

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 2015**

* Quarter : **2nd Quarter**

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

* The figures : Have not been audited

TEO GUAN LEE CORPORATION BHD (COMPANY NUMBER 283710-A)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2015 (UNAUDITED)**

	3-MONTH ENDED		YEAR TO DATE ENDED	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Revenue	19,414	20,222	45,898	53,418
Gross profit	7,926 41%	6,584 33%	19,856 43%	22,956 43%
Other operating income	195	142	289	200
Operating expenses	<u>(7,726)</u>	<u>(8,300)</u>	<u>(15,926)</u>	<u>(16,444)</u>
Profit/(Loss) from the operation	395	(1,574)	4,219	6,712
Finance costs	<u>(41)</u>	<u>(48)</u>	<u>(137)</u>	<u>(179)</u>
Profit/(Loss) before taxation	354	(1,622)	4,082	6,533
Taxation	<u>(120)</u>	<u>382</u>	<u>(1,136)</u>	<u>(1,688)</u>
Profit/(Loss) for the period	<u>234</u>	<u>(1,240)</u>	<u>2,946</u>	<u>4,845</u>
Other comprehensive income/(loss) for the period, net of tax	<u>59</u>	<u>268</u>	<u>(68)</u>	<u>304</u>
Total comprehensive income/(loss) for the period	<u>293</u>	<u>(972)</u>	<u>2,878</u>	<u>5,149</u>
Profit attributable to :				
Equity holders of the parent	263	(1,203)	3,071	4,841
Non-controlling interest	<u>(29)</u>	<u>(37)</u>	<u>(125)</u>	<u>4</u>
	<u>234</u>	<u>(1,240)</u>	<u>2,946</u>	<u>4,845</u>
Total comprehensive income attributable to:				
Equity holders of the parent	322	(935)	2,907	5,186
Non-controlling interest	<u>(29)</u>	<u>(37)</u>	<u>(29)</u>	<u>(37)</u>
	<u>293</u>	<u>(972)</u>	<u>2,878</u>	<u>5,149</u>
Earnings/(Loss) per share				
-Basic	0.65	(2.95)	7.54	11.88
-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 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 31 DECEMBER 2015**

	Unaudited as at 31.12.2015 RM'000	Audited as at as at 30.6.2015 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	3,697	3,704
Investment properties	22,269	22,593
Available for sale investments	2,385	2,453
Deferred tax assets	95	95
	<u>28,446</u>	<u>28,845</u>
CURRENT ASSETS		
Inventories	36,747	47,716
Receivables	21,891	30,756
Tax assets	107	147
Financial assets at fair value through profit or loss	9,521	2,663
Deposits, cash and bank balances	1,719	2,400
	<u>69,985</u>	<u>83,682</u>
TOTAL ASSETS	<u>98,431</u>	<u>112,527</u>
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	40,742	40,742
Reserves	38,179	38,231
	<u>78,921</u>	<u>78,973</u>
Non-controlling interest	949	1,074
TOTAL EQUITY	<u>79,870</u>	<u>80,047</u>
NON-CURRENT LIABILITY		
Borrowings	23	-
Deferred taxation	1,954	1,954
	<u>1,977</u>	<u>1,954</u>
CURRENT LIABILITIES		
Payables	14,903	28,006
Tax liabilities	686	395
Borrowings	995	2,125
	<u>16,584</u>	<u>30,526</u>
TOTAL LIABILITIES	<u>18,561</u>	<u>32,480</u>
TOTAL EQUITY AND LIABILITIES	<u>98,431</u>	<u>112,527</u>

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.

TEO GUAN LEE CORPORATION BHD (COMPANY NUMBER 283710-A)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 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	290	35,979	77,011	1,132	78,143
Total comprehensive income for the period	-	506	4,434	4,940	(58)	4,882
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	796	37,435	78,973	1,074	80,047
Total comprehensive income for the period	-	(68)	3,071	3,003	(125)	2,878
Dividend paid	-	-	(3,055)	(3,055)	-	(3,055)
Balance at 31 December 2015	40,742	728	37,451	78,921	949	79,870

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.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2015 (UNAUDITED)**

	31/12/2015	31/12/2014
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,082	6,533
Adjustments for:		
Non-cash items		
Depreciation of property, plant and equipment	735	881
Depreciation of investment properties	324	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	(63)	(4)
Loss on disposal of available-for-sale financial assets	-	3
	6,078	8,699
Dividend income	(55)	(45)
Interest expenses	137	179
Interest income	(122)	(50)
Operating profit before working capital changes	6,038	8,783
Changes in inventories	9,969	12,369
Changes in receivables	8,865	4,294
Changes in payables	(13,103)	(16,341)
Cash generated from/(used in) operations	11,769	9,105
Dividend paid	(3,055)	(3,055)
Interest received	122	50
Interest paid	(137)	(179)
Tax paid	(805)	(1,217)
Net cash generated from operating activities	7,894	4,704
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(679)	(734)
Purchase of financial assets through profit or loss	(10,123)	(2,779)
Proceeds from disposal of financial assets through profit or loss	3,265	1,815
Proceeds from disposal of property, plant and equipment	63	138
Proceeds from disposal of available-for-sale financial assets	-	25
Dividend received	55	45
Net cash used in investing activities	(7,419)	(1,490)
CASH FLOWS FROM FINANCING ACTIVITY		
Bank borrowings	(1,114)	(4,477)
Net cash used in from financing activity	(1,114)	(4,477)
Net changes in cash and cash equivalents	(639)	(1,263)
Cash and cash equivalent at beginning of period	1,958	2,386
Cash and cash equivalent at end of period	1,319	1,123
Represented by:		
Cash and bank balances	1,719	1,338
Bank overdrafts	(400)	(215)
	1,319	1,123

