

## **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 : **30<sup>th</sup> September 2013**

\* Quarter : **1<sup>st</sup> Quarter**

\* Financial Year End : **30<sup>th</sup> June 2014**

\* 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 2013 (UNAUDITED)**

	3-MONTH ENDED		YEAR TO DATE ENDED	
	30/9/2013	30/9/2012	30/9/2013	30/9/2012
	RM'000	RM'000	RM'000	RM'000
Revenue	<b>39,226</b>	42,582	<b>39,226</b>	42,582
Gross profit	<b>17,734</b>	18,396	<b>17,734</b>	18,396
	<b>45%</b>	43%	<b>45%</b>	43%
Other operating income	<b>217</b>	144	<b>217</b>	144
Operating expenses	<b>(8,034)</b>	(7,787)	<b>(8,034)</b>	(7,787)
Profit from the operation	<b>9,917</b>	10,753	<b>9,917</b>	10,753
Finance costs	<b>(72)</b>	(217)	<b>(72)</b>	(217)
Profit before taxation	<b>9,845</b>	10,536	<b>9,845</b>	10,536
Taxation	<b>(2,507)</b>	(2,714)	<b>(2,507)</b>	(2,714)
Profit for the period	<b>7,338</b>	7,822	<b>7,338</b>	7,822
Other comprehensive income for the period, net of tax	<b>234</b>	58	<b>234</b>	58
Total comprehensive income for the period	<b>7,572</b>	7,880	<b>7,572</b>	7,880
Profit attributable to :				
Equity holders of the parent	<b>7,306</b>	7,785	<b>7,306</b>	7,785
Non-controlling interest	<b>32</b>	37	<b>32</b>	37
	<b>7,338</b>	7,822	<b>7,338</b>	7,822
Total comprehensive income attributable to:				
Equity holders of the parent	<b>7,540</b>	7,843	<b>7,540</b>	7,843
Non-controlling interest	<b>32</b>	37	<b>32</b>	37
	<b>7,572</b>	7,880	<b>7,572</b>	7,880
Earnings per share				
-Basic	<b>17.93</b>	19.11	<b>17.93</b>	19.11
-Diluted	<b>N/A</b>	N/A	<b>N/A</b>	N/A

The condensed consolidated statements of comprehensive income statements should be read in conjunction with the audited financial statements for the year ended 30<sup>th</sup> June 2013 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2013**

	Unaudited as at 30.09.2013 RM'000	Audited as at as at 30.6.2013 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	4,654	4,919
Investment properties	22,866	22,978
Investment in subsidiary companies	102	102
Available for sale investments	1,699	1,569
Deferred tax assets	37	37
	<b>29,358</b>	<b>29,605</b>
<b>CURRENT ASSETS</b>		
Non-current asset held for sale	-	70
Inventories	45,517	55,989
Receivables	34,399	25,603
Tax assets	43	43
Cash and bank balances	2,486	3,577
	<b>82,445</b>	<b>85,282</b>
<b>TOTAL ASSETS</b>	<b>111,803</b>	<b>114,887</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		
Share capital	40,742	40,742
Reserves	38,824	31,284
	<b>79,566</b>	<b>72,026</b>
Non-controlling interest	1,119	1,087
<b>TOTAL EQUITY</b>	<b>80,685</b>	<b>73,113</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	174	210
Deferred tax liabilities	2,174	2,174
	<b>2,348</b>	<b>2,384</b>
<b>CURRENT LIABILITIES</b>		
Payables	22,035	37,045
Tax liabilities	2,972	1,126
Borrowings	3,763	1,219
	<b>28,770</b>	<b>39,390</b>
<b>TOTAL LIABILITIES</b>	<b>31,118</b>	<b>41,774</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>111,803</b>	<b>114,887</b>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30<sup>th</sup> June 2013 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 2013 (UNAUDITED)**

	Attributable to equity holders of the parent					
	Non-distributable		Distributable		Non-Controlling Interest	Total Equity
	Share Capital	Fair value Reserve	Retained Profits	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance at 1 July 2012	40,742	(248)	26,177	66,671	1,050	67,721
Total comprehensive income for the period	-	295	8,115	8,410	37	8,447
Dividend paid	-	-	(3,055)	(3,055)	-	(3,055)
Balance at 30 June 2013/1 July 2013	40,742	47	31,237	72,026	1,087	73,113
Total comprehensive income for the period	-	234	7,306	7,540	32	7,572
Balance at 30 September 2013	40,742	281	38,543	79,566	1,119	80,685

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30<sup>th</sup> June 2013 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE QUARTER ENDED 30 SEPTEMBER 2013 (UNAUDITED)**

