

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 December 2013**

* Quarter : **2nd Quarter**

* Financial Year End : **30th June 2014**

* The figures : Have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2013 (UNAUDITED)**

	3-MONTH ENDED		YEAR TO DATE ENDED	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
Revenue	23,413	24,119	62,639	66,701
Gross profit	8,779 37%	9,308 39%	26,513 42%	27,704 42%
Other operating income	255	211	472	355
Operating expenses	<u>(7,812)</u>	<u>(8,192)</u>	<u>(15,846)</u>	<u>(15,979)</u>
Profit from the operation	1,222	1,327	11,139	12,080
Finance costs	<u>(23)</u>	<u>(138)</u>	<u>(95)</u>	<u>(355)</u>
Profit before taxation	1,199	1,189	11,044	11,725
Taxation	<u>(373)</u>	<u>(343)</u>	<u>(2,880)</u>	<u>(3,057)</u>
Profit for the period	<u>826</u>	<u>846</u>	<u>8,164</u>	<u>8,668</u>
Other comprehensive income for the period, net of tax	<u>114</u>	<u>137</u>	<u>348</u>	<u>195</u>
Total comprehensive income for the period	<u>940</u>	<u>983</u>	<u>8,512</u>	<u>8,863</u>
Profit attributable to :				
Equity holders of the parent	768	815	8,074	8,600
Non-controlling interest	<u>58</u>	<u>31</u>	<u>90</u>	<u>68</u>
	<u>826</u>	<u>846</u>	<u>8,164</u>	<u>8,668</u>
Total comprehensive income attributable to:				
Equity holders of the parent	882	952	8,422	8,795
Non-controlling interest	<u>58</u>	<u>31</u>	<u>90</u>	<u>68</u>
	<u>940</u>	<u>983</u>	<u>8,512</u>	<u>8,863</u>
Earnings per share				
-Basic	1.89	2.00	19.82	21.11
-Diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

The condensed consolidated statements of comprehensive income statements should be read in conjunction with the audited financial statements for the year ended 30th June 2013 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 2013

	Unaudited as at 31.12.2013 RM'000	Audited as at as at 30.6.2013 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	4,818	4,919
Investment properties	22,723	22,978
Investment in subsidiary companies	101	102
Available for sale investments	1,813	1,569
Deferred tax assets	37	37
	<hr/> 29,492	<hr/> 29,605
CURRENT ASSETS		
Non-current asset held for sale	-	70
Inventories	48,374	55,989
Receivables	24,360	25,603
Tax assets	43	43
Cash and bank balances	7,164	3,577
	<hr/> 79,941	<hr/> 85,282
TOTAL ASSETS	<hr/> 109,433	<hr/> 114,887
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	40,742	40,742
Reserves	36,651	31,284
	<hr/> 77,393	<hr/> 72,026
Non-controlling interest	1,177	1,087
TOTAL EQUITY	<hr/> 78,570	<hr/> 73,113
NON-CURRENT LIABILITIES		
Borrowings	5	210
Deferred tax liabilities	2,174	2,174
	<hr/> 2,179	<hr/> 2,384
CURRENT LIABILITIES		
Payables	24,721	37,045
Tax liabilities	2,799	1,126
Borrowings	1,164	1,219
	<hr/> 28,684	<hr/> 39,390
TOTAL LIABILITIES	<hr/> 30,863	<hr/> 41,774
TOTAL EQUITY AND LIABILITIES	<hr/> 109,433	<hr/> 114,887

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30th June 2013 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2013 (UNAUDITED)**

	Attributable to equity holders of the parent					
	Non-distributable		Distributable		Non-Controlling Interest	Total Equity
	Share Capital	Fair value Reserve	Retained Profits	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance at 1 July 2012	40,742	(248)	26,177	66,671	1,050	67,721
Total comprehensive income for the period	-	295	8,115	8,410	37	8,447
Dividend paid	-	-	(3,055)	(3,055)	-	(3,055)
Balance at 30 June 2013/1 July 2013	40,742	47	31,237	72,026	1,087	73,113
Total comprehensive income for the period	-	348	8,074	8,422	90	8,512
Dividend paid	-	-	(3,055)	(3,055)	-	(3,055)
Balance at 31 December 2013	40,742	395	36,256	77,393	1,177	78,570

