

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 March 2012**

* Quarter : **3rd Quarter**

* Financial Year End : **30th June 2012**

* The figures : Have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2012 (UNAUDITED)**

	3-MONTH ENDED		YEAR TO DATE ENDED	
	31/3/2012	31/3/2011	31/3/2012	31/3/2011
	RM'000	RM'000	RM'000	RM'000
Revenue	17,922	19,287	85,444	87,564
Gross profit	6,793	6,997	34,074	34,852
	38%	36%	40%	40%
Other operating income	149	57	455	249
Operating expenses	(7,214)	(7,036)	(22,521)	(22,122)
(Loss)/Profit from the operation	(272)	18	12,008	12,979
Finance costs	(190)	(152)	(788)	(537)
(Loss)/Profit before taxation	(462)	(134)	11,220	12,442
Taxation	137	(91)	(2,933)	(3,248)
(Loss)/Profit for the period	(325)	(225)	8,287	9,194
Other comprehensive income/(expense) for the period, net of tax	160	(2)	(144)	114
Total comprehensive (expenses)/income for the period	(165)	(227)	8,143	9,308
(Loss)/Profit attributable to :				
Equity holders of the parent	(356)	(239)	8,208	9,165
Non-controlling interest	31	14	79	29
	(325)	(225)	8,287	9,194
Total comprehensive (expenses)/income attributable to:				
Equity holders of the parent	(196)	(241)	8,064	9,279
Non-controlling interest	31	14	79	29
	(165)	(227)	8,143	9,308
(Loss)/Earnings per share				
-Basic	(0.87)	(0.59)	20.15	22.64
-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 2011 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2012

	AS AT 31/3/2012 (UNAUDITED) RM'000	AS AT 30/6/2011 AUDITED RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	4,905	4,866
Investment properties	24,064	24,064
Available for sale investments	1,498	1,747
Deferred tax assets	7	49
	<u>30,474</u>	<u>30,726</u>
CURRENT ASSETS		
Inventories	49,470	62,115
Receivables	20,193	23,497
Tax assets	66	70
Cash and bank balances	1,431	778
	<u>71,160</u>	<u>86,460</u>
TOTAL ASSETS	<u>101,634</u>	<u>117,186</u>
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	40,742	40,742
Reserves	26,943	23,415
	<u>67,685</u>	<u>64,157</u>
Non-controlling interest	1,096	1,018
TOTAL EQUITY	<u>68,781</u>	<u>65,175</u>
NON-CURRENT LIABILITIES		
Borrowings	3,271	3,258
Deferred tax liabilities	2,428	2,428
	<u>5,699</u>	<u>5,686</u>
CURRENT LIABILITIES		
Payables	15,264	26,363
Tax liabilities	1,507	679
Borrowings	10,383	19,283
	<u>27,154</u>	<u>46,325</u>
TOTAL LIABILITIES	<u>32,853</u>	<u>52,011</u>
TOTAL EQUITY AND LIABILITIES	<u>101,634</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 30th June 2011 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2012 (UNAUDITED)**

	← Attributable to equity holders of the parent →							Non-Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Foreign Currency Reserve RM'000	Non-distributable Revaluation Reserve RM'000	Fair value Reserve RM'000	Distributable 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	-	46	-	(144)	8,208	8,110	79	8,189	
Dividend paid	-	-	-	-	(4,583)	(4,583)	-	(4,583)	
Balance at 31 March 2012	40,742	-	266	(105)	26,781	67,684	1,097	68,781	

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30th 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 MARCH 2012 (UNAUDITED)**

