

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2009**

	Note	INDIVIDUAL QUARTER 6-MONTH ENDED		CUMULATIVE PERIOD 6-MONTH ENDED	
		CURRENT YEAR QUARTER 31/12/2009 (UNAUDITED) RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2008 UNAUDITED RM'000	CURRENT YEAR TO DATE 31/12/2009 (UNAUDITED) RM'000	AS RESTATE D PRECEDING YEAR CORRESPONDING PERIOD 31/12/2008 UNAUDITED RM'000
REVENUE	(A) 9	21,396	20,352	63,372	67,062
GROSS PROFIT		7,968 37%	7,109 35%	25,119 40%	28,899 43%
OTHER OPERATING INCOME		40	137	72	194
OPERATING EXPENSES		<u>(6,881)</u>	<u>(6,288)</u>	<u>(12,758)</u>	<u>(14,247)</u>
PROFIT FROM OPERATION		1,127	958	12,433	14,846
FINANCE COSTS		<u>(225)</u>	<u>(262)</u>	<u>(458)</u>	<u>(697)</u>
PROFIT BEFORE TAXATION		902	696	11,975	14,149
TAXATION	B(19)	<u>(312)</u>	<u>(380)</u>	<u>(3,090)</u>	<u>(3,749)</u>
PROFIT FOR THE PERIOD		<u>590</u>	<u>316</u>	<u>8,885</u>	<u>10,400</u>
ATTRIBUTABLE TO :					
EQUITY HOLDERS OF THE PARENT		567	314	8,849	10,377
MINORITY INTEREST		<u>23</u>	<u>2</u>	<u>36</u>	<u>23</u>
		<u>590</u>	<u>316</u>	<u>8,885</u>	<u>10,400</u>
EARNINGS PER SHARE (SEN)					
-BASIC	(B) 28	1.41	0.95	22.07	31.25
-DILUTED	(B) 28	<u>1.41</u>	<u>0.95</u>	<u>22.07</u>	<u>31.25</u>

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

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

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2009

	Note	AS AT END OF CURRENT PERIOD 31/12/2009 (UNAUDITED) RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 30/06/2009 AUDITED RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	(A)10	5,141	5,177
Investment properties		23,919	23,919
Prepaid Lease payments		535	538
Investments	(B)20	436	113
Goodwill		-	14
Deferred tax assets		73	486
		<u>30,104</u>	<u>30,247</u>
CURRENT ASSETS			
Inventories		43,565	40,825
Receivables		26,554	21,582
Tax assets		266	158
Cash and bank balances		950	677
		<u>71,335</u>	<u>63,242</u>
TOTAL ASSETS		<u>101,439</u>	<u>93,489</u>
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Share capital		40,139	40,085
Reserves		18,598	12,731
		<u>58,737</u>	<u>52,816</u>
Minority interest		965	929
TOTAL EQUITY		<u>59,702</u>	<u>53,745</u>
NON-CURRENT LIABILITIES			
Borrowings	(B) 23	6,137	6,583
Deferred tax liabilities		2,017	2,207
		<u>8,154</u>	<u>8,790</u>
CURRENT LIABILITIES			
Payables		20,410	13,303
Tax liabilities		3,262	906
Borrowings	(B) 23	9,911	16,745
		<u>33,583</u>	<u>30,954</u>
TOTAL LIABILITIES		<u>41,737</u>	<u>39,744</u>
TOTAL EQUITY AND LIABILITIES		<u>101,439</u>	<u>93,489</u>
Net Assets Per Share (RM)		<u>1.46</u>	<u>1.32</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 30 June 2009 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 2009 (UNAUDITED)**

	← ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT →						MINORITY INTEREST RM'000	TOTAL EQUITY RM'000
	NON-DISTRIBUTABLE			DISTRIBUTABLE				
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	REVALUATION SURPLUS RM'000	RETAINED PROFITS RM'000	RM'000		
BALANCE AT 1 JULY 2008	20,753	1,222	(129)	-	20,280	42,126	1,027	43,153
ISSUANCE OF SHARES								
- Private placement	4,300	-	-	-	-	4,300	-	4,300
- Bonus issue	15,032	(823)	-	-	(14,209)	-	-	-
	19,332	(823)	-	-	(14,209)	4,300	-	4,300
NET EXPENSES RECOGNISED DIRECTLY IN EQUITY								
- CORPORATE EXERCISE EXPENSES	-	(399)	-	-	-	(399)	-	(399)
- FOREIGN CURRENCY TRANSLATION	-	-	(29)	-	-	(29)	-	(29)
- REVALUATION SURPLUS	-	-	-	70	-	70	-	70
PROFIT FOR THE FINANCIAL YEAR	-	-	-	-	6,748	6,748	(98)	6,650
TOTAL RECOGNISED INCOME AND EXPENSES FOR THE PERIOD	-	(399)	(29)	70	6,748	6,390	(98)	6,292
BALANCE AT 30 JUNE 2009	40,085	-	(158)	70	12,819	52,816	929	53,745

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2009 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 CONT'D)
FOR THE QUARTER ENDED 31 DECEMBER 2009 (UNAUDITED)**

	← ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT →						MINORITY INTEREST RM'000	TOTAL EQUITY RM'000
	NON-DISTRIBUTABLE			DISTRIBUTABLE				
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	REVALUATION SURPLUS RM'000	RETAINED PROFITS RM'000	TOTAL RM'000		
BALANCE AT 1 JULY 2009	40,085	-	(158)	70	12,819	52,816	929	53,745
ISSUANCE OF SHARES								
- Exercise of ESOS	54					54	-	54
NET EXPENSES RECOGNISED DIRECTLY IN EQUITY								
- FOREIGN CURRENCY TRANSLATION	-	-	28	-	-	28	-	28
PROFIT FOR THE PERIOD	-	-	-	-	8,849	8,849	36	8,885
TOTAL RECOGNISED INCOME AND EXPENSES FOR THE PERIOD	-	-	28	-	8,849	8,877	36	8,913
DIVIDEND PAID	-	-	-	-	(3,010)	(3,010)	-	(3,010)
BALANCE AT 31 DECEMBER 2009	40,139	-	(130)	70	18,658	58,737	965	59,702

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2009 (UNAUDITED)**

	6-MONTH ENDED 31/12/2009 Note (UNAUDITED) RM'000	6-MONTH ENDED 31/12/2008 UNAUDITED AS RESTATED RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,975	14,149
Adjustments for:		
Non-cash items		
Allowance for doubtful debts/bad debts written off	-	300
Allowance for doubtful debts no longer required	(7)	-
Depreciation of property, plant and equipment and prepaid lease payment	525	571
Goodwill written off	14	-
Impairment loss on quoted shares	99	-
Inventories written off/written down	2,300	1,506
Profit on disposal of property, plant and equipment	(7)	(85)
	14,899	16,441
Interest expenses	458	697
Interest income	(1)	-
Operating profit before working capital changes	15,356	17,138
(Increase)/Decrease in inventories	(5,040)	(5,025)
(Increase)/Decrease in receivables	(4,965)	(7,766)
Increase/(Decrease) in payables	7,107	2,295
Cash generated from operations	12,458	6,642
Dividend paid	(3,010)	-
Interest received	1	-
Interest paid	(458)	(697)
Tax paid	(619)	(981)
Net cash generated from operating activities	8,372	4,964
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(458)	(784)
Purchase of quoted investment	(422)	-
Proceeds from disposal of property, plant and equipment	7	121
Net cash used in investing activities	(873)	(663)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares	54	4,300
Bank borrowings	(4,729)	(605)
Net cash used in financing activities	(4,675)	3,695
Net (decrease)/increase in cash and cash equivalents	2,824	7,996
Effect of exchange rate changes	-	-
	2,824	7,996
Cash and cash equivalent at beginning of period	(3,677)	(2,339)
Effect of exchange rate changes	-	-
	(3,677)	(2,339)
Cash and cash equivalent at end of period	(853)	5,657
Represented by:		
Deposit, cash and bank balances	950	5,838
Bank overdrafts	(1,803)	(181)
	(853)	5,657

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2009**

1. BASIS OF PREPARATION

The interim financial statements are unaudited and has been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements have been prepared under the historical cost convention except for investment properties that are stated at fair value.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 30th June 2009. 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 2009.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM’000) 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 30 June 2009 except for the adoption of FRS 8 Operating Segments effective for financial period beginning 1 July 2009. The adoption of the abovementioned Standard does not have significant impact on the financial statements of the Group except for additional disclosure requirements.

3. QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report of the most recent annual financial statements for the financial year ended 30th June 2009 was not qualified.

4. 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.

5. UNUSUAL MATERIAL ITEMS

There were no unusual material items during the financial period under review.

6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates that have a material effect to the current quarter results.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2009 (cont'd)**

7. 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 other than issuance of 54,400 new ordinary shares of RM1.00 each under ESOS scheme at RM1.00 each.

8. DIVIDEND PAID

During the quarter under review, the first and final dividend which has been declared on 22nd October 2009 amounting to RM3,010,440 (10 sen per share less 25% taxation) in respect of financial year ended 30 June 2009 was paid on 29th December 2009.

9. SEGMENTAL REPORTING

6-month ended 31st December 2009

	Revenue RM'000	Profit before taxation RM'000
Apparels	65,259	12,979
Investment properties	912	544
Consolidation adjustments	(2,799)	(1,548)
	<u>63,372</u>	<u>11,975</u>

The Group's business activities were predominantly carried out in Malaysia.

10. CARRYING AMOUNT OF REVALUED ASSETS

The valuation of land and buildings have been brought forward, without amendment from the financial statements for the financial year ended 30th June 2009.

11. MATERIAL SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the quarter and the date of this announcement, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to effect substantially the results of the operations of the Company and of the Group for the interim quarter under review.

12. CHANGES IN COMPOSITION OF GROUP

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

13. CONTINGENT LIABILITIES

There was no major changes in contingent liabilities since the last annual balance sheet date as at 30th June 2009 in respect of corporate guarantees given to certain banks for credit facilities granted to subsidiary companies.

(A) **NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2009 (cont'd)**

14. CAPITAL COMMITMENTS

Capital commitment as at 31st December 2009 is as follows:

Contracted

Non-cancellable operating lease commitment	RM'000
- Not later than 1 year	750
- Later than 1 year and not later than 5 years	<u>777</u>
	<u><u>1,527</u></u>

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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2009**

15. REVIEW OF PERFORMANCE

Revenue for the second quarter and cumulative 6-month period ended 31st December 2009 is RM21.40 million and RM63.37 million respectively as compared to RM20.35 million and RM67.06 million respectively recorded in the same quarter in previous year.

Revenue for the current quarter under review increased by 5.16% or RM1.05 million compared to the revenue recorded in the same quarter in previous year. However, the revenue for cumulative 6-month period ended 31st December 2009 decreased by 5.50% or RM3.69 million compared to the revenue recorded for cumulative 6-month period ended 31st December in previous year.

The Group recorded a profit before taxation of RM0.90 million during the current quarter under review, increased of 29.60% or RM0.21 million as compared to a profit before taxation of RM0.70 million registered in the corresponding quarter in previous year.

The increase in profit before taxation is mainly due to increase in the revenue and gross profit margin from 35% to 37%.

16. COMPARISON WITH PRECEDING QUARTER'S REPORT

	Quarter ended 31 December 2009 RM'000	Quarter ended 30 September 2009 RM'000
Revenue	21,396	41,976
Profit before taxation	902	11,073

As compared to the previous quarter, revenue for the quarter under review had declined by RM20.58 million or 49.03%.

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

The lower revenue and profit before taxation achieved in the current quarter under review was expected as it was mainly due to Christmas celebrations and school holiday seasons at the last month of the quarter. Furthermore, the Chinese New Year is in February 2010 thus the impact on consumers spending is not felt in this current quarter.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2009 (cont'd)**

17. COMMENTARY ON PROSPECTS

For the first half of its 2010 financial year, the Group has earned an unaudited profit after tax attributable to equity holders of the Company of RM8.85 million, a decrease of approximately 15% as compared to in the same period in last financial period.

