

## **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 2016**

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

\* Financial Year End : **30<sup>th</sup> June 2016**

\* 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 2016 (UNAUDITED)</b>					
	<b>3-MONTH ENDED</b>		<b>YEAR TO DATE ENDED</b>		
	<b>31.03.2016</b>	31.03.2015	<b>31.03.2016</b>	31.03.2015	
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000	
Revenue	<b>18,247</b>	20,457	<b>64,145</b>	73,875	
Gross profit	<b>7,614</b>	7,637	<b>27,470</b>	30,593	
	<b>42%</b>	37%	<b>43%</b>	41%	
Other operating income	<b>165</b>	240	<b>454</b>	440	
Operating expenses	<b>(7,589)</b>	(7,673)	<b>(23,515)</b>	(24,117)	
Profit from the operation	<b>190</b>	204	<b>4,409</b>	6,916	
Finance costs	<b>(16)</b>	(20)	<b>(153)</b>	(199)	
Profit before taxation	<b>174</b>	184	<b>4,256</b>	6,717	
Taxation	<b>(35)</b>	(101)	<b>(1,171)</b>	(1,789)	
Profit for the period	<b>139</b>	83	<b>3,085</b>	4,928	
Other comprehensive income/(loss) for the period, net of tax	<b>(383)</b>	49	<b>(450)</b>	353	
Total comprehensive income/(loss) for the period	<b>(244)</b>	132	<b>2,635</b>	5,281	
Profit attributable to :					
Equity holders of the parent	<b>128</b>	104	<b>3,198</b>	4,945	
Non-controlling interest	<b>11</b>	(21)	<b>(113)</b>	(17)	
	<b>139</b>	83	<b>3,085</b>	4,928	
Total comprehensive income attributable to:					
Equity holders of the parent	<b>(255)</b>	153	<b>2,748</b>	5,298	
Non-controlling interest	<b>11</b>	(21)	<b>(113)</b>	(17)	
	<b>(244)</b>	132	<b>2,635</b>	5,281	
Earnings per share					
-Basic	<b>0.31</b>	0.26	<b>7.85</b>	12.14	
-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 2015 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 2016**

	Unaudited as at 31.03.2016 RM'000	Audited as at 30.6.2015 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	3,411	3,704
Investment properties	22,102	22,593
Unconsolidated subsidiary company	2,006	-
Available for sale investments	2,003	2,453
Deferred tax assets	95	95
	<hr/> 29,617	<hr/> 28,845
<b>CURRENT ASSETS</b>		
Inventories	30,167	47,716
Receivables	19,321	30,756
Tax assets	456	147
Financial assets at fair value through profit or loss	15,549	2,663
Deposits, cash and bank balances	714	2,400
	<hr/> 66,207	<hr/> 83,682
<b>TOTAL ASSETS</b>	<hr/> <b>95,824</b>	<hr/> <b>112,527</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		
Share capital	40,742	40,742
Reserves	37,924	38,231
	<hr/> 78,666	<hr/> 78,973
Non-controlling interest	961	1,074
<b>TOTAL EQUITY</b>	<hr/> <b>79,627</b>	<hr/> <b>80,047</b>
<b>NON-CURRENT LIABILITY</b>		
Deferred taxation	1,954	1,954
<b>CURRENT LIABILITIES</b>		
Payables	12,633	28,006
Tax liabilities	527	395
Borrowings	1,083	2,125
	<hr/> 14,243	<hr/> 30,526
<b>TOTAL LIABILITIES</b>	<hr/> <b>16,197</b>	<hr/> <b>32,480</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<hr/> <b>95,824</b>	<hr/> <b>112,527</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 2015 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY  
FOR THE QUARTER ENDED 31 MARCH 2016 (UNAUDITED)**

