

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 2015**

* Quarter : **1st Quarter**

* Financial Year End : **30th June 2016**

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2015 (UNAUDITED)**

	3-MONTH ENDED		YEAR TO DATE ENDED	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
Revenue	26,484	33,196	26,484	33,196
Gross profit	11,930	16,372	11,930	16,372
	45%	49%	45%	49%
Other operating income	94	58	94	58
Operating expenses	(8,200)	(8,144)	(8,200)	(8,144)
Profit from the operation	3,824	8,286	3,824	8,286
Finance costs	(96)	(131)	(96)	(131)
Profit before taxation	3,728	8,155	3,728	8,155
Taxation	(1,016)	(2,070)	(1,016)	(2,070)
Profit for the period	2,712	6,085	2,712	6,085
Other comprehensive income for the period, net of tax	(127)	36	(127)	36
Total comprehensive income for the period	2,585	6,121	2,585	6,121
Profit attributable to :				
Equity holders of the parent	2,808	6,044	2,808	6,044
Non-controlling interest	(96)	41	(96)	41
	2,712	6,085	2,712	6,085
Total comprehensive income attributable to:				
Equity holders of the parent	2,681	6,080	2,681	6,080
Non-controlling interest	(96)	41	(96)	41
	2,585	6,121	2,585	6,121
Earnings per share				
-Basic	6.89	14.83	6.89	14.83
-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 2015 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 2015

	Unaudited as at 30.09.2015 RM'000	Audited as at as at 30.6.2015 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	3,584	3,704
Investment properties	22,436	22,593
Available for sale investments	2,326	2,453
Deferred tax assets	95	95
	<hr/> 28,441	<hr/> 28,845
CURRENT ASSETS		
Inventories	37,391	47,716
Receivables	26,463	30,756
Tax assets	145	147
Financial assets at fair value through profit or loss	11,887	2,663
Deposits, cash and bank balances	989	2,400
	<hr/> 76,875	<hr/> 83,682
TOTAL ASSETS	<hr/> 105,316	<hr/> 112,527
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	40,742	40,742
Reserves	40,911	38,231
	<hr/> 81,653	<hr/> 78,973
Non-controlling interest	979	1,074
TOTAL EQUITY	<hr/> 82,632	<hr/> 80,047
NON-CURRENT LIABILITY		
Deferred taxation	1,954	1,954
	<hr/> 1,954	<hr/> 1,954
CURRENT LIABILITIES		
Payables	17,727	28,006
Tax liabilities	975	395
Borrowings	2,028	2,125
	<hr/> 20,730	<hr/> 30,526
TOTAL LIABILITIES	<hr/> 22,684	<hr/> 32,480
TOTAL EQUITY AND LIABILITIES	<hr/> 105,316	<hr/> 112,527

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30th June 2015 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2015 (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 2014	40,742	289	35,979	77,010	1,132	78,142
Total comprehensive income for the period	-	506	4,434	4,940	(57)	4,883
Effect of change in tax rate			77	77		77
Dividend paid	-	-	(3,055)	(3,055)	-	(3,055)
Balance at 30 June 2015/1 July 2015	40,742	795	37,435	78,972	1,075	80,047
Total comprehensive income for the period	-	(127)	2,808	2,681	(96)	2,585
Balance at 30 September 2015	40,742	668	40,243	81,653	979	82,632

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30th June 2015 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 2015 (UNAUDITED)**

	30/9/2015	30/9/2014
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,728	8,155
Adjustments for:		
Non-cash items		
Depreciation of property, plant and equipment	363	354
Depreciation of investment properties	157	150
	4,248	8,659
Dividend income	(41)	(36)
Interest expenses	96	131
Interest income	(33)	(4)
Operating profit before working capital changes	4,270	8,750
Changes in inventories	10,325	11,399
Changes in receivables	4,293	(2,852)
Changes in payables	(10,279)	(18,158)
Cash generated from/(used in) operations	8,609	(861)
Interest received	33	4
Interest paid	(96)	(131)
Tax paid	(434)	(668)
Net cash generated from/(used in) operating activities	8,112	(1,656)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(243)	(213)
Purchase of financial assets through profit or loss	(9,924)	-
Proceeds from disposal of financial assets through profit or loss	700	1,815
Dividend received	41	36
Net cash generated from investing activities	(9,426)	1,638
CASH FLOWS FROM FINANCING ACTIVITY		
Bank borrowings	(154)	1,567
Net cash (used in)/generated from financing activity	(154)	1,567
Net changes in cash and cash equivalents	(1,468)	1,549
Cash and cash equivalent at beginning of period	1,958	2,386
Cash and cash equivalent at end of period	490	3,935
Represented by:		
Cash and bank balances	989	4,128
Bank overdrafts	(499)	(193)
	490	3,935

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 2015**

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 2015. 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 2015.

