

## **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 : **30<sup>th</sup> September 2012**

\* Quarter : **1<sup>st</sup> Quarter**

\* Financial Year End : **30<sup>th</sup> June 2013**

\* The figures : Have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 SEPTEMBER 2012 (UNAUDITED)**

	3-MONTH ENDED		YEAR TO DATE ENDED	
	30.9.2012	30.9.2011	30.9.2012	30.9.2011
	RM'000	RM'000	RM'000	RM'000
Revenue	<b>42,582</b>	43,274	<b>42,582</b>	43,274
Gross profit	<b>18,396</b>	18,494	<b>18,396</b>	18,494
	<b>43%</b>	43%	<b>43%</b>	43%
Other operating income	<b>144</b>	252	<b>144</b>	252
Operating expenses	<u><b>(7,787)</b></u>	<u>(7,412)</u>	<u><b>(7,787)</b></u>	<u>(7,412)</u>
Profit from the operation	<b>10,753</b>	11,334	<b>10,753</b>	11,334
Finance costs	<u><b>(217)</b></u>	<u>(308)</u>	<u><b>(217)</b></u>	<u>(308)</u>
Profit before taxation	<b>10,536</b>	11,026	<b>10,536</b>	11,026
Taxation	<u><b>(2,714)</b></u>	<u>(2,826)</u>	<u><b>(2,714)</b></u>	<u>(2,826)</u>
Profit for the period	<u><b>7,822</b></u>	<u>8,200</u>	<u><b>7,822</b></u>	<u>8,200</u>
Other comprehensive income/(expense) for the period, net of tax	<u><b>58</b></u>	<u>(411)</u>	<u><b>58</b></u>	<u>(411)</u>
Total comprehensive income for the period	<u><b>7,880</b></u>	<u>7,789</u>	<u><b>7,880</b></u>	<u>7,789</u>
Profit attributable to :				
Equity holders of the parent	<b>7,785</b>	8,152	<b>7,785</b>	8,152
Non-controlling interest	<u><b>37</b></u>	<u>48</u>	<u><b>37</b></u>	<u>48</u>
	<u><b>7,822</b></u>	<u>8,200</u>	<u><b>7,822</b></u>	<u>8,200</u>
Total comprehensive income attributable to:				
Equity holders of the parent	<b>7,843</b>	7,741	<b>7,843</b>	7,741
Non-controlling interest	<u><b>37</b></u>	<u>48</u>	<u><b>37</b></u>	<u>48</u>
	<u><b>7,880</b></u>	<u>7,789</u>	<u><b>7,880</b></u>	<u>7,789</u>
Earnings per share				
-Basic	<b>19.11</b>	20.01	<b>19.11</b>	20.01
-Diluted	<u><b>N/A</b></u>	<u>N/A</u>	<u><b>N/A</b></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 30<sup>th</sup> June 2012 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 2012**

	Unaudited as at 30.9.2012 RM'000	Audited and restated as at 30.6.2012 RM'000	Audited and restated as at 1.7.2011 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4,616	4,938	4,866
Investment properties	23,988	24,064	24,064
Available for sale investments	1,507	1,355	1,747
Deferred tax assets	20	20	49
	<b>30,131</b>	<b>30,377</b>	<b>30,726</b>
<b>CURRENT ASSETS</b>			
Inventories	47,264	54,561	62,115
Receivables	42,962	23,465	23,497
Tax assets	82	81	70
Cash and bank balances	643	219	778
	<b>90,951</b>	<b>78,326</b>	<b>86,460</b>
<b>TOTAL ASSETS</b>	<b>121,082</b>	<b>108,703</b>	<b>117,186</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>			
Share capital	40,742	40,742	40,742
Reserves	34,219	26,375	23,415
	<b>74,961</b>	<b>67,117</b>	<b>64,157</b>
Non-controlling interest	1,087	1,050	1,018
<b>TOTAL EQUITY</b>	<b>76,048</b>	<b>68,167</b>	<b>65,175</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	2,307	2,336	3,258
Deferred tax liabilities	2,382	2,382	2,428
	<b>4,689</b>	<b>4,718</b>	<b>5,686</b>
<b>CURRENT LIABILITIES</b>			
Payables	19,958	23,090	26,363
Tax liabilities	3,154	948	679
Borrowings	17,233	11,780	19,283
	<b>40,345</b>	<b>35,818</b>	<b>46,325</b>
<b>TOTAL LIABILITIES</b>	<b>45,034</b>	<b>40,536</b>	<b>52,011</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>121,082</b>	<b>108,703</b>	<b>117,186</b>

Upon the adoption of the MFRS framework, the consolidated statements of financial position as at 30th June 2012 and 1st July 2011 have been restated.

