

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 : **31st March 2017**

* Quarter : **3rd Quarter**

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

* The figures : Have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2017 (UNAUDITED)**

	3-MONTH ENDED		YEAR TO DATE ENDED	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Revenue	16,971	18,247	55,013	64,145
Gross profit	7,718	7,614	24,307	27,470
	45%	42%	44%	43%
Other operating income	156	165	457	454
Operating expenses	(7,742)	(7,589)	(23,475)	(23,515)
Profit from the operation	132	190	1,289	4,409
Finance costs	(22)	(16)	(51)	(153)
Profit before taxation	110	174	1,238	4,256
Taxation	(65)	(35)	(400)	(1,171)
Profit for the period	45	139	838	3,085
Other comprehensive income/(loss) for the period, net of tax	132	(383)	573	(450)
Total comprehensive income/(loss) for the period	177	(244)	1,411	2,635
Profit attributable to :				
Equity holders of the parent	36	128	789	3,198
Non-controlling interest	9	11	49	(113)
	45	139	838	3,085
Total comprehensive income attributable to:				
Equity holders of the parent	168	(255)	1,362	2,748
Non-controlling interest	9	11	49	(113)
	177	(244)	1,411	2,635
Earnings per share				
-Basic	0.09	0.31	1.94	7.85
-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 31 MARCH 2017

	Unaudited as at 31.03.2017 RM'000	Audited as at 30.06.2016 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	2,571	3,260
Investment properties	21,470	21,964
Available for sale investments	2,554	1,981
Deferred tax assets	223	133
	26,818	27,338
CURRENT ASSETS		
Inventories	27,488	33,430
Receivables	16,785	36,939
Tax assets	919	245
Financial assets at fair value through profit or loss	18,797	8,601
Deposits, cash and bank balances	918	1,903
	64,907	81,118
Investment in subsidiary company, held for distribution	-	2,006
	64,907	83,124
	91,725	110,462
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	40,742	40,742
Reserves	38,465	40,158
	79,207	80,900
Non-controlling interest	1,028	979
TOTAL EQUITY	80,235	81,879
NON-CURRENT LIABILITY		
Deferred taxation	1,892	1,892
CURRENT LIABILITIES		
Payables	8,291	25,434
Tax liabilities	114	428
Derivative financial instruments	-	29
Borrowings	1,193	800
	9,598	26,691
TOTAL LIABILITIES	11,490	28,583
TOTAL EQUITY AND LIABILITIES	91,725	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 31 MARCH 2017 (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	-	573	789	1,362	49	1,411
Dividend paid	-	-	(3,055)	(3,055)	-	(3,055)
Balance at 31 March 2017	40,742	896	37,569	79,207	1,028	80,235

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 31 MARCH 2017 (UNAUDITED)**

	Unaudited 31/3/2017 RM'000	Unaudited 31/3/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,238	4,256
Adjustments for:		
Non-cash items		
Bad debts written off	-	1
Depreciation of property, plant and equipment	1,020	959
Depreciation of investment properties	494	491
Inventories written off/written down	-	1,000
Profit on disposal of property, plant and equipment	-	(62)
Provision for doubtful debts	1	-
Unrealised gain on foreign exchange	(53)	-
	2,700	6,645
Dividend income	(64)	(67)
Interest expenses	51	153
Interest income	(307)	(207)
Operating profit before working capital changes	2,380	6,524
Changes in inventories	5,942	16,549
Changes in receivables	22,159	9,421
Changes in payables	(17,120)	(15,362)
Cash generated from operations	13,361	17,132
Dividend paid	(3,055)	(3,056)
Interest received	307	207
Interest paid	(51)	(153)
Tax paid	(1,478)	(1,352)
Net cash from operating activities	9,084	12,778
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(331)	(618)
Purchase of financial assets through profit or loss	(15,874)	(13,624)
Proceeds from disposal of financial assets through profit or loss	5,678	738
Proceeds from disposal of property, plant and equipment	-	64
Dividend received	64	67
Net cash used in investing activities	(10,463)	(13,373)
CASH FLOWS FROM FINANCING ACTIVITY		
Bank borrowings	146	(1,098)
Net cash from/(used in) financing activity	146	(1,098)
Net changes in cash and cash equivalents	(1,233)	(1,693)
Cash and cash equivalent at beginning of period	1,904	1,958
Cash and cash equivalent at end of period	671	265
Represented by:		
Cash and bank balances	918	714
Bank overdrafts	(247)	(449)
	671	265

