

## **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 : **31<sup>st</sup> December 2011**

\* Quarter : **2<sup>nd</sup> Quarter**

\* Financial Year End : **30<sup>th</sup> June 2012**

\* 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 2011 (UNAUDITED)**

	3-MONTH ENDED		YEAR TO DATE ENDED	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	RM'000	RM'000	RM'000	RM'000
Revenue	<b>24,248</b>	22,890	<b>67,522</b>	68,277
Gross profit	<b>8,787</b> 36%	9,291 41%	<b>27,281</b> 40%	27,855 41%
Other operating income	<b>54</b>	152	<b>306</b>	192
Operating expenses	<u>(7,895)</u>	<u>(8,204)</u>	<u>(15,307)</u>	<u>(15,086)</u>
Profit from the operation	<b>946</b>	1,239	<b>12,280</b>	12,961
Finance costs	<u>(290)</u>	<u>(192)</u>	<u>(598)</u>	<u>(385)</u>
Profit before taxation	<b>656</b>	1,047	<b>11,682</b>	12,576
Taxation	<u>(244)</u>	<u>(172)</u>	<u>(3,070)</u>	<u>(3,157)</u>
Profit for the period	<u><b>412</b></u>	<u>875</u>	<u><b>8,612</b></u>	<u>9,419</u>
Other comprehensive income/(expense) for the period, net of tax	<u><b>107</b></u>	<u>52</u>	<u><b>(304)</b></u>	<u>116</u>
Total comprehensive income for the period	<u><b>519</b></u>	<u>927</u>	<u><b>8,308</b></u>	<u>9,535</u>
Profit attributable to :				
Equity holders of the parent	<b>334</b>	810	<b>8,486</b>	9,404
Non-controlling interest	<u><b>78</b></u>	<u>65</u>	<u><b>126</b></u>	<u>15</u>
	<u><b>412</b></u>	<u>875</u>	<u><b>8,612</b></u>	<u>9,419</u>
Total comprehensive income attributable to:				
Equity holders of the parent	<b>441</b>	862	<b>8,182</b>	9,520
Non-controlling interest	<u><b>78</b></u>	<u>65</u>	<u><b>126</b></u>	<u>15</u>
	<u><b>519</b></u>	<u>927</u>	<u><b>8,308</b></u>	<u>9,535</u>
Earnings per share				
-Basic	<b>0.82</b>	2.02	<b>20.83</b>	23.40
-Diluted	<u><b>N/A</b></u>	<u>2.00</u>	<u><b>N/A</b></u>	<u>23.26</u>

The condensed consolidated statements of comprehensive income statements should be read in conjunction with the audited financial statements for the year ended 30<sup>th</sup> June 2011 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2011**

	AS AT 31/12/2011 (UNAUDITED) RM'000	AS AT 30/6/2011 AUDITED RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	5,007	4,866
Investment properties	24,064	24,064
Available for sale investments	1,443	1,747
Deferred tax assets	7	49
	<u>30,521</u>	<u>30,726</u>
<b>CURRENT ASSETS</b>		
Inventories	57,139	62,115
Receivables	25,585	23,497
Tax assets	68	70
Cash and bank balances	537	778
	<u>83,329</u>	<u>86,460</u>
<b>TOTAL ASSETS</b>	<u>113,850</u>	<u>117,186</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		
Share capital	40,742	40,742
Reserves	27,014	23,415
	<u>67,756</u>	<u>64,157</u>
Non-controlling interest	1,144	1,018
<b>TOTAL EQUITY</b>	<u>68,900</u>	<u>65,175</u>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	3,245	3,258
Deferred tax liabilities	2,428	2,428
	<u>5,673</u>	<u>5,686</u>
<b>CURRENT LIABILITIES</b>		
Payables	19,863	26,363
Tax liabilities	2,564	679
Borrowings	16,850	19,283
	<u>39,277</u>	<u>46,325</u>
<b>TOTAL LIABILITIES</b>	<u>44,950</u>	<u>52,011</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>113,850</u>	<u>117,186</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30<sup>th</sup> June 2011 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 2011 (UNAUDITED)**