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 2012 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 30 SEPTEMBER 2012 (UNAUDITED)**

	← Attributable to equity holders of the parent →							Non-Controlling Interest RM'000	Total Equity RM'000
	← Non-distributable →				Distributable		Total RM'000		
	Share Capital RM'000	Foreign Currency Reserve RM'000	Revaluation Reserve RM'000	Fair value Reserve RM'000	Retained Profits RM'000				
Balance at 1 July 2011	40,742	(46)	266	39	23,156	64,157	1,018	65,175	
Effect of adopting MFRS	-	-	(266)	-	266	-	-	-	
Balance at 1 July 2011 (restated)	40,742	(46)	-	39	23,422	64,157	1,018	65,175	
Total comprehensive income for the period	-	46	-	(287)	7,784	7,543	32	7,575	
Dividend paid	-	-	-	-	(4,583)	(4,583)	-	(4,583)	
Balance at 30 June 2012/1 July 2012	40,742	-	-	(248)	26,623	67,117	1,050	68,167	
Total comprehensive income for the period	-	-	-	59	7,785	7,844	37	7,881	
Balance at 30 September 2012	40,742	-	-	(189)	34,408	74,961	1,087	76,048	

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 2012 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 2012 (UNAUDITED)**

	<b>30.9.2012</b>	30.9.2012
	<b>RM'000</b>	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>10,536</b>	11,026
Adjustments for:		
Non-cash items		
Depreciation of investment properties	<b>128</b>	-
Depreciation of property, plant and equipment	<b>369</b>	376
Profit on disposal of property, plant and equipment	<b>(18)</b>	-
Inventories written off/written down	<b>500</b>	500
	<b>11,515</b>	11,902
Dividend income	<b>(13)</b>	(7)
Interest expenses	<b>217</b>	308
Interest income	<b>(2)</b>	(4)
Operating profit before working capital changes	<b>11,717</b>	12,199
Changes in inventories	<b>6,797</b>	(138)
Changes in receivables	<b>(19,497)</b>	(18,094)
Changes in payables	<b>(3,132)</b>	3,170
<b>Cash generated from operations</b>	<b>(4,115)</b>	(2,863)
Interest received	<b>2</b>	4
Interest paid	<b>(217)</b>	(308)
Tax paid	<b>(509)</b>	(613)
<b>Net cash used in operating activities</b>	<b>(4,839)</b>	(3,780)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(99)</b>	(200)
Purchase of available for sale investment	<b>(93)</b>	-
Proceeds from disposal of property, plant and equipment	<b>18</b>	-
Dividend received	<b>13</b>	7
<b>Net cash used in investing activities</b>	<b>(161)</b>	(193)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Bank borrowings	<b>5,679</b>	6,336
<b>Net cash generated from financing activity</b>	<b>5,679</b>	6,336
Net increase in cash and cash equivalents	<b>679</b>	2,363
Cash and cash equivalent at beginning of period	<b>(1,377)</b>	(1,467)
Cash and cash equivalent at end of period	<b>(698)</b>	896
Represented by:		
Cash and bank balances	<b>643</b>	2,295
Bank overdrafts	<b>(1,341)</b>	(1,399)
	<b>(698)</b>	896

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 2012 and the accompanying explanatory notes attached to the interim financial statements.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 SEPTEMBER 2012**

**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 30<sup>th</sup> June 2012. 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 2012.

This interim report is the Group’s first MFRS compliant condensed report and hence MFRS1, First-time Adoption of Malaysia Financial Reporting Standard has been applied. The date of transition to the MFRS framework is 1<sup>st</sup> July 2011. At that transition date, the Group reviews its accounting policies and considered the transitional opportunities under MFRS1. The impact of the transition from Financial Reporting Standard (“FRS”) to MFRS is described in Note 2 below.

