

## **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> December 2016**

\* Quarter : **2<sup>nd</sup> Quarter**

\* Financial Year End : **30<sup>th</sup> June 2017**

\* The figures : Have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 DECEMBER 2016 (UNAUDITED)**

	3-MONTH ENDED		YEAR TO DATE ENDED	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Revenue	<b>21,228</b>	19,414	<b>38,042</b>	45,898
Gross profit	<b>8,518</b>	7,926	<b>16,589</b>	19,856
	<b>40%</b>	41%	<b>44%</b>	43%
Other operating income	<b>166</b>	195	<b>301</b>	289
Operating expenses	<b>(8,038)</b>	(7,726)	<b>(15,733)</b>	(15,926)
Profit from the operation	<b>646</b>	395	<b>1,157</b>	4,219
Finance costs	<b>(11)</b>	(41)	<b>(29)</b>	(137)
Profit before taxation	<b>635</b>	354	<b>1,128</b>	4,082
Taxation	<b>(200)</b>	(120)	<b>(335)</b>	(1,136)
Profit for the period	<b>435</b>	234	<b>793</b>	2,946
Other comprehensive income/(loss) for the period, net of tax	<b>175</b>	59	<b>441</b>	(68)
Total comprehensive income for the period	<b>610</b>	293	<b>1,234</b>	2,878
Profit attributable to :				
Equity holders of the parent	<b>422</b>	263	<b>753</b>	3,071
Non-controlling interest	<b>13</b>	(29)	<b>40</b>	(125)
	<b>435</b>	234	<b>793</b>	2,946
Total comprehensive income attributable to:				
Equity holders of the parent	<b>597</b>	322	<b>1,221</b>	2,907
Non-controlling interest	<b>13</b>	(29)	<b>13</b>	(29)
	<b>610</b>	293	<b>1,234</b>	2,878
Earnings per share				
-Basic	<b>1.04</b>	0.65	<b>1.85</b>	7.54
-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 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 31 DECEMBER 2016**

	Unaudited as at 31.12.2016 RM'000	Audited as at 30.6.2016 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	2,835	3,260
Investment properties	21,637	21,964
Available for sale investments	2,422	1,981
Deferred tax assets	211	133
	27,105	27,338
<b>CURRENT ASSETS</b>		
Inventories	32,920	33,430
Receivables	22,391	36,939
Tax assets	468	245
Financial assets at fair value through profit or loss	15,287	8,601
Deposits, cash and bank balances	501	1,903
	71,567	81,118
Investment in subsidiary company, held for distribution	-	2,006
	98,672	110,462
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		
Share capital	40,742	40,742
Reserves	38,297	40,158
	79,039	80,900
Non-controlling interest	1,019	979
<b>TOTAL EQUITY</b>	<b>80,058</b>	<b>81,879</b>
<b>NON-CURRENT LIABILITY</b>		
Deferred taxation	1,892	1,892
<b>CURRENT LIABILITIES</b>		
Payables	15,499	25,434
Tax liabilities	181	428
Derivative financial instruments	-	29
Borrowings	1,042	800
	16,722	26,691
<b>TOTAL LIABILITIES</b>	<b>18,614</b>	<b>28,583</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>98,672</b>	<b>110,462</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 2016 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY  
FOR THE QUARTER ENDED 31 DECEMBER 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 year	-	(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	-	441	753	1,194	40	1,234
Dividend paid	-	-	(3,055)	(3,055)	-	(3,055)
Balance at 31 December 2016	40,742	764	37,533	79,039	1,019	80,058

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 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 31 DECEMBER 2016 (UNAUDITED)**

	<b>Unaudited 31/12/2016 RM'000</b>	<b>Unaudited 31/12/2015 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>1,128</b>	4,082
Adjustments for:		
Non-cash items		
Depreciation of property, plant and equipment	<b>696</b>	735
Depreciation of investment properties	<b>327</b>	324
Inventories written off/written down	-	1,000
Profit on disposal of property, plant and equipment	-	(63)
Provision for doubtful debts	<b>1</b>	-
Unrealised gain on foreign exchange	<b>(53)</b>	-
	<b>2,099</b>	6,078
Dividend income	<b>(63)</b>	(55)
Interest expenses	<b>29</b>	137
Interest income	<b>(190)</b>	(122)
Operating profit before working capital changes	<b>1,875</b>	6,038
Changes in inventories	<b>510</b>	9,969
Changes in receivables	<b>16,554</b>	8,865
Changes in payables	<b>(9,911)</b>	(13,103)
<b>Cash generated from operations</b>	<b>9,028</b>	11,769
Dividend paid	<b>(3,055)</b>	(3,055)
Interest received	<b>190</b>	122
Interest paid	<b>(29)</b>	(137)
Tax paid	<b>(885)</b>	(805)
<b>Net cash from operating activities</b>	<b>5,249</b>	7,894
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(271)</b>	(679)
Purchase of financial assets through profit or loss	<b>(12,364)</b>	(10,123)
Proceeds from disposal of financial assets through profit or loss	<b>5,678</b>	3,265
Proceeds from disposal of property, plant and equipment	-	63
Dividend received	<b>63</b>	55
<b>Net cash used in investing activities</b>	<b>(6,894)</b>	(7,419)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Bank borrowings	<b>(65)</b>	(1,114)
<b>Net cash used in financing activity</b>	<b>(65)</b>	(1,114)
Net changes in cash and cash equivalents	<b>(1,710)</b>	(639)
Cash and cash equivalent at beginning of period	<b>1,904</b>	1,958
Cash and cash equivalent at end of period	<b>194</b>	1,319
Represented by:		
Cash and bank balances	<b>501</b>	1,719
Bank overdrafts	<b>(307)</b>	(400)
	<b>194</b>	1,319

