

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 2014**

* Quarter : **1st Quarter**

* Financial Year End : **30th June 2015**

* The figures : Have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2014 (UNAUDITED)**

	3-MONTH ENDED		YEAR TO DATE ENDED	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	33,196	39,226	33,196	39,226
Gross profit	16,372	17,734	16,372	17,734
	49%	45%	49%	45%
Other operating income	58	217	58	217
Operating expenses	(8,144)	(8,034)	(8,144)	(8,034)
Profit from the operation	8,286	9,917	8,286	9,917
Finance costs	(131)	(72)	(131)	(72)
Profit before taxation	8,155	9,845	8,155	9,845
Taxation	(2,070)	(2,507)	(2,070)	(2,507)
Profit for the period	6,085	7,338	6,085	7,338
Other comprehensive income for the period, net of tax	36	234	36	234
Total comprehensive income for the period	6,121	7,572	6,121	7,572
Profit attributable to :				
Equity holders of the parent	6,044	7,306	6,044	7,306
Non-controlling interest	41	32	41	32
	6,085	7,338	6,085	7,338
Total comprehensive income attributable to:				
Equity holders of the parent	6,080	7,540	6,080	7,540
Non-controlling interest	41	32	41	32
	6,121	7,572	6,121	7,572
Earnings per share				
-Basic	14.83	17.93	14.83	17.93
-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 2014 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 2014

	Unaudited as at 30.09.2014 RM'000	Audited as at as at 30.6.2014 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	2,620	4,838
Investment properties	24,397	22,470
Available for sale investments	2,002	1,965
Deferred tax assets	45	45
	<hr/> 29,064	<hr/> 29,318
CURRENT ASSETS		
Inventories	50,524	61,923
Receivables	28,706	25,855
Tax assets	56	88
Financial assets at fair value through profit or loss	-	1,815
Deposits, cash and bank balances	4,128	2,397
	<hr/> 83,414	<hr/> 92,078
TOTAL ASSETS	<hr/> 112,478	<hr/> 121,396
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	40,742	40,742
Reserves	42,349	36,269
	<hr/> 83,091	<hr/> 77,011
Non-controlling interest	1,173	1,132
TOTAL EQUITY	<hr/> 84,264	<hr/> 78,143
NON-CURRENT LIABILITIES		
Borrowings	11	17
Deferred tax liabilities	2,101	2,101
	<hr/> 2,112	<hr/> 2,118
CURRENT LIABILITIES		
Payables	16,652	34,810
Tax liabilities	2,186	816
Borrowings	7,264	5,509
	<hr/> 26,102	<hr/> 41,135
TOTAL LIABILITIES	<hr/> 28,214	<hr/> 43,253
TOTAL EQUITY AND LIABILITIES	<hr/> 112,478	<hr/> 121,396

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30th June 2014 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2014 (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 2013	40,742	47	31,237	72,026	1,088	73,114
Total comprehensive income for the period	-	242	7,798	8,040	44	8,084
Dividend paid	-	-	(3,055)	(3,055)	-	(3,055)
Balance at 30 June 2014/1 July 2014	40,742	289	35,980	77,011	1,132	78,143
Total comprehensive income for the period	-	36	6,044	6,080	41	6,121
Balance at 30 September 2014	40,742	325	42,024	83,091	1,173	84,264

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30th June 2014 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 2014 (UNAUDITED)**

	30/9/2014	30/9/2013
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	8,155	9,845
Adjustments for:		
Non-cash items		
Depreciation of property, plant and equipment	354	315
Depreciation of investment properties	150	140
Inventories written off/written down	-	330
Profit on disposal of property, plant and equipment	-	(12)
Profit on disposal of asset held for sales	-	(20)
Profit on disposal of available-for-sale financial assets	-	(35)
	8,659	10,563
Dividend income	(36)	(20)
Interest expenses	131	72
Interest income	(4)	(12)
Operating profit before working capital changes	8,750	10,603
Changes in inventories	11,399	10,142
Changes in receivables	(2,852)	(8,796)
Changes in payables	(18,158)	(15,010)
Cash used in operations	(861)	(3,061)
Interest received	4	12
Interest paid	(131)	(72)
Tax paid	(668)	(661)
Net cash used in operating activities	(1,656)	(3,782)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(213)	(79)
Proceeds from disposal of financial assets through profit or loss	1,815	-
Proceeds from disposal of property, plant and equipment	-	20
Proceeds from disposal of asset held for sales	-	90
Proceeds from disposal of available-for-sale financial assets	-	133
Dividend received	36	20
Net cash generated from investing activities	1,638	184
CASH FLOWS FROM FINANCING ACTIVITY		
Bank borrowings	1,567	2,469
Net cash generated from financing activity	1,567	2,469
Net changes in cash and cash equivalents	1,549	(1,129)
Cash and cash equivalent at beginning of period	2,386	3,577
Cash and cash equivalent at end of period	3,935	2,448
Represented by:		
Cash and bank balances	4,128	2,486
Bank overdrafts	(193)	(38)
	3,935	2,448

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30th June 2014 and the accompanying explanatory notes attached to the interim financial statements.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

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 2014. 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 2014.