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 audited financial statements of the Group for the financial year ended 30<sup>th</sup> June 2012 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this condensed report are consistent with those of the audited financial statements for the financial year ended 30<sup>th</sup> June 2012 except as discussed below:

**Investment properties**

In the previous years, the Group measured investment properties at fair value. Upon transition to MFRSs, the Group has elected to measure its investment properties using cost model under MFRS140 Investment Property. At the date of transition to MFRS, the Group elected to regard the fair value of investment properties as deemed cost. The revaluation surplus of RM265,849 was transferred to retained profits on date of transition to MFRs.

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**(A) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 SEPTEMBER 2012 (cont'd)**

**2. CHANGES IN ACCOUNTING POLICIES (cont'd)**

The reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported periods and at the date of transition under MFRS are as follows:

**Reconciliation of equity as at 1 July 2011**

	<b>FRS as at 1.7.2011 RM'000</b>	<b>Transferred RM'000</b>	<b>MFRS as at 1.7.2011 RM'000</b>
<b>Equity</b>			
Revaluation surplus	266	(266)	-
Retained profits	23,156	266	23,422
	<hr/>	<hr/>	<hr/>

**Reconciliation of equity as at 30 September 2011**

	<b>FRS as at 30.9.2011 RM'000</b>	<b>Transferred RM'000</b>	<b>MFRS as at 30.9.2011 RM'000</b>
<b>Equity</b>			
Revaluation surplus	266	(266)	-
Retained profits	31,308	266	31,574
	<hr/>	<hr/>	<hr/>

**Reconciliation of equity as at 30 June 2012**

	<b>FRS as at 30.6.2012 RM'000</b>	<b>Transferred RM'000</b>	<b>MFRS as at 30.6.2012 RM'000</b>
<b>Equity</b>			
Revaluation surplus	266	(266)	-
Retained profits	26,357	266	26,623
	<hr/>	<hr/>	<hr/>

**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.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 SEPTEMBER 2012 (cont'd)**

**7. DIVIDEND PAID**

No dividends were paid during the quarter under review.

**8. SEGMENTAL REPORTING**

Period ended 30<sup>th</sup> September 2012

	Apparels RM'000	Investment properties RM'000	Total RM'000
Revenue	42,122	460	42,582
Profit before interest, taxes, depreciation and amortisation	10,883	365	11,248
Depreciation and amortisation			(497)
Interest expenses			(217)
Interest income			2
Profit before taxation			10,536
Tax expenses			(2,714)
Profit for the period			7,822

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 2012.

**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**  
42,028



**(A) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 SEPTEMBER 2012 (cont'd)**

**13. CAPITAL COMMITMENTS**

Capital commitment as at 30<sup>th</sup> September 2012 is as follows:

Contracted	
Non-cancellable operating lease commitment	<b>RM'000</b>
- Not later than 1 year	729
- Later than 1 year and not later than 5 years	642
	<hr/>
	1,371
	<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 30<sup>th</sup> September 2012:

	<b>RM'000</b>
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	57
- TGL Packaging Sdn. Bhd.	1
Rental paid to	
- TGL Packaging Sdn. Bhd.	151
- TGL Industries Sdn. Bhd.	150
- Bidang Cendana Sdn. Bhd.	70
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**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 SEPTEMBER 2012**

**1. REVIEW OF PERFORMANCE**

Revenue for the current quarter under review was RM42.58 million as compared to RM43.27 million recorded in the same quarter in previous year, a decrease of 1.59% or RM0.69 million. The decrease in sales was due to the discontinuation of Transformers 3 in the current period. Although there was active promotional of sales activities during this period, the retail market remained soft.

For the current quarter under review, the Group recorded a profit before tax of RM10.54 million, a decreased of 4.44% or RM0.49 million as compared to profit before taxation of RM11.03 million in the previous year corresponding quarter. The decrease is mainly due to increase in staff cost.

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

	Quarter ended 30 September 2012 RM'000	Quarter ended 30 June 2012 RM'000
Revenue	42,581	21,113
Profit/(Loss) before taxation	10,536	(421)

As compared to the previous quarter, revenue for the quarter under review had improved by RM21.47 million or 101.68%.

