

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 : **30th September 2016**

* Quarter : **1st Quarter**

* Financial Year End : **30th June 2017**

* 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 2016 (UNAUDITED)**

	3-MONTH ENDED		YEAR TO DATE ENDED	
	30.09.2016	30.09.2015	30.09.2016	Unaudited 30.09.2015
	RM'000	RM'000	RM'000	RM'000
Revenue	16,814	26,484	16,814	26,484
Gross profit	8,071 48%	11,930 45%	8,071 48%	11,930 45%
Other operating income	135	94	135	94
Operating expenses	(7,695)	(8,200)	(7,695)	(8,200)
Profit from the operation	511	3,824	511	3,824
Finance costs	(18)	(96)	(18)	(96)
Profit before taxation	493	3,728	493	3,728
Taxation	(135)	(1,016)	(135)	(1,016)
Profit for the period	358	2,712	358	2,712
Other comprehensive (loss)/income for the period, net of tax	266	(127)	266	(127)
Total comprehensive income for the period	624	2,585	624	2,585
Profit attributable to :				
Equity holders of the parent	331	2,808	331	2,808
Non-controlling interest	27	(96)	27	(96)
	358	2,712	358	2,712
Total comprehensive income attributable to:				
Equity holders of the parent	597	2,681	597	2,681
Non-controlling interest	27	(96)	27	(96)
	624	2,585	624	2,585
Earnings per share				
-Basic	0.81	6.89	0.81	6.89
-Diluted	N/A	N/A	N/A	N/A

The condensed consolidated statements of comprehensive income statements should be read in conjunction with the audited financial statements for the year ended 30th June 2016 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 SEPTEMBER 2016

	Unaudited as at 30.9.2016 RM'000	Audited as at 30.6.2016 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	3,009	3,260
Investment properties	21,803	21,964
Available for sale investments	2,247	1,981
Deferred tax assets	202	133
	<hr/> 27,261	<hr/> 27,338
CURRENT ASSETS		
Inventories	33,495	33,430
Receivables	19,262	36,939
Tax assets	266	245
Financial assets at fair value through profit or loss	20,965	8,601
Deposits, cash and bank balances	881	1,903
	<hr/> 74,869	<hr/> 81,118
Investment in subsidiary company, held for distribution	2,006	2,006
	<hr/> 104,136	<hr/> 110,462
TOTAL ASSETS		
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	40,742	40,742
Reserves	40,754	40,158
	<hr/> 81,496	<hr/> 80,900
Non-controlling interest	1,006	979
	<hr/> 82,502	<hr/> 81,879
TOTAL EQUITY		
NON-CURRENT LIABILITY		
Deferred taxation	1,892	1,892
	<hr/> 1,892	<hr/> 1,892
CURRENT LIABILITIES		
Payables	18,831	25,434
Tax liabilities	176	428
Derivative financial instruments	-	29
Borrowings	735	800
	<hr/> 19,742	<hr/> 26,691
TOTAL LIABILITIES		
	<hr/> 21,634	<hr/> 28,583
TOTAL EQUITY AND LIABILITIES		
	<hr/> 104,136	<hr/> 110,462

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30th June 2016 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (UNAUDITED)**

Attributable to equity holders of the parent

	<u>Non-distributable</u>		<u>Distributable</u>		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 2015	40,742	795	37,435	78,972	1,074	80,046
Total comprehensive income for the period	-	(472)	5,455	4,983	(95)	4,888
Dividend paid	-	-	(3,055)	(3,055)	-	(3,055)
Balance at 30 June 2016/1 July 2016	40,742	323	39,835	80,900	979	81,879
Total comprehensive income for the period	-	266	330	596	27	623
Balance at 30 September 2016	40,742	589	40,165	81,496	1,006	82,502

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30th June 2016 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 SEPTEMBER 2016 (UNAUDITED)**

	Unaudited 30-09-16 RM'000	Unaudited 30-09-15 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	493	3,728
Adjustments for:		
Non-cash items		
Depreciation of property, plant and equipment	347	363
Depreciation of investment properties	166	157
Unrealised gain on foreign exchange	(53)	-
	953	4,248
Dividend income	(45)	(41)
Interest expenses	18	96
Interest income	(62)	(33)
Operating profit before working capital changes	864	4,270
Changes in inventories	(65)	10,325
Changes in receivables	17,676	4,293
Changes in payables	(6,580)	(10,279)
Cash generated from operations	11,895	8,609
Interest received	62	33
Interest paid	(18)	(96)
Tax paid	(477)	(434)
Net cash from operating activities	11,462	8,112
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(101)	(243)
Placement for investment management fund	(12,364)	(9,924)
Proceeds from disposal of available-for-sale financial assets	-	700
Dividend received	45	41
Net cash used in investing activities	(12,420)	(9,426)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings	(65)	(154)
Net cash used in financing activities	(65)	(154)
Net changes in cash and cash equivalents	(1,023)	(1,468)
Cash and cash equivalent at beginning of period	1,904	1,958
Cash and cash equivalent at end of period	881	490
Represented by:		
Cash and bank balances	881	989
Bank overdrafts	-	(499)
	881	490

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30th June 2016 and the accompanying explanatory notes attached to the interim financial statements.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 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 30th June 2016. 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 2016.

