIOD			
	Current Year	Preceding Year			Current Year	Preceding Year		
	Quarter	Quarter	Changes	Changes	To-date	Period	Changes	Changes
	30/6/2023	30/6/2022			30/6/2023	30/6/2022		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	40,713	54,084	(13,371)	-24.72%	126,599	129,650	(3,051)	-2.35%
Profit from the operation	3,970	12,707	(8,737)	-68.76%	15,647	22,243	(6,596)	-29.65%
Profit before taxation	3,797	12,577	(8,780)	-69.81%	14,981	21,789	(6,808)	-31.25%
Profit after taxation	3,317	10,029	(6,712)	-66.93%	11,389	16,972	(5,583)	-32.90%
Profit attributable to : Equity holders of the parent	3,321	9,017	(5,696)	-63.17%	11,388	15,931	(4,543)	-28.52%

Revenue for the current quarter under review was RM40.713 million as compared to RM54.084 million recorded in the same quarter in previous year, a decrease of 24.72% or RM13.371 million. The higher revenue report in the same quarter in previous year was mainly due to the Government's move to allow another withdrawal in April 2022 from the Employees Provident Fund ("EPF") which provided for more liquidity in the market and improved domestic spending. Current quarter revenue was lower with weaker consumer spending.

Profit before tax had decreased by RM8.780 million (69.81%) compared to the same quarter in previous year. The decreased in profit before tax was mainly due to lower sales turnover and reduced gross margins.

2. COMPARISON WITH PRECEDING QUARTER'S REPORT

	Current Year	Immediate		
	Quarter	Preceding		
	30 June 2023	Quarter		
	RM'000	31 March 2023	Changes	Changes
		RM'000	RM'000	%
Revenue	41,713	34,861	6,852	20%
Profit from the operation	3,970	4,760	(790)	-17%
Profit before taxation	3,797	4,577	(780)	-17%
Profit after tax	3,317	3,552	(235)	-7%
Profit attributable to : Equity holders of the parent	3,321	3,551	(230)	-6%

As compared to the previous quarter, revenue for the quarter under review had increased by RM6.852 million or 20% despite profit before taxation had decreased by RM0.780 million or 17% respectively, as compared to preceding quarter. Revenue for the current quarter was higher due Hari Raya festival sales.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2023 (cont'd)**

3. COMMENTARY ON PROSPECTS

For the financial year recently concluded, profit after taxation decrease by approximately RM5.583 million or 32.90% from RM16.972 million to RM11.389 million when compared to that of the previous financial year.

As a result of the uncertain economic conditions ahead, geopolitical tensions since February 2022, potential supply chain disruption, fluctuation in foreign exchange, increase in material cost and other related inflation, the retail environment remains challenging. Nevertheless, the Management remains cautiously optimistic of the Group's performance and will continue implementing measures to control costs, optimising working capital, preserving cash and streamline its operations to minimise the impact.

4. VARIANCE FROM PROFIT FORECASTS

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

5. TAXATION

	Year to date ended	
	30 June 2023	30 June 2022
	RM'000	RM'000
Tax liabilities/(assets) at 1 July 2022/2021	2,441	440
Current period's provision	3,624	4,609
Real Property Gains Tax	-	216
Acquisition of subsidiary	(12)	
Net payment made during the period/year	(5,346)	(2,824)
	707	2,441
Disclosed as:		
Tax assets	(45)	(11)
Tax liabilities	752	2,452
	707	2,441
Taxation expense for the period:-		
- Malaysian taxation	3,624	4,609
- Real Property Gains Tax	-	216
- Deferred taxation	(32)	(8)
	3,592	4,817

The effective tax rate for the period ended 30th June 2023 was approximately 24%.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2023 (cont'd)**

6. CORPORATE PROPOSAL

On 1st December 2022, the Board of Directors announced that the Company proposed to acquire 100% equity interest inclusive of trade mark in TGL Marketing Sdn. Bhd. (formerly known as Kiko Garments Sdn. Bhd.) for a total purchase consideration of RM5,486,071 from Cetrac International Co. Ltd. for cash.

The above proposed acquisition had been completed on 29th December 2022.

Subsequently, the Company assigned the cost of trade mark “KiKo” to TGL Marketing Sdn. Bhd. at RM3.5 million. The cost of investment in TGL Marketing Sdn. Bhd. thus is RM1,986,071.

7. GROUP BORROWINGS AND DEBT SECURITIES

	As at 30 June 2023 RM'000	As at 30 June 2022 RM'000
Unsecured short term borrowings		
Bankers' acceptance	6,507	7,923
Secured		
Hire purchase payables	236	382
Term loans	298	286
	7,041	8,591
Long term liabilities		
Secured		
Hire purchase payables	206	186
Term loans	2,620	2,941
	2,826	3,127
Total borrowings	9,867	11,718

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.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2023 (cont'd)**

10. DIVIDEND PAYABLE

Details of dividends proposed by the Board of Directors in respect of financial year ended 30th June 2023 are as follows:

	RM'000
Proposed final single tier dividend of 5 sen per ordinary share	4,174
Proposed special single tier dividend of 3 sen per ordinary share	2,504
	<u>6,678</u>

The proposed final and special dividends are 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 30th June 2022 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:

	Individual quarter ended		Year to date ended	
	30 June		30 June	
	2023	2022	2023	2022
Net profit attributable to shareholders (RM'000)	3,321	9,017	11,388	15,931
Weighted average number of ordinary shares Shares in issue ('000)	83,365	81,930	83,006	81,778
Basic earnings per share (sen)	3.98	11.01	13.72	19.48

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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2023 (cont'd)**

12. EARNINGS PER SHARE (cont'd)

(b) Diluted earnings per share

	Individual quarter ended		Year to date ended	
	30 June		30 June	
	2023	2022	2023	2022
Net profit attributable to shareholders (RM'000)	3,321	9,017	11,388	15,931
Weighted average number of ordinary shares				
Shares in issue ('000)	83,365	81,930	83,006	81,778
Effect of dilution of share options ('000)	3	25	3	25
	83,368	81,955	83,009	81,803
Diluted earnings per share (sen)	3.98	11.00	13.72	19.47

13. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter ended	Year to date ended
	30 June 2023	30 June 2023
	RM'000	RM'000
Profit from operations for the period is arrived		
After charging:		
Amortisation of intangible asset	350	350
Depreciation of investment properties	204	756
Depreciation of property, plant and equipment	209	775
Depreciation of right-of-use assets	218	873
Fair value change in investment in quoted shares	(163)	(103)
Intangible asset written off	87	87
And after crediting:		
Distribution from investment management funds	-	90
Dividend income	16	103
Fair value change on investment management funds	367	1,726
Gain on disposal of property, plant and equipment	-	38
Interest income	15	49

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 28th August 2023.