	<b>30/9/2013</b>	30/9/2012
	<b>RM'000</b>	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>9,845</b>	11,536
Adjustments for:		
Non-cash items		
Depreciation of property, plant and equipment	<b>315</b>	369
Depreciation of investment properties	<b>140</b>	128
Inventories written off/written down	<b>330</b>	500
Profit on disposal of property, plant and equipment	<b>(12)</b>	(18)
Profit on disposal of asset held for sales	<b>(20)</b>	-
Profit on disposal of available-for-sale financial assets	<b>(35)</b>	-
	<b>10,563</b>	11,515
Dividend income	<b>(20)</b>	(13)
Interest expenses	<b>72</b>	217
Interest income	<b>(12)</b>	(2)
Operating profit before working capital changes	<b>10,603</b>	11,717
Changes in inventories	<b>10,142</b>	6,797
Changes in receivables	<b>(8,796)</b>	(19,497)
Changes in payables	<b>(15,010)</b>	(3,132)
<b>Cash used in operations</b>	<b>(3,061)</b>	(4,115)
Interest received	<b>12</b>	2
Interest paid	<b>(72)</b>	(217)
Tax paid	<b>(661)</b>	(509)
<b>Net cash used in operating activities</b>	<b>(3,782)</b>	(4,839)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(79)</b>	(99)
Purchase of available for sale investment	<b>-</b>	(93)
Proceeds from disposal of property, plant and equipment	<b>20</b>	18
Proceeds from disposal of asset held for sales	<b>90</b>	-
Proceeds from disposal of available-for-sale financial assets	<b>133</b>	-
Dividend received	<b>20</b>	13
<b>Net cash generated from/(used in) investing activities</b>	<b>184</b>	(161)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Bank borrowings	<b>2,469</b>	5,679
<b>Net cash generated from financing activity</b>	<b>2,469</b>	5,679
Net changes in cash and cash equivalents	<b>(1,129)</b>	679
Cash and cash equivalent at beginning of period	<b>3,577</b>	(1,377)
Cash and cash equivalent at end of period	<b>2,448</b>	(698)
Represented by:		
Cash and bank balances	<b>2,486</b>	643
Bank overdrafts	<b>(38)</b>	(1,341)
	<b>2,448</b>	(698)

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30<sup>th</sup> June 2013 and the accompanying explanatory notes attached to the interim financial statements.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 SEPTEMBER 2013**

**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 30<sup>th</sup> June 2013. 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 30<sup>th</sup> June 2013.

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 significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30<sup>th</sup> June 2013.

**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.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 SEPTEMBER 2013 (cont'd)**

**8. SEGMENTAL REPORTING**

Year ended 30<sup>th</sup> September 2013

	Apparels RM'000	Investment properties RM'000	Total RM'000
Revenue	38,760	466	39,226
Profit before interest, taxes, depreciation and amortisation	10,126	234	10,360
Depreciation and amortisation			(455)
Interest expenses			(72)
Interest income			12
Profit before taxation			9,845
Tax expenses			(2,507)
Profit for the period			7,338

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 30<sup>th</sup> June 2013.

**10. MATERIAL SUBSEQUENT EVENTS**

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

**11. CHANGES IN COMPOSITION OF GROUP**

On 28 June 2013, two dormant wholly-owned subsidiary companies namely, Electra Impressions Sdn. Bhd. ("EISB") and Mode Fashion Marketing Sdn. Bhd. ("MFM") have been placed under members' voluntary winding-up ("winding-up") pursuant to Section 254(1)(b) of the Companies Act, 1965.

The winding-up of EISB and MFM has yet to be completed during the current quarter under review. The final meeting of EISB was held today and an update on the lodgement of the returns to CCM will be announced in due course.

There were no changes in composition of the Group during the quarter under review.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 SEPTEMBER 2013 (cont'd)**

**12. CONTINGENT LIABILITIES**

As at the date of this report, the Group has contingent liabilities as follows:-

Unsecured	<b>RM'000</b>
Corporate guarantees for credit facilities granted to subsidiary companies	30,428
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**13. CAPITAL COMMITMENTS**

Capital commitment as at 30<sup>th</sup> September 2013 is as follows:

Contracted	
Non-cancellable operating lease commitment	<b>RM'000</b>
- Not later than 1 year	527
- Later than 1 year and not later than 5 years	297
	<hr/>
	824
	<hr/>

**14. SIGNIFICANT RELATED PARTY TRANSACTIONS**

The Group undertakes at agreed terms and prices, the following significant related party transactions for the financial period ended 30<sup>th</sup> September 2013:

	<b>RM'000</b>
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	70
- TGL Packaging Sdn. Bhd.	1
Rental paid to	
- TGL Packaging Sdn. Bhd.	151
- TGL Industries Sdn. Bhd.	150
- Bidang Cendana Sdn. Bhd.	70
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**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 SEPTEMBER 2013**

**1. REVIEW OF PERFORMANCE**

Revenue for the current quarter under review was RM39.23 million as compared to RM42.58 million recorded in the same quarter in previous year, a decrease of 7.87% or RM3.35 million. The decrease in sales of children apparels was mainly due to the stiff competition among competitors and the relatively soft retail market.

Despite of higher gross profit margin of 45% against 43% as compared to the previous year corresponding quarter, the Group recorded a profit before tax of RM9.85 million for current quarter under review, a decrease of 6.55% or RM0.69 million as compared to profit before taxation of RM10.54 million in the previous year corresponding quarter. The decrease was mainly due to drop in sales coupled with the increase in staff cost.