	← Attributable to equity holders of the parent →							
	Share Capital RM'000	Foreign Currency Reserve RM'000	Non-distributable		Distributable		Non- Controlling Interest RM'000	Total Equity RM'000
Revaluation Reserve RM'000			Fair value Reserve RM'000	Retained Profits RM'000	Total RM'000			
Balance at 1 July 2010	40,158	(46)	266	18	18,942	59,338	926	60,264
Total comprehensive income for the period	-	-	-	21	8,788	8,809	92	8,901
Transactions with owners								
Employees share option scheme								
- proceeds from share issued	584	-	-	-	-	584	-	584
Dividend paid	-	-	-	-	(4,574)	(4,574)	-	(4,574)
	584	-	-	-	(4,574)	(3,990)	-	(3,990)
Balance at 30 June 2011/1 July 2011	40,742	(46)	266	39	23,156	64,157	1,018	65,175
Total comprehensive income for the period	-	-	-	(304)	8,486	8,182	126	8,308
Dividend paid	-	-	-	-	(4,583)	(4,583)	-	(4,583)
Balance at 31 December 2011	40,742	(46)	266	(265)	27,059	67,756	1,144	68,900

Dividend distribution per ordinary share for the quarter is RM0.15 sen (less of 25% tax).

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30<sup>th</sup> June 2011 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 2011 (UNAUDITED)**

	31/12/2011 RM'000	31/12/2010 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>11,682</b>	12,576
Adjustments for:		
Non-cash items		
Depreciation of property, plant and equipment	737	665
Gain on disposal of available for sales investment	-	(5)
Inventories written off/written down	1,000	500
Impairment loss on investment properties	-	5
Property, plant and equipment written off	1	-
	<b>13,420</b>	13,741
Dividend income	(21)	(16)
Interest expenses	598	385
Interest income	(4)	(10)
Operating profit before working capital changes	<b>13,993</b>	14,100
Changes in inventories	3,976	(7,123)
Changes in receivables	(2,088)	(4,340)
Changes in payables	(6,500)	10,145
<b>Cash (used in) generated from operations</b>	<b>9,381</b>	12,782
Dividend paid	(4,583)	(4,574)
Interest received	4	10
Interest paid	(598)	(385)
Tax paid	(1,141)	(1,123)
<b>Net cash generated from operating activities</b>	<b>3,063</b>	6,710
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(394)	(392)
Purchase of available for sale investment	-	(107)
Proceeds from disposal of available for sale investment	-	5
Proceeds from disposal of investment properties	-	750
Dividend received	21	16
<b>Net cash used in investing activities</b>	<b>(373)</b>	272
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank borrowings	(890)	3,638
Issuance of shares	-	552
<b>Net cash generated from financing activities</b>	<b>(890)</b>	4,190
Net increase in cash and cash equivalents	<b>1,800</b>	11,172
Cash and cash equivalent at beginning of period	(1,467)	(9,019)
Cash and cash equivalent at end of period	<b>333</b>	2,153
Represented by:		
Cash and bank balances	537	2,583
Bank overdrafts	(204)	(430)
	<b>333</b>	2,153

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30<sup>th</sup> June 2011 and the accompanying explanatory notes attached to the interim financial statements.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 DECEMBER 2011**

**1. BASIS OF PREPARATION**

The interim financial statements are unaudited and have 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 30<sup>th</sup> June 2011. 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 30<sup>th</sup> June 2011.

