

## **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 : **31<sup>st</sup> March 2014**

\* Quarter : **3<sup>rd</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)**

<b>CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME</b>					
<b>FOR THE QUARTER ENDED 31 MARCH 2014 (UNAUDITED)</b>					
	<b>3-MONTH ENDED</b>		<b>YEAR TO DATE ENDED</b>		
	<b>31.03.2014</b>	31.03.2013	<b>31.03.2014</b>	31.03.2013	
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000	
Revenue	<b>17,783</b>	20,321	<b>80,422</b>	87,022	
Gross profit	<b>6,909</b>	7,199	<b>33,422</b>	34,903	
	<b>39%</b>	35%	<b>42%</b>	40%	
Other operating income	<b>168</b>	155	<b>640</b>	510	
Operating expenses	<b>(7,245)</b>	(7,178)	<b>(23,091)</b>	(23,157)	
(Loss)/Profit from the operation	<b>(168)</b>	176	<b>10,971</b>	12,256	
Finance costs	<b>(8)</b>	(55)	<b>(103)</b>	(410)	
Profit before taxation	<b>(176)</b>	121	<b>10,868</b>	11,846	
Taxation	<b>118</b>	(37)	<b>(2,762)</b>	(3,094)	
(Loss)/Profit for the period	<b>(58)</b>	84	<b>8,106</b>	8,752	
Other comprehensive income for the period, net of tax	<b>(63)</b>	52	<b>285</b>	247	
Total comprehensive income for the period	<b>(121)</b>	136	<b>8,391</b>	8,999	
(Loss)/Profit attributable to :					
Equity holders of the parent	<b>(64)</b>	76	<b>8,010</b>	8,676	
Non-controlling interest	<b>6</b>	8	<b>96</b>	76	
	<b>(58)</b>	84	<b>8,106</b>	8,752	
Total comprehensive income/(expenses) attributable to:					
Equity holders of the parent	<b>(127)</b>	128	<b>8,295</b>	8,923	
Non-controlling interest	<b>6</b>	8	<b>96</b>	76	
	<b>(121)</b>	136	<b>8,391</b>	8,999	
Earnings per share					
-Basic	<b>(0.16)</b>	0.19	<b>19.66</b>	21.29	
-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.

**TEO GUAN LEE CORPORATION BHD** (COMPANY NUMBER 283710-A)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2014**

	Unaudited as at 31.03.2014 RM'000	Audited as at as at 30.6.2013 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	4,851	4,919
Investment properties	22,596	22,978
Investment in subsidiary companies	101	102
Available for sale investments	2,008	1,569
Deferred tax assets	37	37
	<hr/> 29,593	<hr/> 29,605
<b>CURRENT ASSETS</b>		
Non-current asset held for sale	-	70
Inventories	41,685	55,989
Receivables	19,183	25,603
Tax assets	64	43
Cash and bank balances	6,222	3,577
	<hr/> 67,154	<hr/> 85,282
<b>TOTAL ASSETS</b>	<hr/> <b>96,747</b>	<hr/> <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	36,524	31,284
	<hr/> 77,266	<hr/> 72,026
Non-controlling interest	1,183	1,087
<b>TOTAL EQUITY</b>	<hr/> <b>78,449</b>	<hr/> <b>73,113</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	26	210
Deferred tax liabilities	2,174	2,174
	<hr/> 2,200	<hr/> 2,384
<b>CURRENT LIABILITIES</b>		
Payables	13,022	37,045
Tax liabilities	1,406	1,126
Borrowings	1,670	1,219
	<hr/> 16,098	<hr/> 39,390
<b>TOTAL LIABILITIES</b>	<hr/> <b>18,298</b>	<hr/> <b>41,774</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<hr/> <b>96,747</b>	<hr/> <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.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY  
FOR THE QUARTER ENDED 31 MARCH 2014 (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	-	285	8,010	8,295	96	8,391
Dividend paid	-	-	(3,055)	(3,055)	-	(3,055)
Balance at 31 March 2014	40,742	332	36,192	77,266	1,183	78,449

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.

