

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 2012**

* Quarter : **2nd Quarter**

* Financial Year End : **30th June 2013**

* The figures : **Have not been audited**

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

	3-MONTH ENDED		YEAR TO DATE ENDED	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Revenue	24,119	24,248	66,701	67,522
Gross profit	9,308 39%	8,787 36%	27,704 42%	27,281 40%
Other operating income	211	54	355	306
Operating expenses	(8,192)	(7,895)	(15,979)	(15,307)
Profit from the operation	1,327	946	12,080	12,280
Finance costs	(138)	(290)	(355)	(598)
Profit before taxation	1,189	656	11,725	11,682
Taxation	(343)	(244)	(3,057)	(3,070)
Profit for the period	846	412	8,668	8,612
Other comprehensive income/(expense) for the period, net of tax	137	107	195	(304)
Total comprehensive income for the period	983	519	8,863	8,308
Profit attributable to :				
Equity holders of the parent	815	334	8,600	8,486
Non-controlling interest	31	78	68	126
	846	412	8,668	8,612
Total comprehensive income attributable to:				
Equity holders of the parent	952	441	8,795	8,182
Non-controlling interest	31	78	68	126
	983	519	8,863	8,308
Earnings per share				
-Basic	2.00	0.82	21.11	20.83
-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 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 31 DECEMBER 2012

	Unaudited as at 31.12.2012 RM'000	Audited and restated as at 30.6.2012 RM'000	Audited and restated as at 1.7.2011 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4,700	4,938	4,866
Investment properties	23,860	24,064	24,064
Available for sale investments	1,643	1,355	1,747
Deferred tax assets	20	20	49
	30,223	30,377	30,726
CURRENT ASSETS			
Inventories	46,193	54,561	62,115
Receivables	25,912	23,465	23,497
Tax assets	53	81	70
Cash and bank balances	2,914	219	778
	75,072	78,326	86,460
TOTAL ASSETS	105,295	108,703	117,186
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Share capital	40,742	40,742	40,742
Reserves	32,114	26,375	23,415
	72,856	67,117	64,157
Non-controlling interest	1,118	1,050	1,018
TOTAL EQUITY	73,974	68,167	65,175
NON-CURRENT LIABILITIES			
Borrowings	1,253	2,336	3,258
Deferred tax liabilities	2,382	2,382	2,428
	3,635	4,718	5,686
CURRENT LIABILITIES			
Payables	19,338	23,090	26,363
Tax liabilities	3,064	948	679
Borrowings	5,284	11,780	19,283
	27,686	35,818	46,325
TOTAL LIABILITIES	31,321	40,536	52,011
TOTAL EQUITY AND LIABILITIES	105,295	108,703	117,186

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 30th 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 31 DECEMBER 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	-	-	-	195	8,600	8,795	68	8,863	
Dividend paid	-	-	-	-	(3,056)	(3,056)	-	(3,056)	
Balance at 31 December 2012	40,742	-	-	(53)	32,167	72,856	1,118	73,974	

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30th 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 31 DECEMBER 2012 (UNAUDITED)**

	31.12.2012	31.12.2011
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,725	11,682
Adjustments for:		
Non-cash items		
Provision for doubtful debts	62	-
Depreciation and amortisation	988	737
Profit on disposal of property, plant and equipment	(111)	-
Inventories written off/written down	1,000	1,000
Property, plant and equipment written off	-	1
	13,664	13,420
Dividend income	(21)	(21)
Interest expenses	355	598
Interest income	(25)	(4)
Operating profit before working capital changes	13,973	13,993
Changes in inventories	7,368	3,976
Changes in receivables	(2,509)	(2,088)
Changes in payables	(3,752)	(6,500)
Cash generated from operations	15,080	9,381
Dividend paid	(3,056)	(4,583)
Interest received	25	4
Interest paid	(355)	(598)
Tax paid	(913)	(1,141)
Net cash used in operating activities	10,781	3,063
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(576)	(394)
Purchase of available for sale investment	(93)	-
Proceeds from disposal of property, plant and equipment	141	-
Dividend received	21	21
Net cash used in investing activities	(507)	(373)
CASH FLOWS FROM FINANCING ACTIVITY		
Bank borrowings	(6,294)	(890)
Net cash generated from financing activity	(6,294)	(890)
Net increase in cash and cash equivalents	3,980	1,800
Cash and cash equivalent at beginning of period	(1,377)	(1,467)
Cash and cash equivalent at end of period	2,603	333
Represented by:		
Cash and bank balances	2,914	537
Bank overdrafts	(311)	(204)
	2,603	333