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 30th June 2016.

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 2016 (cont'd)**

8. SEGMENTAL REPORTING

Quarter ended 30th September 2016

	Apparels RM'000	Investment properties RM'000	Total RM'000
Revenue	16,308	506	16,814
Profit before interest, taxes, depreciation and amortisation	718	244	962
Depreciation and amortisation			(513)
Interest expenses			(18)
Interest income			62
Profit before taxation			493
Tax expenses			(135)
Profit for the period			358

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 2016.

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 1st 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 30th June 2017.

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 SEPTEMBER 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	RM'000 29,475

13. CAPITAL COMMITMENTS

Capital commitment as at 30th September 2016 is as follows:

Contracted	
Non-cancellable operating lease commitment	RM'000
- Not later than 1 year	575
- Later than 1 year and not later than 5 years	318
	<hr/> 893 <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 30th September 2016:

	RM'000
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	22
- TGL Packaging Sdn. Bhd.	1
Rental paid to	
- TGL Packaging Sdn. Bhd.	151
- TGL Industries Sdn. Bhd.	150
- Bidang Cendana Sdn. Bhd.	33

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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

1. REVIEW OF PERFORMANCE

Revenue for the current quarter under review was RM16.81 million as compared to RM26.48 million recorded in the same quarter in previous year, a drop of 36.52% or RM9.67 million. The decrease in sales of children apparels was mainly due to a shorter period of Hari Raya Festive sales which fell on 6th and 7th of July 2016, as bulk of festive sales were captured in last quarter. In addition, competition remain stiff as retail market remain soft after festive period.

The Group recorded a profit before tax of RM0.49 million for current quarter under review, a decrease of 86.86% or RM3.24 million as compared to profit before taxation of RM3.73 million in the previous year corresponding quarter.

2. COMPARISON WITH PRECEDING QUARTER'S REPORT

	Quarter ended 30 September 2016 RM'000	Quarter ended 30 June 2016 RM'000
Revenue	16,814	36,164
Profit before taxation	493	2,852

As compared to the previous quarter, revenue for the quarter under review had decreased by RM19.35 million or 53.51%.

The profit before tax of RM0.49 million for the current quarter was lower than the preceding quarter of RM2.36 million. The lower profit before tax was due to the substantial drop in sales in the current quarter while certain operating expenses are fixed in nature.

The lower revenue achieved in current quarter under review was mainly due to the preceding quarter comprised Hari Raya festive season which formed a substantial portion of the Group's sales.

3. COMMENTARY ON PROSPECTS

The retail business of the Group is expected to operate in a very challenging environment. The local retail market continues to be affected by the increase in prices and inflation post GST implementation, exacerbated by the weakening of Ringgit against the US Dollars and rising operating costs.

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 30 SEPTEMBER 2016 (cont'd)**

5. TAXATION

	Year to date ended 30 September	
	2016	2015
	RM'000	RM'000
Tax liabilities at 1 July 2015/2014	183	248
Current period's provision	204	1,016
Net payment made during the period	(477)	(434)
	<hr/> (90)	<hr/> 830
Tax liabilities at 30 September	<hr/> (90)	<hr/> 830
Disclosed as:		
Tax assets	(266)	(145)
Tax liabilities	176	975
	<hr/> (90)	<hr/> 830
Taxation expense for the period:-		
- Malaysian taxation	204	1,016
- Deferred taxation	(69)	-
	<hr/> 135	<hr/> 1,016

The effective tax rate for the period ended 30th September 2016 was approximately 27.38% 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

	As at 30 September 2016 RM'000	As at 30 June 2016 RM'000
(a) Short term borrowings		
- Unsecured	735	800
	<hr/> 735	<hr/> 800

The above borrowings are all denominated in Ringgit Malaysia.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 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 final dividend which has been declared for the financial year ended 30th June 2016 is as follows:

Rate	:	7.5 sen per share (single tier)
Announced	:	27 th October 2016
Book Closure	:	29 th November 2016
Payment Date	:	15 th December 2016

11. QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report of the most recent annual financial statements for the financial year ended 30th June 2016 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 September		30 September	
	2016	2015	2016	2015
Net profit attributable to shareholders (RM'000)	331	2,808	331	2,808
Weighted average number of ordinary shares in issue ('000)	40,742	40,742	40,742	40,742
Basic earnings per share (sen)	0.81	6.89	0.81	6.89

(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 30th September 2016.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 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 20th 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 2016 RM'000	30 June 2016 RM'000
Total retained profits of the Group		
- Realised	39,213	38,883
- Unrealised	4,663	4,663
	43,876	43,546
Consolidation adjustments	(3,711)	(3,711)
	40,165	39,835

14. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter ended 30 September 2016 RM'000	Year to date ended 30 September 2016 RM'000
Profit from operations for the period is arrived after charging:		
Depreciation of investment properties	166	166
Depreciation of property, plant and equipment	347	347
Unrealised foreign exchange loss	53	53
And after crediting:		
Interest income	62	62

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 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 28th November 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: 28th November 2016