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statement 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 31 MARCH 2017**

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 31 MARCH 2017 (cont'd)**

8. SEGMENTAL REPORTING

Quarter ended 31st March 2017

	Apparels RM'000	Investment properties RM'000	Total RM'000
Revenue	53,617	1,396	55,013
Profit before interest, taxes, depreciation and amortisation	1,843	653	2,496
Depreciation and amortisation			(1,514)
Interest expenses			(51)
Interest income			307
Profit before taxation			1,238
Tax expenses			(400)
Profit for the period			838

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.

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

There were no material contingent liabilities or contingent assets to be disclosed as at date of this report.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 MARCH 2017 (cont'd)**

13. CAPITAL COMMITMENTS

Capital commitment as at 31st March 2017 is as follows:

Contracted	
Non-cancellable operating lease commitment	RM'000
- Not later than 1 year	591
- Later than 1 year and not later than 5 years	181
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	772
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14. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group undertakes at agreed terms and prices, the following significant related party transactions for the financial period ended 31st March 2017:

	RM'000
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	53
- TGL Packaging Sdn. Bhd.	1
Rental paid to	
- TGL Packaging Sdn. Bhd.	454
- TGL Industries Sdn. Bhd.	450
- Bidang Cendana Sdn. Bhd.	98
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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 MARCH 2017**

1. REVIEW OF PERFORMANCE

Revenue for the current quarter under review was RM16.97 million as compared to RM18.25 million recorded in the same quarter in previous year, a decrease of 7.01% or RM1.28 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 RM0.11 million for current quarter under review, an decrease of 35.29% or RM60,000 as compared to profit before taxation of RM0.17 million in the previous year corresponding quarter.

2. COMPARISON WITH PRECEDING QUARTER'S REPORT

	Quarter ended 31 March 2017 RM'000	Quarter ended 31 December 2016 RM'000
Revenue	16,971	21,228
Profit before taxation	110	635

As compared to the previous quarter, revenue for the quarter under review had dropped by RM4.26 million or 20.05%.

The profit before tax of RM0.11 million for the current quarter was lower than the preceding quarter of RM0.64 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 2017 (cont'd)**

5. TAXATION

	Year to date ended 31 March	
	2017 RM'000	2016 RM'000
Tax liabilities at 1 July	183	248
Current period's provision	490	1,171
Loss on control of subsidiary company	-	4
Net payment made during the period	(1,478)	(1,352)
Tax (assets)/liabilities at 31 March	(805)	71
Disclosed as:		
Tax assets	(919)	(456)
Tax liabilities	114	527
	(805)	71
Taxation expense for the period:-		
- Malaysian taxation	490	1,171
- Deferred taxation	(90)	-
	400	1,171

The effective tax rate for the period ended 31st March 2017 was approximately 32.31% 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 31 March 2017 RM'000	As at 30 June 2016 RM'000
	(a) Short term borrowings	
- Unsecured	1,193	800

The above borrowings are all denominated in Ringgit Malaysia.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 MARCH 2017 (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 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	
	31 March		31 March	
	2017	2016	2017	2016
Net profit attributable to shareholders (RM'000)	36	128	789	3,198
Weighted average number of ordinary shares in issue ('000)	40,742	40,742	40,742	40,742
Basic earnings per share (sen)	0.09	0.31	1.94	7.85

(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 31st March 2017.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 MARCH 2017 (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:

	31 March 2017 RM'000	30 June 2016 RM'000
Total retained profits of the Group		
- Realised	36,564	38,883
- Unrealised	4,716	4,663
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	41,280	43,546
Consolidation adjustments	(3,711)	(3,711)
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	37,569	39,835
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14. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter ended 31 March 2017 RM'000	Year to date ended 31 March 2017 RM'000
Profit from operations for the period is arrived after charging:		
Depreciation of investment properties	167	494
Depreciation of property, plant and equipment	324	1,020
Unrealised foreign exchange gain	-	53
And after crediting:		
Interest income	117	307

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 2017 (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 18th May 2017.

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: 18th May 2017