	31/3/2012 RM'000	31/12/2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,220	12,576
Adjustments for:		
Non-cash items		
Depreciation of property, plant and equipment	1,143	665
Loss/(Gain) on disposal of available for sales investment	4	(5)
Loss on disposal of subsidiary company	110	-
Inventories written off/written down	1,000	500
Impairment loss on investment properties	-	5
Property, plant and equipment written off	1	-
	13,478	13,741
Dividend income	(26)	(16)
Interest expenses	788	385
Interest income	(7)	(10)
Operating profit before working capital changes	14,233	14,100
Changes in inventories	11,645	(7,123)
Changes in receivables	3,304	(4,340)
Changes in payables	(11,099)	10,145
Cash generated from operations	18,083	12,782
Dividend paid	(4,583)	(4,574)
Interest received	7	10
Interest paid	(788)	(385)
Tax paid	(2,059)	(1,123)
Net cash generated from operating activities	10,660	6,710
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(762)	(392)
Purchase of available for sale investment	-	(107)
Proceeds from disposal of available for sale investment	101	5
Proceeds from disposal of investment properties	-	750
Dividend received	26	16
Net cash (used in)/generated from investing activities	(635)	272
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings	(7,422)	3,638
Issuance of shares	-	552
Net cash (used in)/generated from financing activities	(7,422)	4,190
Net increase in cash and cash equivalents	2,603	11,172
Cash and cash equivalent at beginning of period	(1,467)	(9,019)
Cash and cash equivalent at end of period	1,136	2,153
Represented by:		
Cash and bank balances	1,431	2,583
Bank overdrafts	(295)	(430)
	1,136	2,153

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30th 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 MARCH 2012**

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 30th 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 30th 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 30th 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 Exchanges 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 MARCH 2012 (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

No dividends were paid during the quarter under review.

8. SEGMENTAL REPORTING

Quarter ended 31st March 2012

	Apparels RM'000	Investment properties RM'000	Total RM'000
Revenue	84,138	1,306	85,444
Profit before interest, taxes, depreciation and amortisation	12,069	1,075	13,144
Depreciation and amortisation			(1,143)
Interest expenses			(788)
Interest income			7
Profit before taxation			11,220
Tax expenses			(2,933)
Profit for the period			8,287

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 2011.

10. MATERIAL SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current quarter.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 MARCH 2012 (cont'd)**

11. CHANGES IN COMPOSITION OF GROUP

On 27th 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.

Loss arising from deconsolidated/realisation of the above subsidiary company is approximately RM109,661.

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

12. CONTINGENT LIABILITIES

As at the date of this report, the Group has contingent liabilities as follows:-

Unsecured	
	RM'000
Corporate guarantees for credit facilities granted to subsidiary companies	40,328
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13. CAPITAL COMMITMENTS

Capital commitment as at 31st March 2012 is as follows:

Contracted	
Non-cancellable operating lease commitment	RM'000
- Not later than 1 year	824
- Later than 1 year and not later than 5 years	926
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	1,750
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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 31st March 2012:

	RM'000
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	136
- TGL Packaging Sdn. Bhd.	3
Rental paid to	
- TGL Packaging Sdn. Bhd.	454
- TGL Industries Sdn. Bhd.	450
- Bidang Cendana Sdn. Bhd.	211
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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 MARCH 2012**

1. REVIEW OF PERFORMANCE

For the current quarter under review, the Group's revenue decreased by 7.10% or RM1.37 million to RM17.92 million from RM19.29 million reported in the previous year corresponding quarter. During the same period, the Group recorded a loss before tax of RM0.46 million as compared to loss before taxation of RM0.13 million in the previous year corresponding quarter.

The decrease in sales by RM1.37 million from sales of children's apparels is due to stiff competition among children apparels and the influx of additional brands into the market. The Group achieved a higher loss before tax despite an increase in gross profit margin by 2% due to an increase in operating expenses and finance cost.

For the cumulative 9 months period ended, the Group's revenue is RM85.44 million, a decline of RM2.12 million or 2.42% as compared to RM87.56 million recorded in the corresponding period. In addition to stiffer competition, the decline is also due to discontinuation of certain outright sales and wholesale division .