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 2016 and the accompanying explanatory notes attached to the interim financial statements.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 DECEMBER 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 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 30<sup>th</sup> 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 30<sup>th</sup> 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**

During the quarter under review, the final dividend amounting to RM3,055,665 (7.5 sen per share) in respect of financial year ended 30<sup>th</sup> June 2016 was paid on 15<sup>th</sup> December 2016.

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

**8. SEGMENTAL REPORTING**

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

	Apparels RM'000	Investment properties RM'000	Total RM'000
Revenue	37,034	1,008	38,042
Profit before interest, taxes, depreciation and amortisation	1,476	514	1,990
Depreciation and amortisation			(1,023)
Interest expenses			(29)
Interest income			190
Profit before taxation			1,128
Tax expenses			(335)
Profit for the period			793

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 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 1<sup>st</sup> February 2016.

JCG 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.

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

**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

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

**13. CAPITAL COMMITMENTS**

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

Contracted	
Non-cancellable operating lease commitment	<b>RM'000</b>
- Not later than 1 year	668
- Later than 1 year and not later than 5 years	210
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	878
	<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> December 2016:

	<b>RM'000</b>
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	36
- TGL Packaging Sdn. Bhd.	1
Rental paid to	
- TGL Packaging Sdn. Bhd.	302
- TGL Industries Sdn. Bhd.	300
- Bidang Cendana Sdn. Bhd.	65
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**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 DECEMBER 2016**

**1. REVIEW OF PERFORMANCE**

Revenue for the current quarter under review was RM21.23 million as compared to RM19.41 million recorded in the same quarter in previous year, an increase of 9.38% or RM1.82 million. The increase in sales of children apparels was mainly due to year end school holidays and festive sales.

The Group recorded a profit before tax of RM0.64 million for current quarter under review, an increase of 82.86% or RM0.29 million as compared to profit before taxation of RM0.35 million in the previous year corresponding quarter.

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

	Quarter ended 31 December 2016 RM'000	Quarter ended 30 September 2016 RM'000
Revenue	21,228	16,814
Profit before taxation	635	493

As compared to the previous quarter, revenue for the quarter under review had increased by RM4.41 million or 26.25%.

The profit before tax of RM0.64 million for the current quarter was substantially higher than the preceding quarter of RM0.49 million. The increase in profit before tax was due to higher sales generated in the current quarter. The current quarter consists mainly of year end and school holiday sales.

**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 DECEMBER 2016 (cont'd)**

**5. TAXATION**

	<b>Year to date ended 31 December</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Tax liabilities at 1 July	<b>183</b>	248
Current period's provision	<b>415</b>	1,136
Net payment made during the period	<b>(885)</b>	(805)
	<hr/>	<hr/>
Tax assets/(liabilities) at 31 December	<b>(287)</b>	579
	<hr/>	<hr/>
Disclosed as:		
Tax assets	<b>468</b>	(107)
Tax liabilities	<b>(181)</b>	686
	<hr/>	<hr/>
	<b>287</b>	579
	<hr/>	<hr/>
Taxation expense for the period:-		
- Malaysian taxation	<b>415</b>	1,136
- Deferred taxation	<b>(80)</b>	-
	<hr/>	<hr/>
	<b>335</b>	1,136
	<hr/>	<hr/>

The effective tax rate for the period ended 31<sup>st</sup> December 2016 was approximately 29.70% 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 December 2016 RM'000</b>	<b>As at 30 June 2016 RM'000</b>
(a) Short term borrowings		
- Unsecured	<b>1,042</b>	800
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The above borrowings are all denominated in Ringgit Malaysia.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 DECEMBER 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 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	
	31 December 2016	2015	31 December 2016	2015
Net profit attributable to shareholders (RM'000)	<b>422</b>	263	<b>753</b>	3,071
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>1.04</b>	0.65	<b>1.85</b>	7.54

**(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> December 2016.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 DECEMBER 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 December 2016 RM'000	30 June 2016 RM'000
Total retained profits of the Group		
- Realised	36,528	38,883
- Unrealised	4,716	4,663
	<hr/>	<hr/>
	41,244	43,546
Consolidation adjustments	(3,711)	(3,711)
	<hr/>	<hr/>
	37,533	39,835
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**14. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME**

	Individual quarter ended 31 December 2016 RM'000	Year to date ended 31 December 2016 RM'000
Profit from operations for the period is arrived after charging:		
Depreciation of investment properties	161	327
Depreciation of property, plant and equipment	349	696
Unrealised foreign exchange gain	-	53
And after crediting:		
Interest income	128	190

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 DECEMBER 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 27<sup>th</sup> February 2017.

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: 27<sup>th</sup> February 2017