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 2014.

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 2014 (cont'd)**

8. SEGMENTAL REPORTING

Quarter ended 30th September 2014

	Apparels RM'000	Investment properties RM'000	Total RM'000
Revenue	32,747	449	33,196
Profit before interest, taxes, depreciation and amortisation	8,585	201	8,786
Depreciation and amortisation			(504)
Interest expenses			(131)
Interest income			4
Profit before taxation			8,155
Tax expenses			(2,070)
Profit for the period			6,085

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 2014.

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, the wholly-owned subsidiary company namely Mode Fashion Marketing Sdn. Bhd. ("MFM") had been placed under members' voluntary winding-up ("winding-up") pursuant to Section 254(1)(b) of the Companies Act, 1965.

MFM 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.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2014 (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 30th September 2014 is as follows:

Contracted	
Non-cancellable operating lease commitment	RM'000
- Not later than 1 year	532
- Later than 1 year and not later than 5 years	302
	<hr/> 834 <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 2014:

	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.	151
- TGL Industries Sdn. Bhd.	150
- Bidang Cendana Sdn. Bhd.	70

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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

1. REVIEW OF PERFORMANCE

Revenue for the current quarter under review was RM33.20 million as compared to RM39.23 million recorded in the same quarter in previous year, a decrease of 15.37% or RM6.03 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 RM8.15 million for current quarter under review, a decrease of 17.26% or RM1.7 million as compared to profit before taxation of RM9.85 million in the previous year corresponding quarter. The decrease was mainly due to drop in sales by RM6.03 million, even though gross margin increase by 4% from 45% to 49%.

2. COMPARISON WITH PRECEDING QUARTER'S REPORT

As compared to the previous quarter, revenue for the quarter under review had improved by RM8.73 million or 35.65%.

For the first quarter ended 30th September 2014, profit before taxation of the Group was RM8.15 million, compared with profit before taxation of RM0.02 million recorded in preceding quarter ended 30th June 2014.

The higher revenue achieved in current quarter under review was mainly due to higher sales recorded during nationwide mega sales and Hari Raya festive season.

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 30 SEPTEMBER 2014 (cont'd)**

5. TAXATION

	Year to date ended 30 September	
	2014	2013
	RM'000	RM'000
Tax liabilities at 1 July	728	1,083
Current period's provision	2,070	2,507
Net payment made during the period	(668)	(661)
	<hr/>	<hr/>
Tax liabilities at 30 September	2,130	2,929
	<hr/>	<hr/>
Disclosed as:		
Tax assets	(56)	(43)
Tax liabilities	2,186	2,972
	<hr/>	<hr/>
	2,130	2,929
	<hr/>	<hr/>
Taxation expense for the period:-		
Malaysian taxation	2,070	2,507
	<hr/>	<hr/>
	2,070	2,507
	<hr/>	<hr/>

The effective tax rate for the period ended 30th September 2014 was approximately 25.38% 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.

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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2014 (cont'd)**

7. GROUP BORROWINGS AND DEBT SECURITIES

	As at 30 September 2014 RM'000	As at 30 June 2014 RM'000
(a) Short term borrowings		
- Unsecured	7,222	5,452
- Secured	42	57
	<hr/> 7,264 <hr/>	<hr/> 5,509 <hr/>
(b) Long term borrowings		
- Secured	11	17
	<hr/> 11 <hr/>	<hr/> 17 <hr/>
Total	<hr/> 7,275 <hr/>	<hr/> 5,526 <hr/>

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

The final dividend which has been declared for the financial year ended 30th June 2014 is as follows:

Rate	:	7.5 sen per share (single tier)
Announced	:	3 rd November 2014
Book Closure	:	1 st December 2014
Payment Date	:	17 th December 2014

11. QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report of the most recent annual financial statements for the financial year ended 30th June 2014 was not qualified.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2014 (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	
	30 September 2014	2013	30 September 2014	2013
Net profit attributable to shareholders (RM'000)	6,043	7,306	6,043	7,306
Weighted average number of ordinary shares in issue ('000)	40,742	40,742	40,742	40,742
Basic earnings per share (sen)	14.83	17.93	14.83	17.93

(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 2014.

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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2014 (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 2014 RM'000	30 June 2014 RM'000
Total retained profits of the Group		
- Realised	42,451	36,408
- Unrealised	4,915	4,915
	<hr/>	<hr/>
	47,366	41,323
Consolidation adjustments	(5,343)	(5,343)
	<hr/>	<hr/>
	42,023	35,980
	<hr/>	<hr/>

14. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter ended 30 September 2014 RM'000	Year to date ended 30 September 2014 RM'000
Profit from operations for the period is arrived after charging:		
Depreciation of investment properties	150	150
Depreciation of property, plant and equipment	354	354
And after crediting:		
Interest income	4	4

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 2014 (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 26th November 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: 26th November 2014