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 30<sup>th</sup> June 2011 except for the adoption of:

Amendments to FRS 7, Improving Disclosures about Financial Instruments  
Amendments to FRS 3, Business Combinations FRS 132, Financial Instruments: Presentation  
Amendments FRS 7, Financial Instruments: Disclosure.  
Amendments to FRS 101, Presentation of Financial Statements  
Amendments to FRS 121, The Effects of Changes in Foreign Exchange Rates  
Amendments to FRS 132, Financial Instruments: Presentation  
Amendments to FRS 139, Financial Instruments: Recognition and Measurement

The adoption of the abovementioned Standards and Interpretations is not expected to have significant impact on the financial statements of the Group and the Company.

**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.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 DECEMBER 2011 (cont'd)**

**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 first and final dividend amounting to RM4,583,498 (15 sen per share less 25% taxation) in respect of financial year ended 30 June 2011 was paid on 20<sup>th</sup> December 2011.

**8. SEGMENTAL REPORTING**

Quarter ended 31<sup>st</sup> December 2011

	Apparels RM'000	Investment properties RM'000	Total RM'000
Revenue	66,663	859	67,522
Profit before interest, taxes, depreciation and amortisation	12,305	708	13,013
Depreciation and amortisation			(737)
Interest expenses			(598)
Interest income			4
Profit before taxation			11,682
Tax expenses			(3,070)
Profit for the period			8,612

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 30<sup>th</sup> June 2011.

**10. MATERIAL SUBSEQUENT EVENTS**

On 27<sup>th</sup> January 2012, a dormant wholly-owned subsidiary namely, TGL Distributors (S) Pte. Ltd. ("TGLD") has been placed under members' voluntary winding-up ("Winding-Up") pursuant to Section 290(1)(b) of the Companies Act, Cap. 50. Singapore.

The winding-up of TGLD will not have any material effect on the consolidated earnings or net assets of the Group for the financial year ending 30 June 2012.

(A) **NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 DECEMBER 2011 (cont'd)**

**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**

40,328

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**13. CAPITAL COMMITMENTS**

Capital commitment as at 31<sup>st</sup> December 2011 is as follows:

Contracted

Non-cancellable operating lease commitment

- Not later than 1 year

- Later than 1 year and not later than 5 years

**RM'000**

545

240

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785

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**14. SIGNIFICANT RELATED PARTY TRANSACTIONS**

The Group undertakes at agreed terms and prices, the following significant related party transactions for the financial period ended 31<sup>st</sup> December 2011:

Purchase of goods from

- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.

- TGL Packaging Sdn. Bhd.

**RM'000**

97

2

Rental paid to

- TGL Packaging Sdn. Bhd.

- TGL Industries Sdn. Bhd.

- Bidang Cendana Sdn. Bhd.

302

300

141

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**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 DECEMBER 2011**

**1. REVIEW OF PERFORMANCE**

For the current quarter under review, the Group's revenue increased by 5.94% to RM24.25 million from RM22.89 million reported in the previous year corresponding quarter. During the same period, the Group posted a lower profit before tax of RM0.656 million as compared to RM1.047 million in the previous year corresponding quarter.

The improvement in sales by RM1.36 million is due to aggressive sales promotional activities during Christmas and year end sales. However, gross margins declined by 5 % from 41% to 36% due to increase in cost of goods and the provision of inventories mark down of RM500,000. Therefore, the Group achieved a lower profit before tax despite a drop in operating expenses.

For the cumulative 6 months period ended, the Group's revenue was marginally lower at RM67.522 million as compared to RM68.28 million recorded in the previous year corresponding period.

**2. COMPARISON WITH PRECEDING QUARTER'S REPORT**

	Quarter ended 31 December 2011 RM'000	Quarter ended 30 September 2011 RM'000
Revenue	24,248	43,274
Profit before taxation	656	11,026

The profit before tax of RM0.656 million for the current quarter was substantially lower than the preceding quarter of RM11.026 million. The substantial decline in profit before tax was due to lower sales and lower gross margins generated in the current quarter. The preceding quarter comprised of sales of the Hari Raya Festive season which formed a substantial portion of the Group's sales.