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 2015.

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 2015

	Apparels RM'000	Investment properties RM'000	Total RM'000
Revenue	26,132	352	26,484
Profit before interest, taxes, depreciation and amortisation	4,122	189	4,311
Depreciation and amortisation			(520)
Interest expenses			(96)
Interest income			33
Profit before taxation			3,728
Tax expenses			(1,016)
Profit for the period			2,712

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 2015.

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 31,745

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2015 (cont'd)**

13. CAPITAL COMMITMENTS

Capital commitment as at 30th September 2015 is as follows:

Contracted	
Non-cancellable operating lease commitment	RM'000
- Not later than 1 year	746
- Later than 1 year and not later than 5 years	610
	<hr/>
	1,356
	<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 2015:

	RM'000
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	10
Rental paid to	
- TGL Packaging Sdn. Bhd.	151
- TGL Industries Sdn. Bhd.	150
- Bidang Cendana Sdn. Bhd.	33
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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

1. REVIEW OF PERFORMANCE

Revenue for the current quarter under review was RM26.48 million as compared to RM33.20 million recorded in the same quarter in previous year, a decrease of 20.24% or RM6.72 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 RM3.73 million for current quarter under review, a decrease of 54.23% or RM4.42 million as compared to profit before taxation of RM8.15 million in the previous year corresponding quarter. The decrease was mainly due to drop in sales by RM6.72 million and lower gross margin of 45%.

2. COMPARISON WITH PRECEDING QUARTER'S REPORT

	Quarter ended 30 September 2015 RM'000	Quarter ended 30 June 2015 RM'000
Revenue	26,484	27,796
Profit/(Loss) before taxation	3,728	(368)

As compared to the previous quarter, revenue for the quarter under review had dropped by RM1.31 million or 4.72%.

For the first quarter ended 30th September 2015, profit before taxation of the Group was RM3.73 million, compared with loss before taxation of RM0.37 million recorded in preceding quarter ended 30th June 2015.

The lower revenue achieved in current quarter under review was mainly due to the preceding quarter comprised of school holiday shopping and early buying for the Hari Raya festive season.

However, the current quarter achieved a higher gross profit margin of 45% compared with 29% achieved in the preceding quarter, thus resulting in a profit of RM3.7 million compared with a loss of RM0.37 million. There were more aggressive clearance of stocks in the preceding 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 30 SEPTEMBER 2015 (cont'd)**

5. TAXATION

	Year to date ended 30 September	
	2015 RM'000	2014 RM'000
Tax liabilities at 1 July	248	728
Current period's provision	1,016	2,070
Net payment made during the period	(434)	(668)
	<hr/>	<hr/>
Tax liabilities at 30 September	830	2,130
	<hr/>	<hr/>
Disclosed as:		
Tax assets	(145)	(56)
Tax liabilities	975	2,186
	<hr/>	<hr/>
	830	2,130
	<hr/>	<hr/>
Taxation expense for the period:-		
Malaysian taxation	1,016	2,070
	<hr/>	<hr/>
	1,016	2,070
	<hr/>	<hr/>

The effective tax rate for the period ended 30th September 2015 was approximately 27.25% 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 30 September 2015 RM'000	As at 30 June 2015 RM'000
	(a) Short term borrowings	
- Unsecured	2,017	2,108
- Secured	11	17
	<hr/>	<hr/>
	2,028	2,125
	<hr/>	<hr/>

The above borrowings are all denominated in Ringgit Malaysia.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2015 (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

The final dividend which has been declared for the financial year ended 30th June 2015 is as follows:

Rate	:	7.5 sen per share (single tier)
Announced	:	3 rd November 2015
Book Closure	:	1 st December 2015
Payment Date	:	16 th December 2015

11. QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report of the most recent annual financial statements for the financial year ended 30th June 2015 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	
	30 September 2015	2014	30 September 2015	2014
Net profit attributable to shareholders (RM'000)	2,808	6,043	2,808	6,043
Weighted average number of ordinary shares in issue ('000)	40,742	40,742	40,742	40,742
Basic earnings per share (sen)	6.89	14.83	6.89	14.83

(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 2015.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2015 (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 2015 RM'000	30 June 2015 RM'000
Total retained profits of the Group		
- Realised	39,600	36,792
- Unrealised	4,516	4,516
	<hr/>	<hr/>
	44,116	41,308
Consolidation adjustments	(3,873)	(3,873)
	<hr/>	<hr/>
	40,243	37,435
	<hr/>	<hr/>

14. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter ended 30 September 2015 RM'000	Year to date ended 30 September 2015 RM'000
Profit from operations for the period is arrived after charging:		
Depreciation of investment properties	157	157
Depreciation of property, plant and equipment	363	363
And after crediting:		
Interest income	33	33

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 2015 (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 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: 26th November 2015