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 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

During the quarter under review, the final dividend amounting to RM3,055,665 (7.5 sen per share) in respect of financial year ended 30th June 2015 was paid on 16th December 2015.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2015 (cont'd)**

8. SEGMENTAL REPORTING

Quarter ended 31st December 2015

	Apparels RM'000	Investment properties RM'000	Total RM'000
Revenue	45,115	783	45,898
Profit before interest, taxes, depreciation and amortisation	4,692	464	5,156
Depreciation and amortisation			(1,059)
Interest expenses			(137)
Interest income			122
Profit before taxation			4,082
Tax expenses			(1,136)
Profit for the period			2,946

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

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.

The winding-up of JCG will not have any material effect on the consolidated earnings or net assets of the Company for the financial year ending 30 June 2016.

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

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2015 (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 31,745

13. CAPITAL COMMITMENTS

Capital commitment as at 31st December 2015 is as follows:

Contracted	
Non-cancellable operating lease commitment	RM'000
- Not later than 1 year	689
- Later than 1 year and not later than 5 years	392
	<u>1,081</u>

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 2015:

	RM'000
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	17
- TGL Packaging Sdn. Bhd.	3
Rental paid to	
- TGL Packaging Sdn. Bhd.	302
- TGL Industries Sdn. Bhd.	300
- Bidang Cendana Sdn. Bhd.	65

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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2015**

1. REVIEW OF PERFORMANCE

Revenue for the current quarter under review was RM19.41 million as compared to RM20.22 million recorded in the same quarter in previous year, a decrease of 4% or RM0.81 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 RM0.35 million for current quarter under review, an increase of 121.60% or RM1.97 million as compared to loss before taxation of RM1.62 million in the previous year corresponding quarter. The profit before taxation recorded was mainly due to improvement in gross profit margin by 8% from 33% to 41%, couple with savings in operating expenses.

2. COMPARISON WITH PRECEDING QUARTER'S REPORT

	Quarter ended 31 December 2015 RM'000	Quarter ended 30 September 2015 RM'000
Revenue	19,414	26,484
Profit/(Loss) before taxation	354	3,728

As compared to the previous quarter, revenue for the quarter under review had dropped by RM7.07 million or 26.72%.

The profit before tax of RM0.35 million for the current quarter was substantially lower than the preceding quarter of RM3.73 million. The substantial decline in profit before tax was due to lower sales 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 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 DECEMBER 2015 (cont'd)**

5. TAXATION

	Year to date ended 31 December	
	2015 RM'000	2014 RM'000
Tax liabilities at 1 July	248	1,083
Current period's provision	1,136	2,880
Net payment made during the period	(805)	(1,207)
	<hr/>	<hr/>
Tax liabilities at 31 December	579	2,756
	<hr/>	<hr/>
Disclosed as:		
Tax assets	(107)	(56)
Tax liabilities	686	2,186
	<hr/>	<hr/>
	579	2,130
	<hr/>	<hr/>
Taxation expense for the period:-		
Malaysian taxation	1,136	2,880
	<hr/>	<hr/>

The effective tax rate for the period ended 31st December 2015 was approximately 27.83% 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.

7. GROUP BORROWINGS AND DEBT SECURITIES

	As at 31 December 2015 RM'000	As at 30 June 2015 RM'000
	(a) Short term borrowings	
- Unsecured	973	2,108
- Secured	22	17
	<hr/>	<hr/>
	995	2,125
	<hr/>	<hr/>
(b) Long term borrowings		
- Secured	23	-
	<hr/>	<hr/>

The above borrowings are all denominated in Ringgit Malaysia.

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

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 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	
	31 December		31 December	
	2015	2014	2015	2014
Net profit/(loss) attributable to shareholders (RM'000)	263	(1,203)	3,071	4,841
Weighted average number of ordinary shares in issue ('000)	40,742	40,742	40,742	40,742
Basic earnings/(loss) per share (sen)	0.65	(2.95)	7.54	11.88

(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 2015.

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

	31 December 2015 RM'000	30 June 2015 RM'000
Total retained profits of the Group		
- Realised	36,808	36,792
- Unrealised	4,516	4,516
	<hr/>	<hr/>
	41,324	41,308
Consolidation adjustments	(3,873)	(3,873)
	<hr/>	<hr/>
	37,451	37,435
	<hr/>	<hr/>

14. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter ended 31 December 2015 RM'000	Year to date ended 31 December 2015 RM'000
Profit from operations for the period is arrived after charging:		
Depreciation of investment properties	167	324
Depreciation of property, plant and equipment	539	735
And after crediting:		
Interest income	89	122

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 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 25th February 2016.

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: 25th February 2016