**TEO GUAN LEE CORPORATION BHD** (COMPANY NUMBER 283710-A)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE QUARTER ENDED 31 MARCH 2014 (UNAUDITED)**

	31.03.2014 RM'000	31.03.2013 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>10,868</b>	11,846
Adjustments for:		
Non-cash items		
Allowances for doubtful debts	-	63
Depreciation and amortisation	<b>1,432</b>	1,517
Inventories written off/written down	<b>1,500</b>	1,500
Profit on disposal of property, plant and equipment	<b>(141)</b>	(126)
Profit on disposal of asset held for sales	<b>(20)</b>	-
Profit on disposal of available-for-sale financial assets	<b>(29)</b>	-
	<b>13,610</b>	14,800
Dividend income	<b>(31)</b>	(26)
Interest expenses	<b>103</b>	410
Interest income	<b>(93)</b>	(49)
Operating profit before working capital changes	<b>13,589</b>	15,135
Changes in inventories	<b>12,804</b>	14,752
Changes in receivables	<b>6,420</b>	1,753
Changes in payables	<b>(24,024)</b>	(8,799)
<b>Cash generated from operations</b>	<b>8,789</b>	22,841
Dividend paid	<b>(3,055)</b>	(3,056)
Interest received	<b>93</b>	49
Interest paid	<b>(103)</b>	(410)
Tax paid	<b>(2,503)</b>	(2,057)
<b>Net cash generated from operating activities</b>	<b>3,221</b>	17,367
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(1,044)</b>	(1,179)
Purchase of available for sale investment	<b>(258)</b>	(93)
Proceeds from disposal of property, plant and equipment	<b>204</b>	226
Proceeds from disposal of asset held for sales	<b>90</b>	-
Proceeds from disposal of available-for-sale financial assets	<b>133</b>	-
Net cash inflow from winding up a subsidiary company	<b>1</b>	-
Dividend received	<b>31</b>	26
<b>Net cash used in investing activities</b>	<b>(843)</b>	(1,020)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Bank borrowings	<b>267</b>	(10,814)
<b>Net cash used in financing activity</b>	<b>267</b>	(10,814)
Net changes in cash and cash equivalents	<b>2,645</b>	5,533
Cash and cash equivalent at beginning of period	<b>3,577</b>	(1,377)
Cash and cash equivalent at end of period	<b>6,222</b>	4,156
Represented by:		
Cash and bank balances	<b>6,222</b>	4,612
Bank overdrafts	-	(456)
	<b>6,222</b>	4,156

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 31 MARCH 2014**

**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 31 MARCH 2014 (cont'd)**

**8. SEGMENTAL REPORTING**

Period ended 31<sup>st</sup> March 2014

	Apparels RM'000	Investment properties RM'000	Total RM'000
Revenue	78,996	1,426	80,422
Profit before interest, taxes, depreciation and amortisation	11,562	748	12,310
Depreciation and amortisation			(1,432)
Interest expenses			(103)
Interest income			93
Profit before taxation			10,868
Tax expenses			(2,762)
Profit for the period			8,106

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.

EISB had been dissolved on the expiration of three (3) months after the lodgement of the Final Meeting pursuant to Section 272(5) of the Companies Act, 1965.

The winding up of MFM has yet to be completed during the current quarter under review.

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 31 MARCH 2014 (cont'd)**

**12. CONTINGENT LIABILITIES**

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

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

**13. CAPITAL COMMITMENTS**

Capital commitment as at 31<sup>st</sup> March 2014 is as follows:

Contracted	
Non-cancellable operating lease commitment	<b>RM'000</b>
- Not later than 1 year	769
- Later than 1 year and not later than 5 years	129
	<hr/> 898 <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 31<sup>st</sup> March 2014:

	<b>RM'000</b>
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	141
- TGL Packaging Sdn. Bhd.	6
Rental paid to	
- TGL Packaging Sdn. Bhd.	454
- TGL Industries Sdn. Bhd.	450
- Bidang Cendana Sdn. Bhd.	211

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**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 MARCH 2014**

**1. REVIEW OF PERFORMANCE**

Revenue for the current quarter under review was RM17.78 million as compared to RM20.32 million recorded in the same quarter in previous year, a decrease of 12.50% or RM2.54 million.

The drop in sales by RM2.54 million is mainly due to relatively soft retail market. Despite the drop in sales, gross margin increased by 4% from 35% to 39%. However with the drop in gross profit of RM0.29 million, coupled with the increase in operating expenses, the Group recorded a loss before taxation of RM 0.17 million.

