

## **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> June 2016**

\* Quarter : **4<sup>th</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)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 JUNE 2016 (UNAUDITED)**

	3-MONTH ENDED		YEAR TO DATE ENDED	
	30.06.2016	30.06.2015	30.06.2016	Audited 30.06.2015
	RM'000	RM'000	RM'000	RM'000
Revenue	<b>36,164</b>	27,733	<b>100,309</b>	101,608
Gross profit	<b>13,274</b> 37%	8,111 29%	<b>40,744</b> 41%	38,704 38%
Other operating income	<b>256</b>	73	<b>710</b>	513
Operating expenses	<b>(10,698)</b>	(7,673)	<b>(34,213)</b>	(32,684)
Profit from the operation	<b>2,832</b>	511	<b>7,241</b>	6,533
Finance costs	<b>(12)</b>	(46)	<b>(165)</b>	(245)
Profit before taxation	<b>2,820</b>	465	<b>7,076</b>	6,288
Taxation	<b>(556)</b>	(122)	<b>(1,727)</b>	(1,911)
Profit for the period	<b>2,264</b>	343	<b>5,349</b>	4,377
Other comprehensive (loss)/income for the period, net of tax	<b>(22)</b>	231	<b>(472)</b>	584
Total comprehensive income for the period	<b>2,242</b>	574	<b>4,877</b>	4,961
Profit attributable to :				
Equity holders of the parent	<b>2,246</b>	104	<b>5,444</b>	4,434
Non-controlling interest	<b>18</b>	(40)	<b>(95)</b>	(57)
	<b>2,264</b>	64	<b>5,349</b>	4,377
Total comprehensive income attributable to:				
Equity holders of the parent	<b>2,224</b>	614	<b>4,972</b>	5,018
Non-controlling interest	<b>18</b>	(40)	<b>(95)</b>	(57)
	<b>2,242</b>	574	<b>4,877</b>	4,961
Earnings per share				
-Basic	<b>5.51</b>	0.26	<b>13.36</b>	10.88
-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 30 JUNE 2016**

	Unaudited as at 30.6.2016 RM'000	Audited as at 30.6.2015 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	3,254	3,704
Investment properties	21,936	22,593
Unconsolidated subsidiary company	2,006	-
Available for sale investments	1,982	2,453
Deferred tax assets	137	95
	<hr/> 29,315	<hr/> 28,845
<b>CURRENT ASSETS</b>		
Inventories	33,430	47,716
Receivables	36,678	30,756
Tax assets	266	147
Financial assets at fair value through profit or loss	8,601	2,663
Deposits, cash and bank balances	1,903	2,400
	<hr/> 80,878	<hr/> 83,682
<b>TOTAL ASSETS</b>	<hr/> <b>110,193</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	40,149	38,231
	<hr/> 80,891	<hr/> 78,973
Non-controlling interest	979	1,074
<b>TOTAL EQUITY</b>	<hr/> <b>81,870</b>	<hr/> <b>80,047</b>
<b>NON-CURRENT LIABILITY</b>		
Deferred taxation	1,892	1,954
	<hr/> 1,892	<hr/> 1,954
<b>CURRENT LIABILITIES</b>		
Payables	25,200	28,006
Tax liabilities	431	395
Borrowings	800	2,125
	<hr/> 26,431	<hr/> 30,526
<b>TOTAL LIABILITIES</b>	<hr/> <b>28,323</b>	<hr/> <b>32,480</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<hr/> <b>110,193</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 30 JUNE 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	-	(472)	5,445	4,973	(95)	4,878
Dividend paid	-	-	(3,055)	(3,055)	-	(3,055)
Balance at 30 June 2016	40,742	324	39,825	80,891	979	81,870