**2. COMPARISON WITH PRECEDING QUARTER'S REPORT**

	Quarter ended 30 September 2013 RM'000	Quarter ended 30 June 2013 RM'000
Revenue	39,226	23,071
Profit/(Loss) before taxation	9,845	(674)

As compared to the previous quarter, revenue for the quarter under review had improved by RM16.15 million or 70.02%.

For the first quarter ended 30<sup>th</sup> September 2013, profit before taxation of the Group was RM9.85 million, compared with loss before taxation of RM0.67 million recorded in preceding quarter ended 30<sup>th</sup> June 2013.

The higher revenue achieved in current quarter under review was mainly due to higher sales recorded during nationwide mega sales and Hari Raya festive season.

**3. COMMENTARY ON PROSPECTS**

The retail business of the Group is expected to operate in a very challenging environment. Nevertheless, the Group maintains a cautious approach to the current financial year and continue to implement stringent cost controls and strategic measures to improve its performance.

Barring any unforeseen circumstances, the Directors are cautiously optimistic that the Group will continue to stay competitive and confident that the fashion apparel segment will contribute a comparable performance for the current financial year to that achieved during the previous financial year.

**4. VARIANCE FROM PROFIT FORECASTS**

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

**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 SEPTEMBER 2013 (cont'd)**

**5. TAXATION**

	<b>Year to date ended 30 September</b>	
	<b>2013</b>	2012
	<b>RM'000</b>	RM'000
Tax liabilities at 1 July	<b>1,083</b>	867
Current period's provision	<b>2,507</b>	2,714
Net payment made during the period	<b>(661)</b>	(509)
	<hr/> <b>2,929</b>	<hr/> 3,072
Tax liabilities at 30 September	<hr/> <b>2,929</b>	<hr/> 3,072
Disclosed as:		
Tax assets	<b>(43)</b>	(82)
Tax liabilities	<b>2,972</b>	3,154
	<hr/> <b>2,929</b>	<hr/> 3,072
Taxation expense for the period:-		
Malaysian taxation	<b>2,507</b>	2,714
	<hr/> <b>2,507</b>	<hr/> 2,714

The effective tax rate for the period ended 30<sup>th</sup> September 2013 was approximately 25.46% due to some 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 30 SEPTEMBER 2013 (cont'd)**

**7. GROUP BORROWINGS AND DEBT SECURITIES**

	<b>As at 30 September 2013 RM'000</b>	<b>As at 30 June 2013 RM'000</b>
(a) Short term borrowings		
- Unsecured	3,635	1,092
- Secured	128	127
	<b>3,763</b>	<b>1,219</b>
(b) Long term borrowings		
- Secured	174	210
	<b>174</b>	<b>210</b>
<b>Total</b>	<b>3,937</b>	<b>1,429</b>

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 final dividend which has been declared for the financial year ended 30<sup>th</sup> June 2013 is as follows:

Rate	:	10 sen per share less 25% tax
Announced	:	31 <sup>st</sup> October 2013
Book Closure	:	5 <sup>th</sup> December 2013
Payment Date	:	19 <sup>th</sup> December 2013

**11. QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report of the most recent annual financial statements for the financial year ended 30<sup>th</sup> June 2013 was not qualified.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 SEPTEMBER 2013 (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	
	2013	2012	2013	2012
Net profit attributable to shareholders (RM'000)	<b>7,306</b>	7,785	<b>7,306</b>	7,785
Weighted average number of ordinary shares in issue ('000)	<b>40,742</b>	40,742	<b>40,742</b>	40,742
Basic earnings per share (sen)	<b>17.93</b>	19.11	<b>17.93</b>	19.11

**(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 30<sup>th</sup> September 2013.

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**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 SEPTEMBER 2013 (cont'd)**

**13. REALISED AND UNREALISED PROFIT**

The determination of realised and unrealised profits or losses is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysia Institute of Accountants on 20<sup>th</sup> December 2010.

The disclosure of realised and unrealised profits or losses is made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	30 September 2013 RM'000	30 June 2013 RM'000
Total retained profits of the Group		
- Realised	38,857	31,551
- Unrealised	4,925	4,925
	<hr/>	<hr/>
	43,782	36,476
Consolidation adjustments	(5,239)	(5,239)
	<hr/>	<hr/>
	38,543	31,237
	<hr/>	<hr/>

**14. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME**

	Individual quarter ended 30 September 2013 RM'000	Year to date ended 30 September 2013 RM'000
Profit from operations for the period is arrived after charging:		
Depreciation of investment properties	140	140
Depreciation of property, plant and equipment	315	315
Inventories written off/written down	330	330
And after crediting:		
Interest income	12	12
Profit on disposal of property, plant and equipment and investment property/asset held for sales	32	32
Profit on disposal of available-for-sale financial assets	35	35

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 2013 (cont'd)**

**15. 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 25<sup>th</sup> November 2013.

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

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Gunn Chit Geok (MAICSA 0673097)  
Chew Siew Cheng (MAICSA 7019191)  
Company Secretaries

Date: 25<sup>th</sup> November 2013