	Attributable to equity holders of the parent					
	Non-distributable		Distributable		Non-Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Fair value Reserve RM'000	Retained Profits RM'000	Total RM'000		
Balance at 1 July 2014	40,742	290	35,979	77,011	1,132	78,143
Total comprehensive income for the period	-	506	4,434	4,940	(58)	4,882
Effect of change in tax rate			77	77		77
Dividend paid	-	-	(3,055)	(3,055)	-	(3,055)
Balance at 30 June 2015/1 July 2015	40,742	796	37,435	78,973	1,074	80,047
Total comprehensive income for the period	-	(450)	3,198	2,748	(113)	2,635
Dividend paid	-	-	(3,055)	(3,055)	-	(3,055)
Balance at 31 March 2016	40,742	346	37,578	78,666	961	79,627

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 2015 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 2016 (UNAUDITED)**

	<b>Unaudited 31/3/2016 RM'000</b>	Unaudited 31/3/2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>4,256</b>	6,717
Adjustments for:		
Non-cash items		
Bad debts written off	<b>1</b>	-
Depreciation of property, plant and equipment	<b>959</b>	1,271
Depreciation of investment properties	<b>491</b>	420
Inventories written off/written down	<b>1,000</b>	1,600
Property, plant and equipment written off	-	6
Profit on disposal of property, plant and equipment	<b>(62)</b>	(4)
Loss on disposal of available-for-sale financial assets	-	3
	<b>6,645</b>	10,013
Dividend income	<b>(67)</b>	(45)
Interest expenses	<b>153</b>	199
Interest income	<b>(207)</b>	(79)
Operating profit before working capital changes	<b>6,524</b>	10,088
Changes in inventories	<b>16,549</b>	21,894
Changes in receivables	<b>9,421</b>	5,197
Changes in payables	<b>(15,362)</b>	(23,175)
<b>Cash generated from operations</b>	<b>17,132</b>	14,004
Dividend paid	<b>(3,056)</b>	(3,056)
Interest received	<b>207</b>	79
Interest paid	<b>(153)</b>	(199)
Tax paid	<b>(1,352)</b>	(2,105)
<b>Net cash from operating activities</b>	<b>12,778</b>	8,723
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(618)</b>	(1,207)
Purchase of financial asset through profit or loss	<b>(13,624)</b>	(6,910)
Proceeds from disposal of property, plant and equipment	<b>64</b>	138
Proceeds from disposal of financial assets through profit or loss	<b>738</b>	1,815
Proceeds from disposal of available-for-sale financial assets	-	25
Dividend received	<b>67</b>	45
<b>Net cash used in investing activities</b>	<b>(13,373)</b>	(6,094)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank borrowings	<b>(1,098)</b>	(4,263)
<b>Net cash used in financing activities</b>	<b>(1,098)</b>	(4,263)
Net changes in cash and cash equivalents	<b>(1,693)</b>	(1,634)
Cash and cash equivalent at beginning of period	<b>1,958</b>	2,386
Cash and cash equivalent at end of period	<b>265</b>	752
Represented by:		
Cash and bank balances	<b>714</b>	752
Bank overdrafts	<b>(449)</b>	-
	<b>265</b>	752

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 2014 and the accompanying explanatory notes attached to the interim financial statements.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 MARCH 2016**

**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 2015. 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 2015.

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 2015.

**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 2016 (cont'd)**

**8. SEGMENTAL REPORTING**

Quarter ended 31<sup>st</sup> March 2016

	Apparels RM'000	Investment properties RM'000	Total RM'000
Revenue	62,900	1,245	64,145
Profit before interest, taxes, depreciation and amortisation	4,964	688	5,652
Depreciation and amortisation			(1,450)
Interest expenses			(153)
Interest income			207
Profit before taxation			4,256
Tax expenses			(1,171)
Profit for the period			3,085

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 2015.

**10. MATERIAL SUBSEQUENT EVENTS**

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

**11. CHANGES IN COMPOSITION OF GROUP**

The wholly-owned subsidiary company, JC Garments (M) Sdn. Bhd. ("JCG") have been placed under members' voluntary winding-up ("winding-up") pursuant to Section 254(1)(b) of the Companies Act, 1965 on 1<sup>st</sup> February 2016.

The winding-up of JCG will not have any material effect on the consolidated earnings or net assets of the Company for the financial year ending 30 June 2016.