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 30 JUNE 2016 (UNAUDITED)**

	<b>Unaudited 30/6/2016 RM'000</b>	Audited 30/6/2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>7,076</b>	6,288
Adjustments for:		
Non-cash items		
Allowances for doubtful debts/bad debts written off	<b>1</b>	1
Depreciation of property, plant and equipment	<b>1,432</b>	1,468
Depreciation of investment properties	<b>657</b>	754
Inventories written off/written down	<b>(1,600)</b>	2,592
Property, plant and equipment written off	<b>-</b>	11
Profit on disposal of property, plant and equipment	<b>(95)</b>	(42)
Profit on disposal of available-for-sale financial assets	<b>-</b>	(6)
Unrealised loss on foreign exchange	<b>95</b>	127
	<b>7,566</b>	11,193
Dividend income	<b>(83)</b>	(136)
Interest expenses	<b>165</b>	219
Interest income	<b>(316)</b>	(120)
Operating profit before working capital changes	<b>7,332</b>	11,156
Changes in inventories	<b>15,886</b>	11,614
Changes in receivables	<b>(7,933)</b>	(4,903)
Changes in payables	<b>(2,893)</b>	(6,930)
<b>Cash generated from operations</b>	<b>12,392</b>	10,937
Dividend paid	<b>(3,056)</b>	(3,056)
Interest received	<b>316</b>	108
Interest paid	<b>(165)</b>	(219)
Tax refunded	<b>-</b>	116
Tax paid	<b>(1,918)</b>	(2,625)
<b>Net cash from operating activities</b>	<b>7,569</b>	5,261
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(940)</b>	(1,222)
Purchase of financial asset through profit or loss	<b>(16,151)</b>	-
Proceeds from disposal of property, plant and equipment	<b>103</b>	42
Placement for investment management fund	<b>-</b>	(836)
Proceeds from disposal of available-for-sale financial assets	<b>10,213</b>	24
Dividend received	<b>83</b>	136
<b>Net cash used in investing activities</b>	<b>(6,692)</b>	(1,856)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank borrowings	<b>(932)</b>	(3,833)
<b>Net cash used in financing activities</b>	<b>(932)</b>	(3,833)
Net changes in cash and cash equivalents	<b>(55)</b>	(428)
Cash and cash equivalent at beginning of period	<b>1,958</b>	2,386
Cash and cash equivalent at end of period	<b>1,903</b>	1,958
Represented by:		
Cash and bank balances	<b>1,903</b>	2,400
Bank overdrafts	<b>-</b>	(442)
	<b>1,903</b>	1,958

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 2015 and the accompanying explanatory notes attached to the interim financial statements.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 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 30 JUNE 2016 (cont'd)**

**8. SEGMENTAL REPORTING**

Quarter ended 30<sup>th</sup> June 2016

	Apparels RM'000	Investment properties RM'000	Total RM'000
Revenue	98,272	2,037	100,309
Profit before interest, taxes, depreciation and amortisation	7,964	1,050	9,014
Depreciation and amortisation			(2,089)
Interest expenses			(165)
Interest income			316
Profit before taxation			7,076
Tax expenses			(1,727)
Profit for the period			5,349

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<sup>th</sup> 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 30 JUNE 2016 (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	29,475
	<hr/>

**13. CAPITAL COMMITMENTS**

Capital commitment as at 30<sup>th</sup> June 2016 is as follows:

Contracted	
Non-cancellable operating lease commitment	<b>RM'000</b>
- Not later than 1 year	546
- Later than 1 year and not later than 5 years	273
	<hr/>
	819
	<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> June 2016:

	<b>RM'000</b>
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	54
- TGL Packaging Sdn. Bhd.	4
Rental paid to	
- TGL Packaging Sdn. Bhd.	605
- TGL Industries Sdn. Bhd.	600
- Bidang Cendana Sdn. Bhd.	131
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**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2016**

**1. REVIEW OF PERFORMANCE**

Revenue for the current quarter under review was RM36.16 million as compared to RM27.73 million recorded in the same quarter in previous year, an increase of 30.40% or RM8.43 million. The increased in sales of children apparels and footwear was mainly due to higher sales recorded during Hari Raya festive season. As the Hari Raya festival season fell on 6<sup>th</sup> and 7<sup>th</sup> July 2016, the 4th Quarter result saw a substantial increase in buying for the festive period.

