

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 2014**

* Quarter : **2nd Quarter**

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

* The figures : **Have not been audited**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2014 (UNAUDITED)**

	3-MONTH ENDED		YEAR TO DATE ENDED	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	20,222	23,413	53,418	62,639
Gross profit	6,584	8,779	22,956	26,513
	33%	37%	43%	42%
Other operating income	142	255	200	472
Operating expenses	(8,300)	(7,812)	(16,444)	(15,846)
(Loss)/Profit from the operation	(1,574)	1,222	6,712	11,139
Finance costs	(48)	(23)	(179)	(95)
(Loss)/Profit before taxation	(1,622)	1,199	6,533	11,044
Taxation	382	(373)	(1,688)	(2,880)
(Loss)/Profit for the period	(1,240)	826	4,845	8,164
Other comprehensive income for the period, net of tax	268	114	304	348
Total comprehensive (loss)/income for the period	(972)	940	5,149	8,512
(Loss)/Profit attributable to :				
Equity holders of the parent	(1,203)	768	4,841	8,074
Non-controlling interest	(37)	58	4	90
	(1,240)	826	4,845	8,164
Total comprehensive (loss)/income attributable to:				
Equity holders of the parent	(935)	882	5,145	8,422
Non-controlling interest	(37)	58	4	90
	(972)	940	5,149	8,512
Earnings per share				
-Basic	(2.95)	1.89	11.88	19.82
-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 31 DECEMBER 2014

	Unaudited as at 31.12.2014 RM'000	Audited as at as at 30.6.2014 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	2,639	4,838
Investment properties	24,102	22,470
Available for sale investments	2,241	1,965
Deferred tax assets	45	45
	<hr/> 29,027	<hr/> 29,318
CURRENT ASSETS		
Inventories	48,554	61,923
Receivables	21,561	25,855
Tax assets	295	88
Financial assets at fair value through profit or loss	2,779	1,815
Deposits, cash and bank balances	1,338	2,397
	<hr/> 74,527	<hr/> 92,078
TOTAL ASSETS	<hr/> 103,554	<hr/> 121,396
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	40,742	40,742
Reserves	38,358	36,269
	<hr/> 79,100	<hr/> 77,011
Non-controlling interest	1,136	1,132
TOTAL EQUITY	<hr/> 80,236	<hr/> 78,143
NON-CURRENT LIABILITIES		
Borrowings	7	17
Deferred tax liabilities	2,101	2,101
	<hr/> 2,108	<hr/> 2,118
CURRENT LIABILITIES		
Payables	18,469	34,810
Tax liabilities	1,494	816
Borrowings	1,247	5,509
	<hr/> 21,210	<hr/> 41,135
TOTAL LIABILITIES	<hr/> 23,318	<hr/> 43,253
TOTAL EQUITY AND LIABILITIES	<hr/> 103,554	<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 31 DECEMBER 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	-	304	4,840	5,144	4	5,148
Dividend paid	-	-	(3,055)	(3,055)	-	(3,055)
Balance at 31 December 2014	40,742	593	37,765	79,100	1,136	80,236

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 31 DECEMBER 2014 (UNAUDITED)**

	31/12/2014 RM'000	31/12/2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,533	11,044
Adjustments for:		
Non-cash items		
Depreciation of property, plant and equipment	881	932
Depreciation of investment properties	280	-
Inventories written off/written down	1,000	1,000
Property, plant and equipment written off	6	-
Profit on disposal of property, plant and equipment	(4)	(112)
Profit on disposal of asset held for sales	-	(20)
Loss/(Profit) on disposal of available-for-sale financial assets	3	(29)
	8,699	12,815
Dividend income	(45)	(27)
Interest expenses	179	95
Interest income	(50)	(20)
Operating profit before working capital changes	8,783	12,863
Changes in inventories	12,369	6,615
Changes in receivables	4,294	1,243
Changes in payables	(16,341)	(12,324)
Cash used in operations	9,105	8,397
Dividend paid	(3,055)	(3,055)
Interest received	50	20
Interest paid	(179)	(95)
Tax paid	(1,217)	(1,207)
Net cash from in operating activities	4,704	4,060
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(734)	(589)
Purchase of financial assets through profit or loss	(2,779)	-
Proceeds from disposal of financial assets through profit or loss	1,815	-
Proceeds from disposal of property, plant and equipment	138	125
Proceeds from disposal of asset held for sales	-	90
Proceeds from disposal of available-for-sale financial assets	25	133
Net cash inflow from winding up a subsidiary company	-	1
Dividend received	45	27
Net cash from/(used in) investing activities	(1,490)	(213)
CASH FLOWS FROM FINANCING ACTIVITY		
Bank borrowings	(4,477)	(287)
Net cash used in financing activity	(4,477)	(287)
Net changes in cash and cash equivalents	(1,263)	3,560
Cash and cash equivalent at beginning of period	2,386	3,577
Cash and cash equivalent at end of period	1,123	7,137
Represented by:		
Cash and bank balances	1,338	7,164
Bank overdrafts	(215)	(27)
	1,123	7,137