For the first quarter ended 30<sup>th</sup> September 2012, profit before taxation of the Group was RM10.54 million, compared with loss before taxation of RM0.42 million recorded in preceding quarter ended 30<sup>th</sup> June 2012.

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

**3. COMMENTARY ON PROSPECTS**

The local retail market has been affected by the increase in prices and inflation, and further subsidy cuts undertaken by the Government. These actions have a direct influence over the disposable income and consumers' sentiment.

The present competitive trend of the apparels industry is expected to continue with additional competitors coming into the retail industry and will continue to pose more challenges to the Group's operations, nevertheless, the Group is confident that the efforts that we have put into understanding our markets and meeting the needs and wants of our customers will enable us to effectively deal with the obstacles ahead, thereby permitting us to go on creating value for all of our stakeholders.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 SEPTEMBER 2012 (cont'd)**

**4. VARIANCE FROM PROFIT FORECASTS**

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

**5. TAXATION**

	<b>Year to date ended 30 September</b>	
	<b>2012</b>	2011
	<b>RM'000</b>	RM'000
Tax liabilities at 1 July	<b>867</b>	609
Current period's provision	<b>2,714</b>	2,784
Net payment made during the period	<b>(509)</b>	(613)
	<hr/> <b>3,072</b>	<hr/> 2,780
 Disclosed as:		
Tax assets	<b>(82)</b>	-
Tax liabilities	<b>3,154</b>	2,780
	<hr/> <b>3,072</b>	<hr/> 2,780
 Taxation expense for the period:-		
Malaysian taxation	<b>2,714</b>	2,784
Deferred taxation	<b>-</b>	42
	<hr/> <b>2,714</b>	<hr/> 2,826

The effective tax rate for the period ended 30<sup>th</sup> September 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.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 SEPTEMBER 2012 (cont'd)**

**7. GROUP BORROWINGS AND DEBT SECURITIES**

	<b>As at 30 September 2012 RM'000</b>	<b>As at 30 June 2012 RM'000</b>
(a) Short term borrowings		
- Unsecured	<b>16,377</b>	10,403
- Secured	<b>856</b>	1,377
	<b>17,233</b>	11,780
(b) Long term borrowings		
- Secured	<b>2,307</b>	2,336
<b>Total</b>	<b>19,540</b>	14,116

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**

The final dividend which has been declared for the financial year ended 30<sup>th</sup> June 2012 is as follows:

Rate	:	10 sen per share less 25% tax
Announced	:	2 <sup>nd</sup> November 2012
Book Closure	:	3 <sup>rd</sup> December 2012
Payment Date	:	20 <sup>th</sup> December 2012

**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 2012 was not qualified.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 SEPTEMBER 2012 (cont'd)**

**12. EARNINGS PER SHARE**

**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 2012	2011	30 September 2012	2011
Net profit attributable to shareholders (RM'000)	<b>7,785</b>	8,152	<b>7,785</b>	8,152
Weighted average number of ordinary shares in issue ('000)	<b>40,742</b>	40,742	<b>40,742</b>	40,742
Basic earnings per share (sen)	<b>19.11</b>	20.01	<b>19.11</b>	20.01

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the current financial period ended 30 September 2012.

**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:

	30 September 2012 RM'000	As restated 30 June 2012 RM'000
Total retained profits of the Group		
- Realised	34,760	26,975
- Unrealised	4,963	4,963
	<b>39,723</b>	<b>31,938</b>
Consolidation adjustments	(5,315)	(5,315)
	<b>34,408</b>	<b>26,623</b>

**(B) NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 SEPTEMBER 2012 (cont'd)**

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

	Individual quarter ended 30 September 2012 RM'000	Year to date ended 30 September 2012 RM'000
Profit from operations for the period is arrived after charging:		
Depreciation of investment properties	128	128
Depreciation of property, plant and equipment	369	369
Inventories written off/written down	500	500
And after crediting:		
Interest income	2	2
Profit on disposal of property, plant and equipment	18	18

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of the Bursa Malaysia Securities Berhad are not applicable.

**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 27<sup>th</sup> November 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: 27<sup>th</sup> November 2012