The Group recorded a profit before tax of RM2.82 million for current quarter under review, an increase of 500% or RM2.35 million as compared to profit before taxation of RM0.47 million in the previous year corresponding quarter.

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

	Quarter ended 30 June 2016 RM'000	Quarter ended 31 March 2016 RM'000
Revenue	36,164	18,247
Profit before taxation	2,820	174

As compared to the previous quarter, revenue for the quarter under review had increased by RM17.92 million or 98.20%.

The profit before tax of RM2.82 million for the current quarter was higher than the preceding quarter of RM0.17 million. The improvement in profit before tax was due to higher sales generated in the current quarter.

**3. COMMENTARY ON PROSPECTS**

For the financial year recently concluded, profit after taxation increase by approximately RM0.97 million or 22.15% from RM4.38 million to RM5.35 when compared to that of the previous financial year.

The local retail market continues to be affected by the increase in prices and inflation exacerbated by the weakening of Ringgit against the US Dollars and rising operating costs. The impact of implementation of the Goods and Services Tax in Malaysia also have a direct influence over the disposable income and consumers' sentiment. Nevertheless, the Group will consolidate and implement strategies and measures to meet the obstacles ahead and remain positive with overall Malaysian economy.

**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 JUNE 2016 (cont'd)**

**5. TAXATION**

	<b>Year to date ended 30 June</b>	
	<b>2016</b>	2015
	<b>RM'000</b>	RM'000
Tax liabilities at 1 July	248	728
Current period's provision	1,831	2,030
Loss on control of subsidiary company	4	-
Net payment made during the period	<b>(1,918)</b>	(2,510)
	<hr/>	<hr/>
Tax liabilities at 30 June	<b>165</b>	248
	<hr/>	<hr/>
Disclosed as:		
Tax assets	<b>(266)</b>	(147)
Tax liabilities	<b>431</b>	395
	<hr/>	<hr/>
	<b>165</b>	248
	<hr/>	<hr/>
Taxation expense for the period:-		
- Malaysian taxation	<b>1,831</b>	2,030
- Deferred taxation	<b>(104)</b>	(119)
	<hr/>	<hr/>
	<b>1,727</b>	1,911
	<hr/>	<hr/>

The effective tax rate for the period ended 30<sup>th</sup> June 2016 was approximately 24.40% 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 30 June 2016 RM'000</b>	As at 30 June 2015 RM'000
(a) Short term borrowings		
- Unsecured	<b>800</b>	2,108
- Secured	-	17
	<hr/>	<hr/>
	<b>800</b>	2,125
	<hr/>	<hr/>

The above borrowings are all denominated in Ringgit Malaysia.

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

The Board of Directors has recommended a final single tier dividend of 7.5 sen amounting RM3,055,665, subject to shareholders' approval for the current financial year ended 30<sup>th</sup> June 2016. The proposed dividend if approved will be paid on 15<sup>th</sup> December 2016 to depositors registered in the record of depositors at the close of business on 1<sup>st</sup> December 2016.

**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:

	Individual quarter ended		Year to date ended	
	30 June		30 June	
	2016	2015	2016	2015
Net profit attributable to shareholders (RM'000)	<b>2,246</b>	104	<b>5,444</b>	4,434
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>5.51</b>	0.26	<b>13.36</b>	10.88

**(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> June 2016.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 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:

	30 June 2016 RM'000	30 June 2015 RM'000
Total retained profits of the Group		
- Realised	39,182	36,792
- Unrealised	4,516	4,516
	<hr/>	<hr/>
	43,698	41,308
Consolidation adjustments	(3,873)	(3,873)
	<hr/>	<hr/>
	39,825	37,435
	<hr/>	<hr/>

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

	Individual quarter ended 30 June 2016 RM'000	Year to date ended 30 June 2016 RM'000
Profit from operations for the period is arrived after charging:		
Depreciation of investment properties	167	657
Depreciation of property, plant and equipment	473	1,432
And after crediting:		
Interest income	109	316

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 JUNE 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 29<sup>th</sup> August 2016.

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: 29<sup>th</sup> August 2016