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 31 DECEMBER 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

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 June 2014 was paid on 17th December 2014.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2014 (cont'd)**

8. SEGMENTAL REPORTING

Quarter ended 31st December 2014

	Apparels RM'000	Investment properties RM'000	Total RM'000
Revenue	52,490	928	53,418
Profit before interest, taxes, depreciation and amortisation	7,535	288	7,823
Depreciation and amortisation			(1,161)
Interest expenses			(179)
Interest income			50
Profit before taxation			6,533
Tax expenses			(1,688)
Profit for the period			4,845

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

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

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

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2014 (cont'd)**

13. CAPITAL COMMITMENTS

Capital commitment as at 31st December 2014 is as follows:

Contracted	
Non-cancellable operating lease commitment	RM'000
- Not later than 1 year	659
- Later than 1 year and not later than 5 years	517
	<hr/>
	1,176
	<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 2014:

	RM'000
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	79
- TGL Packaging Sdn. Bhd.	2
Rental paid to	
- TGL Packaging Sdn. Bhd.	302
- TGL Industries Sdn. Bhd.	300
- Bidang Cendana Sdn. Bhd.	87
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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2014**

1. REVIEW OF PERFORMANCE

Revenue for the current quarter under review was RM20.22 million as compared to RM23.41 million recorded in the same quarter in previous year, a decrease of 13.63% or RM3.19 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 loss before tax of RM1.62 million for current quarter under review, a decrease of 235% or RM2.82 million as compared to profit before taxation of RM1.20 million in the previous year corresponding quarter. The decrease was mainly due to drop in sales by RM3.19 million and decline in gross profit margin from 37% to 33% due to additional markdowns and discounts in view of intense competition.

2. COMPARISON WITH PRECEDING QUARTER'S REPORT

	Quarter ended 31 December 2014 RM'000	Quarter ended 30 September 2014 RM'000
Revenue	20,222	33,196
(Loss)/Profit before taxation	(1,622)	8,155

The loss before tax of RM1.62 million for the current quarter was substantially lower than the preceding quarter profit before tax of RM8.16 million. The substantial decline 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 Group is expected to operate in a very challenging environment with the imposition of the GST on 1st April 2015, it is expected that consumers will react negatively to it regardless of whether prices rise or not, couple with pressures on margins and rising operating costs.

Nevertheless, the Group maintains a cautious approach in the current financial year and continue to implement stringent cost controls and will be aggressively pursuing mark downs and discounts in order to improve sales in view of the weak retail environment.

Barring any unforeseen circumstances, the Directors are cautiously optimistic that the Group will continue to stay competitive and the prospects of the Group for the financial year ending 30 June 2015 should remain positive with 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 2014 (cont'd)**

5. TAXATION

	Year to date ended	
	31 December	
	2014	2013
	RM'000	RM'000
Tax liabilities at 1 July	728	1,083
Current period's provision	1,688	2,880
Net payment made during the period	(1,217)	(1,207)
	<u>1,199</u>	<u>2,756</u>
Disclosed as:		
Tax assets	(295)	(43)
Tax liabilities	1,494	2,799
	<u>1,199</u>	<u>2,756</u>
Taxation expense for the period:-		
Malaysian taxation	1,688	2,880
	<u>1,688</u>	<u>2,880</u>

The effective tax rate for the period ended 31st December 2014 was approximately 25.83% 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 2014 (cont'd)**

7. GROUP BORROWINGS AND DEBT SECURITIES

	As at 31 December 2014 RM'000	As at 30 June 2014 RM'000
(a) Short term borrowings		
- Unsecured	1,219	5,452
- Secured	28	57
	<hr/> 1,247 <hr/>	<hr/> 5,509 <hr/>
(b) Long term borrowings		
- Secured	7	17
	<hr/> 7 <hr/>	<hr/> 17 <hr/>
Total	<hr/> 1,254 <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

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 2014 was not qualified.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 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	
	31 December 2014	2013	31 December 2014	2013
Net (loss)/profit attributable to shareholders (RM'000)	(1,203)	768	4,841	8,074
Weighted average number of ordinary shares in issue ('000)	40,742	40,742	40,742	40,742
Basic (loss)/earnings per share (sen)	(2.95)	1.89	11.88	19.82

(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 2014.

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

	31 December 2014 RM'000	30 June 2014 RM'000
Total retained profits of the Group		
- Realised	38,193	36,408
- Unrealised	4,915	4,915
	<hr/>	<hr/>
	43,108	41,323
Consolidation adjustments	(5,343)	(5,343)
	<hr/>	<hr/>
	37,765	35,980
	<hr/>	<hr/>

14. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter ended 31 December 2014 RM'000	Year to date ended 31 December 2014 RM'000
Profit from operations for the period is arrived after charging:		
Depreciation of investment properties	130	280
Depreciation of property, plant and equipment	527	881
Property, plant and equipment written off	6	6
Loss on disposal of available-for-sales financial assets	3	3
And after crediting:		
Interest income	46	50

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 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 27th February 2015.

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 2015