**3. COMMENTARY ON PROSPECTS**

The Malaysian economy expanded at 5.1 % for 2011, driven mainly by the domestic consumption and recovery in the manufacturing sector. Nevertheless, the present competitive trend of the apparels industry is expected to continue.

The Group will continue to strive to improve its brand presence and product mix in order to achieve better sales and better gross margins. Cost of operations will continue to escalate and the Group will strive to improve its cost efficiencies in order to improve its performance. The Group will adopt a cautious approach in expanding its business and explore new opportunities.

**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 2011 (cont'd)**

**5. TAXATION**

	<b>Year to date ended 31 December</b>	
	<b>2011 RM'000</b>	<b>2010 RM'000</b>
Tax liabilities at 1 July	<b>609</b>	814
Current period's provision	<b>3,028</b>	3,178
Net payment made during the period	<b>(1,141)</b>	(1,123)
	<hr/> <b>2,496</b> <hr/>	<hr/> 2,869 <hr/>
Tax liabilities at 31 December		
Disclosed as:		
Tax assets	<b>(68)</b>	(349)
Tax liabilities	<b>2,564</b>	3,218
	<hr/> <b>2,496</b> <hr/>	<hr/> 2,869 <hr/>
Taxation expense for the period:-		
Malaysian taxation	<b>3,028</b>	3,178
Deferred taxation	<b>42</b>	(21)
	<hr/> <b>3,070</b> <hr/>	<hr/> 3,157 <hr/>

The effective tax rate for the six months ended 31st December 2011 was approximately 26% 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 2011 (cont'd)**

**7. GROUP BORROWINGS AND DEBT SECURITIES**

	<b>As at 31 December 2011 RM'000</b>	<b>As at 30 June 2011 RM'000</b>
(a) Short term borrowings		
- Unsecured	<b>15,478</b>	17,576
- Secured	<b>1,372</b>	1,707
	<b>16,850</b>	19,283
(b) Long term borrowings		
- Secured	<b>3,245</b>	3,258
	<b>3,245</b>	3,258
<b>Total</b>	<b>20,095</b>	22,541

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 30<sup>th</sup> June 2011 was not qualified.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 DECEMBER 2011 (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		31 December	
	2011	2010	2011	2010
Net profit attributable to shareholders (RM'000)	<b>334</b>	810	<b>8,486</b>	9,404
Weighted average number of ordinary shares in issue ('000)	<b>40,742</b>	40,356	<b>40,742</b>	40,356
Basic earnings/loss per share (sen)	<b>0.82</b>	2.01	<b>20.83</b>	23.30

**(b) Diluted earnings per share**

The diluted earnings per share of the Group for the financial period is calculated based on the profit attributable to equity holders divided by the adjusted weighted average number of ordinary shares.

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

The fully diluted earnings per share is the same as the basic earnings per share for the current quarter/period is not applicable to the Group as the ESOS of the Company expired on 28<sup>th</sup> March 2011.

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**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 DECEMBER 2011 (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 20<sup>th</sup> 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 2011 RM'000	30 June 2011 RM'000
Total retained profits of the Group		
- Realised	21,941	20,822
- Unrealised	5,118	5,118
	27,059	25,940

**14. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME**

	Individual quarter ended 31 December 2011 RM'000	Year to date ended 31 December 2011 RM'000
Profit from operations for the period is arrived after charging:		
Depreciation of property, plant and equipment	362	737
Inventories written off/written down	500	1,000
Property, plant and equipment written off	1	1
And after crediting:		
Interest income	-	4
Gain on foreign exchange	2	139

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 2011 (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 28<sup>th</sup> February 2012.

For and on behalf of the Board,  
Teo Guan Lee Corporation Berhad

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Gunn Chit Geok (MAICSA 0673097)  
Chew Siew Cheng (MAICSA 7019191)  
Company Secretaries

Date: 28<sup>th</sup> February 2012