For the cumulative 9 months period ended, the Group's revenue was RM80.42 million as compared to RM87.02 million recorded in the previous year corresponding period, a decrease of 7.58% or RM6.60 million. The decrease in sales of children apparels was mainly due to the stiff competition among competitors and the relatively soft retail market.

The Group recorded a lower profit before taxation for the cumulative 9 months period ended at RM10.87 million as compared to RM11.85 million recorded in the previous year corresponding period, a decrease of 8.25% or RM0.98 million. The decrease was mainly due to drop in sales thus resulting in a drop of gross profit of RM 1.48 million. With lesser usage of trade facilities, finance costs decrease from RM0.41 million to RM 0.103 million.

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

	Quarter ended 31 March 2014 RM'000	Quarter ended 31 December 2013 RM'000
Revenue	17,783	23,413
(Loss)/Profit before taxation	(58)	1,199

The Group recorded a loss before taxation of RM58,000 for the current quarter which was substantially lower than the preceding quarter of RM1.20 million. The substantial decline in profit before tax was due to lower sales generated in the current quarter. The lower sales achieved in the third quarter as compared to the preceding quarter was because Chinese New Year was in January 2014 thus the trend of consumers shopping early during year end school holidays.

**3. COMMENTARY ON PROSPECTS**

The Board anticipates that the performance of the Group remains challenging in the following quarter in present competitive trend of the apparels industry and rising cost of living of consumers resulting in very cautious spending. The Group will continue to strive to improve its brand presence and product mix in order to achieve better sales and better gross margins. The Board anticipate that for the current financial year, the Group will be able to achieve comparable performance to that of last 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 31 MARCH 2014 (cont'd)**

**5. TAXATION**

	<b>Year to date ended 31 March</b>	
	<b>2014 RM'000</b>	<b>2013 RM'000</b>
Tax liabilities at 1 July	1,083	867
Current period's provision	2,762	3,057
Net payment made during the period	(2,503)	(913)
	<hr/>	<hr/>
Tax liabilities at 31 March	1,342	3,011
	<hr/>	<hr/>
Disclosed as:		
Tax assets	(64)	(53)
Tax liabilities	1,406	3,064
	<hr/>	<hr/>
	1,342	3,011
	<hr/>	<hr/>
Taxation expense for the period:-		
Malaysian taxation	2,762	3,057
	<hr/>	<hr/>

The effective tax rate for the period ended 31<sup>st</sup> March 2014 was approximately 25.41% 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 31 MARCH 2014 (cont'd)**

**7. GROUP BORROWINGS AND DEBT SECURITIES**

	<b>As at 31 March 2014 RM'000</b>	<b>As at 30 June 2013 RM'000</b>
(a) Short term borrowings		
- Unsecured	<b>1,601</b>	1,092
- Secured	<b>69</b>	127
	<b>1,670</b>	1,219
(b) Long term borrowings		
- Secured	<b>26</b>	210
	<b>26</b>	210
<b>Total</b>	<b>1,696</b>	1,429

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 30<sup>th</sup> June 2013 was not qualified.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 MARCH 2014 (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	
	2014	2013	2014	2013
Net (loss)/profit attributable to shareholders (RM'000)	<b>(64)</b>	76	<b>8,010</b>	8,676
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>(0.16)</b>	0.19	<b>19.66</b>	21.29

**(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 31<sup>st</sup> March 2014.

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**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 MARCH 2014 (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:

	31 March 2014 RM'000	30 June 2013 RM'000
Total retained profits of the Group		
- Realised	36,506	31,551
- Unrealised	4,925	4,925
	<hr/>	<hr/>
	41,431	36,476
Consolidation adjustments	(5,239)	(5,239)
	<hr/>	<hr/>
	36,192	31,237
	<hr/>	<hr/>

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

	Individual quarter ended 31 March 2014 RM'000	Year to date ended 31 March 2014 RM'000
Profit from operations for the period is arrived after charging:		
Depreciation of investment properties	140	420
Depreciation of property, plant and equipment	360	12
Inventories written off/written down	500	1,500
And after crediting:		
Interest income	73	93
Profit on disposal of property, plant and equipment and investment property/asset held for sales	9	141
Profit on disposal of available-for-sale financial assets	-	29

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 2014 (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 28<sup>th</sup> May 2014.

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: 28<sup>th</sup> May 2014