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30th June 2013 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 2013 (UNAUDITED)**

	31.12.2013 RM'000	31.12.2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,044	11,725
Adjustments for:		
Non-cash items		
Allowances for doubtful debts	-	62
Depreciation and amortisation	932	988
Inventories written off/written down	1,000	1,000
Profit on disposal of property, plant and equipment	(112)	(111)
Profit on disposal of asset held for sales	(20)	-
Profit on disposal of available-for-sale financial assets	(29)	-
	12,815	13,664
Dividend income	(27)	(21)
Interest expenses	95	355
Interest income	(20)	(25)
Operating profit before working capital changes	12,863	13,973
Changes in inventories	6,615	7,368
Changes in receivables	1,243	(2,509)
Changes in payables	(12,324)	(3,752)
Cash generated from operations	8,397	15,080
Dividend paid	(3,055)	(3,056)
Interest received	20	25
Interest paid	(95)	(355)
Tax paid	(1,207)	(913)
Net cash generated from operating activities	4,060	10,781
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(589)	(576)
Purchase of available for sale investment	-	(93)
Proceeds from disposal of property, plant and equipment	125	141
Proceeds from disposal of asset held for sales	90	-
Proceeds from disposal of available-for-sale financial assets	133	-
Net cash inflow from winding up a subsidiary company	1	-
Dividend received	27	21
Net cash used in investing activities	(213)	(507)
CASH FLOWS FROM FINANCING ACTIVITY		
Bank borrowings	(287)	(6,294)
Net cash used in financing activity	(287)	(6,294)
Net changes in cash and cash equivalents	3,560	3,980
Cash and cash equivalent at beginning of period	3,577	(1,377)
Cash and cash equivalent at end of period	7,137	2,603
Represented by:		
Cash and bank balances	7,164	2,914
Bank overdrafts	(27)	(311)
	7,137	2,603

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30th June 2013 and the accompanying explanatory notes attached to the interim financial statements.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2013**

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 2013. 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 2013.

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 2013.

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 (10 sen per share less 25% taxation) in respect of financial year ended 30 June 2013 was paid on 19th December 2013.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2013 (cont'd)**

8. SEGMENTAL REPORTING

Period ended 31st December 2013

	Apparels RM'000	Investment properties RM'000	Total RM'000
Revenue	61,702	937	62,639
Profit before interest, taxes, depreciation and amortisation	11,554	497	12,051
Depreciation and amortisation			(932)
Interest expenses			(95)
Interest income			20
Profit before taxation			11,044
Tax expenses			(2,880)
Profit for the period			8,164

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 2013.

10. MATERIAL SUBSEQUENT EVENTS

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

11. CHANGES IN COMPOSITION OF GROUP

On 28 June 2013, two dormant wholly-owned subsidiary companies namely, Electra Impressions Sdn. Bhd. ("EISB") and Mode Fashion Marketing Sdn. Bhd. ("MFM") have been placed under members' voluntary winding-up ("winding-up") pursuant to Section 254(1)(b) of the Companies Act, 1965.

EISB 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.

The winding up of MFM has yet to be completed during the current quarter under review.

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

(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2013 (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 30,428

13. CAPITAL COMMITMENTS

Capital commitment as at 31st December 2013 is as follows:

Contracted	
Non-cancellable operating lease commitment	RM'000
- Not later than 1 year	808
- Later than 1 year and not later than 5 years	290
	<hr/> 1,098 <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 31st December 2013:

	RM'000
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	109
- TGL Packaging Sdn. Bhd.	1
Rental paid to	
- TGL Packaging Sdn. Bhd.	302
- TGL Industries Sdn. Bhd.	300
- Bidang Cendana Sdn. Bhd.	141

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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2013**

1. REVIEW OF PERFORMANCE

Revenue for the current quarter under review was RM23.41 million as compared to RM24.12 million recorded in the same quarter in previous year, a decrease of 2.94% or RM0.71million.