2. COMPARISON WITH PRECEDING QUARTER'S REPORT

	Quarter ended 31 March 2012 RM'000	Quarter ended 31 December 2011 RM'000
Revenue	17,922	24,248
(Loss)/Profit before taxation	(462)	656

The higher revenue achieved in the previous quarter under review was mainly due to higher sales recorded during the nationwide mega sales, year end school holidays and Christmas festive seasons. The lower sales achieved in the third quarter as a result of Chinese New Year falling in third week of January, thus February and March remain quiet months with less sales activities.

The Group recorded a loss before taxation of RM0.46 million during the current quarter under review, a decline of 169.70% or RM1.12 million as compared to a profit before taxation of RM0.66 million registered in the preceding quarter. This was caused by the substantial drop in revenue although operating expenses remained the same.

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 with additional competitors coming into the retail industry. The Group will continue to review its marketing and sales strategies and aggressively pursue more sales activities.

The Group will continue to strive to improve its brand presence and product mix in order to achieve better sales and better gross margins. With the implementation of minimum wage policy as announced by the government, 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.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 MARCH 2012 (cont'd)**

4. VARIANCE FROM PROFIT FORECASTS

Not applicable as the Group did not publish any profit forecast.

5. TAXATION

	Year to date ended 31 March	
	2012 RM'000	2011 RM'000
Tax liabilities at 1 July	609	814
Current period's provision	2,891	3,178
Net payment made during the period	(2,059)	(1,123)
	<hr/> 1,441 <hr/>	<hr/> 2,869 <hr/>
Disclosed as:		
Tax assets	(66)	(349)
Tax liabilities	1,507	3,218
	<hr/> 1,441 <hr/>	<hr/> 2,869 <hr/>
Taxation expense for the period:-		
Malaysian taxation	2,891	3,178
Deferred taxation	42	(21)
	<hr/> 2,933 <hr/>	<hr/> 3,157 <hr/>

The effective tax rate for the period ended 31st March 2012 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 MARCH 2012 (cont'd)**

7. GROUP BORROWINGS AND DEBT SECURITIES

	As at 31 March 2012 RM'000	As at 30 June 2011 RM'000
(a) Short term borrowings		
- Unsecured	9,560	17,576
- Secured	823	1,707
	10,383	19,283
(b) Long term borrowings		
- Secured	3,271	3,258
	3,271	3,258
Total	13,654	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 30th June 2011 was not qualified.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 MARCH 2012 (cont'd)**

12. EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The basic (loss)/earnings per share of the Group is calculated based on the net (loss)/profit attributable to shareholders divided by weighted average number of ordinary shares in issue as follow:

	Individual quarter ended		Year to date ended	
	31 March		31 March	
	2012	2011	2012	2011
Net (loss)/profit attributable to shareholders (RM'000)	(356)	(239)	(8,208)	9,165
Weighted average number of ordinary shares in issue ('000)	40,742	40,473	40,742	40,473
Basic (loss)/earnings per share (sen)	(0.87)	(0.59)	(20.15)	22.64

(b) Diluted (loss)/earnings per share

The diluted (loss)/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 (loss)/earnings per share for the current quarter/period is not applicable to the Group as the ESOS of the Company expired on 28th March 2011.

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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 MARCH 2012 (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 March 2012 RM'000	30 June 2011 RM'000
Total retained profits of the Group		
- Realised	21,663	20,822
- Unrealised	5,118	5,118
	26,781	25,940

14. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter ended 31 March 2012 RM'000	Year to date ended 31 March 2012 RM'000
(Loss)/Profit from operations for the period is arrived after charging:		
Depreciation of property, plant and equipment	406	1,143
Inventories written off/written down	-	1,000
Property, plant and equipment written off	-	1
Loss on disposal of subsidiary company	110	-
And after crediting:		
Interest income	3	7
Gain on foreign exchange	19	158

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 MARCH 2012 (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 23rd May 2012.

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: 23rd May 2012