Although the results for the 6 months ended 31 December 2009 is lower than the results of the corresponding period last year, the Board is cautiously optimistic that the Group is able to meet the performance achieved in the previous financial year. This is mainly due to the impact on the Chinese New Year spending which can only be felt in the next quarter and plans are in place to carry out various marketing activities in the remaining months of the financial year.

18. VARIANCE FROM PROFIT FORECASTS

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

19. TAXATION

	6-month ended 31 December	
	2009	As restated 2008
	RM'000	RM'000
Tax liabilities at 1 July	748	1,285
Current period's provision	2,867	4,067
	<u>3,615</u>	<u>5,352</u>
Net payment made during the period	(619)	(981)
Tax liabilities as at 31 December	<u>2,996</u>	<u>4,371</u>
Disclosed as:		
Tax assets	(266)	(79)
Tax liabilities	3,262	4,450
	<u>2,996</u>	<u>4,371</u>
	RM'000	RM'000
Taxation expense for the period:-		
Malaysian taxation	2,867	4,067
Deferred taxation	223	(318)
	<u>3,090</u>	<u>3,749</u>

The effective tax rate for the six months ended 31st December 2009 was 26%.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2009 (cont'd)**

20. PROFIT ON SALE OF INVESTMENT AND/OR PROPERTIES

There was no profit on sale of investment and/or properties for for the quarter ended 31st December 2009.

21. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

- (a) There was no profit on sale of quoted securities for the quarter under review.
- (b) The Group acquired additional quoted securities for RM421,727 during the quarter under review.
- (c) The investments in quoted shares as at end of the reporting period were :
- | | RM'000 |
|------------------------------------------------------------|--------|
| (i) At cost | 770 |
| (ii) At carrying value | 436 |
| (iii) At market value as at 31 st December 2009 | 436 |

22. CORPORATE PROPOSAL

At the date of this report, there are no corporate proposals which have been announced that remain uncompleted.

23. GROUP BORROWINGS AND DEBT SECURITIES

	As at	
	31 December	
	2009	2008
	RM'000	RM'000
(a) Short term borrowings		
- Unsecured	8,610	19,615
- Secured	1,301	1,786
	9,911	21,401
(b) Long term borrowings		
- Secured	6,137	7,364
	6,137	7,364
Total	16,048	28,765

The above borrowings are all denominated in Ringgit Malaysia.

24. FINANCIAL INSTRUMENTS

There were no financial instruments with off balance sheet risk at the date of this announcement.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2009 (cont'd)**

25. MATERIAL LITIGATION

There were no material litigation pending at the date of this announcement.

26. 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 2009.

	RM'000
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	75
- TGL Packaging Sdn. Bhd.	4
Rental paid to	
- TGL Packaging Sdn. Bhd.	242
- TGL Industries Sdn. Bhd.	240
- Bidang Cendana Sdn. Bhd.	184
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27. DIVIDEND PAYABLE

At the date of this report, there are no dividend declared that remained unpaid.

28. 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		6-month ended	
	31 December		31 December	
	2009	2008	2009	2008
		Restated		Restated
Net profit attributable to shareholders (RM'000)	567	314	8,849	10,377
	<hr/>			
Weighted average number of ordinary shares in issue ('000)	40,094	33,205	40,094	33,205
	<hr/>			
Basic earnings per share (sen)	1.41	0.95	22.07	31.25
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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2009 (cont'd)**

28. EARNINGS PER SHARE (cont'd)

(a) Basic earnings per share (cont'd)

The weighted average number of ordinary shares of the Company for the last financial period was adjusted for the proportionate change in the number of bonus issue declared on 9th January 2009 as if the event had occurred at the beginning of the earliest period presented.

(b) Diluted earnings per share

The diluted earnings per share of the Group is calculated based on net profit attributable to shareholders divided by the adjusted weighted average number of ordinary shares.

The weighted average number of ordinary shares is adjusted to assume conversion of all dilutive potential shares, namely share options granted under the Company's ESOS scheme.

The fully diluted earnings per ordinary share is the same as the basic earnings per share as the effect of non-dilutive potential ordinary shares are ignore in calculating earnings per share in accordance with FRS 133 on Earning Per Share.

29. 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 23rd February 2010.

23rd February 2010