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

**(A) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 MARCH 2016 (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> 31,745

**13. CAPITAL COMMITMENTS**

Capital commitment as at 31<sup>st</sup> March 2016 is as follows:

Contracted	
Non-cancellable operating lease commitment	<b>RM'000</b>
- Not later than 1 year	692
- Later than 1 year and not later than 5 years	372
	<hr/> 1,064 <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 2016:

	<b>RM'000</b>
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	39
- TGL Packaging Sdn. Bhd.	3
Rental paid to	
- TGL Packaging Sdn. Bhd.	454
- TGL Industries Sdn. Bhd.	450
- Bidang Cendana Sdn. Bhd.	98

[The rest of the page is intentionally left blank]



**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 MARCH 2016**

**1. REVIEW OF PERFORMANCE**

Revenue for the current quarter under review was RM18.25 million as compared to RM20.46 million recorded in the same quarter in previous year, a decrease of 10.80% or RM2.21 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 profit before tax of RM0.17 million for current quarter under review, an decrease of 5.56% or RM10,000 as compared to profit before taxation of RM0.18 million in the previous year corresponding quarter.

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

	Quarter ended 31 March 2016 RM'000	Quarter ended 31 December 2015 RM'000
Revenue	18,247	19,414
Profit before taxation	174	354

As compared to the previous quarter, revenue for the quarter under review had dropped by RM1.17 million or 6.01%.

The profit before tax of RM0.17 million for the current quarter was lower than the preceding quarter of RM0.35 million. The decline in profit before tax was due to lower sales generated in the current quarter.

**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 in 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 maintain the view that long term prospect of the apparel industry remain good.

**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 2016 (cont'd)**

**5. TAXATION**

	<b>Year to date ended 31 March</b>	
	<b>2016</b>	2015
	<b>RM'000</b>	RM'000
Tax liabilities at 1 July	248	728
Current period's provision	1,171	1,789
Loss on control of subsidiary company	4	-
Net payment made during the period	(1,352)	(2,105)
	<hr/>	<hr/>
Tax liabilities at 31 March	71	412
	<hr/>	<hr/>
Disclosed as:		
Tax assets	(456)	(225)
Tax liabilities	527	637
	<hr/>	<hr/>
	71	412
	<hr/>	<hr/>
Taxation expense for the period:-		
Malaysian taxation	1,171	1,789
	<hr/>	<hr/>

The effective tax rate for the period ended 31<sup>st</sup> March 2016 was approximately 27.52% 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.

**7. GROUP BORROWINGS AND DEBT SECURITIES**

	<b>As at 31 March 2016 RM'000</b>	As at 30 June 2015 RM'000
(a) Short term borrowings		
- Unsecured	1,083	2,108
- Secured	-	17
	<hr/>	<hr/>
	1,083	2,125
	<hr/>	<hr/>

The above borrowings are all denominated in Ringgit Malaysia.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 MARCH 2016 (cont'd)**

**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 2015 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:

	<b>Individual quarter ended</b>		<b>Year to date ended</b>	
	<b>31 March</b>		<b>31 March</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Net profit attributable to shareholders (RM'000)	<b>128</b>	104	<b>3,198</b>	4,945
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>0.31</b>	0.26	<b>7.85</b>	12.14

**(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 2015.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 MARCH 2016 (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 2016 RM'000	30 June 2015 RM'000
Total retained profits of the Group		
- Realised	36,935	36,792
- Unrealised	4,516	4,516
	<hr/> 41,451	<hr/> 41,308
Consolidation adjustments	(3,873)	(3,873)
	<hr/> 37,578	<hr/> 37,435

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

	Individual quarter ended 31 March 2016 RM'000	Year to date ended 31 March 2016 RM'000
Profit from operations for the period is arrived after charging:		
Depreciation of investment properties	167	491
Depreciation of property, plant and equipment	224	959
And after crediting:		
Interest income	85	207

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 2016 (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> May 2016.

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

---

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

Date: 25<sup>th</sup> May 2016