The drop in sales by RM0.71 million is mainly due to relatively soft retail market. Gross margin declined by 2% from 39% to 37% due to the additional markdowns and discounts in view of intense competition. However despite the drop in operating and finance expenses, profit before taxation remained about the same at RM 1.19m

For the cumulative 6 months period ended, the Group's revenue was RM62.64 million as compared to RM66.70 million recorded in the previous year corresponding period, a decrease of 6.09% or RM4.06 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 lower profit before taxation for the cumulative 6 months period ended at RM11.04 million as compared to RM11.73 million recorded in the previous year corresponding period, a decrease of 5.88% or RM0.69 million. The decrease was mainly due to drop in sales coupled with the increase in staff cost despite savings in finance cost due to retirement of borrowings and lesser usage of trade facilities.

2. COMPARISON WITH PRECEDING QUARTER'S REPORT

	Quarter ended 31 December 2013 RM'000	Quarter ended 30 September 2013 RM'000
Revenue	23,413	39,226
Profit before taxation	1,199	9,845

The profit before tax of RM1.20 million for the current quarter was substantially lower than the preceding quarter of RM9.85 million. The substantial decline in profit before tax was due to lower sales and lower gross margins generated in the current quarter. The preceding quarter comprised of nationwide mega sales and Hari Raya festive season which formed a substantial portion of the Group's sales. 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 to 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 confident that the fashion apparel segment will contribute a comparable performance for the current financial year to that achieved during the previous financial year.

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 2013 (cont'd)**

5. TAXATION

	Year to date ended 31 December	
	2013	2012
	RM'000	RM'000
Tax liabilities at 1 July	1,083	867
Current period's provision	2,880	3,057
Net payment made during the period	(1,207)	(913)
	<hr/> 2,756	<hr/> 3,011
	<hr/> 2,756	<hr/> 3,011
Disclosed as:		
Tax assets	(43)	(53)
Tax liabilities	2,799	3,064
	<hr/> 2,756	<hr/> 3,011
	<hr/> 2,756	<hr/> 3,011
Taxation expense for the period:-		
Malaysian taxation	2,880	3,057
	<hr/> 2,880	<hr/> 3,057

The effective tax rate for the period ended 31st December 2013 was approximately 26.08% 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.

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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2013 (cont'd)**

7. GROUP BORROWINGS AND DEBT SECURITIES

	As at 31 December 2013 RM'000	As at 30 June 2013 RM'000
(a) Short term borrowings		
- Unsecured	1,108	1,092
- Secured	56	127
	1,164	1,219
(b) Long term borrowings		
- Secured	5	210
	5	210
Total	1,169	1,429

The above borrowings are all denominated in Ringgit Malaysia.

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 2013 was not qualified.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2013 (cont'd)**

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 2013	2012	31 December 2013	2012
Net profit attributable to shareholders (RM'000)	768	815	8,074	8,600
Weighted average number of ordinary shares in issue ('000)	40,742	40,742	40,742	40,742
Basic earnings per share (sen)	1.89	2.00	19.82	21.11

(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 December 2013.

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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2013 (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 December 2013 RM'000	30 June 2013 RM'000
Total retained profits of the Group		
- Realised	36,570	31,551
- Unrealised	4,925	4,925
	41,495	36,476
Consolidation adjustments	(5,239)	(5,239)
	36,256	31,237

14. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter ended 31 December 2013 RM'000	Year to date ended 31 December 2013 RM'000
Profit from operations for the period is arrived after charging:		
Depreciation of investment properties	140	280
Depreciation of property, plant and equipment	337	652
Inventories written off/written down	670	1,000
And after crediting:		
Interest income	8	20
Profit on disposal of property, plant and equipment and investment property/asset held for sales	100	132
Profit on disposal of available-for-sale financial assets	-	29

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 2013 (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 27th February 2014.

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: 27th February 2014