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30th June 2012 and the accompanying explanatory notes attached to the interim financial statements.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 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 30th 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 30th 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 1st 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 30th 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 30th 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 31 DECEMBER 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

	FRS as at 1.7.2011 RM'000	Transferred RM'000	MFRS as at 1.7.2011 RM'000
Equity			
Revaluation surplus	266	(266)	-
Retained profits	23,156	266	23,422
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Reconciliation of equity as at 30 September 2011

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

Reconciliation of equity as at 30 June 2012

	FRS as at 30.6.2012 RM'000	Transferred RM'000	MFRS as at 30.6.2012 RM'000
Equity			
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 31 DECEMBER 2012 (cont'd)**

7. DIVIDEND PAID

During the quarter under review, the first and final dividend amounting to RM3,055,665 (10 sen per share less 25% taxation) in respect of financial year ended 30 June 2012 was paid on 20th December 2012.

8. SEGMENTAL REPORTING

Period ended 31st December 2012

	Apparels RM'000	Investment properties RM'000	Total RM'000
Revenue	65,788	913	66,701
Profit before interest, taxes, depreciation and amortisation	12,572	471	13,043
Depreciation and amortisation			(988)
Interest expenses			(355)
Interest income			25
Profit before taxation			11,725
Tax expenses			(3,057)
Profit for the period			8,668

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 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.

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2012 (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 42,028

13. CAPITAL COMMITMENTS

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

Contracted	
Non-cancellable operating lease commitment	RM'000
- Not later than 1 year	724
- Later than 1 year and not later than 5 years	563
	<hr/> 1,287 <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 31st December 2012:

	RM'000
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	90
- TGL Packaging Sdn. Bhd.	3
Rental paid to	
- TGL Packaging Sdn. Bhd.	302
- TGL Industries Sdn. Bhd.	300
- Bidang Cendana Sdn. Bhd.	141

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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 2012**

1. REVIEW OF PERFORMANCE

Revenue for the current quarter under review was marginally lower by 0.54% to RM24.12 million from RM24.25 million reported in the previous year corresponding quarter despite the Group posted a higher profit before tax of RM1.19 million as compared to RM0.66 million in the previous year corresponding quarter. The higher profit before taxation recorded was mainly due to improvement in gross profit margin by 3% from 36% to 39%, couple with savings in finance cost due to retirement of borrowings and lesser usage of trade facilities, and also profit contributed from gain on disposal of motor vehicles.

For the cumulative 6 months period ended, the Group's revenue was marginally lower at RM66.70 million as compared to RM67.52 million recorded in the previous year corresponding period.

2. COMPARISON WITH PRECEDING QUARTER'S REPORT

	Quarter ended 31 December 2012 RM'000	Quarter ended 30 September 2012 RM'000
Revenue	24,119	42,582
Profit before taxation	1,189	10,536

The profit before tax of RM1.19 million for the current quarter was substantially lower than the preceding quarter of RM10.54 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 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 ongoing sovereign debts issues and fiscal problems in advanced economies as well as softening growth in the rest of East Asian region continue to present a downside risk to the global economies. Nevertheless, the Malaysian economy is forecasted to grow between 4.5% and 5.5 % in 2013 underpinned by government policy measures, private consumption and investment supported by domestic-oriented industries and the implementation of the 10th Malaysia Plan and Economic Transformation Programme initiatives.

The present competitive trend of the apparels industry is expected to continue and pose more challenges to the Group's operations. 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 especially with the implementation of the minimum wage effective 1st January 2013. Nevertheless 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 DECEMBER 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 December	
	2012	2011
	RM'000	RM'000
Tax liabilities at 1 July	867	609
Current period's provision	3,057	3,028
Net payment made during the period	(913)	(1,141)
	3,011	2,496
	3,011	2,496
Disclosed as:		
Tax assets	(53)	(68)
Tax liabilities	3,064	2,564
	3,011	2,496
	3,011	2,496
Taxation expense for the period:-		
Malaysian taxation	3,057	3,028
Deferred taxation	-	42
	3,057	3,070
	3,057	3,070

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

7. GROUP BORROWINGS AND DEBT SECURITIES

	As at 31 December 2012 RM'000	As at 30 June 2012 RM'000
(a) Short term borrowings		
- Unsecured	4,980	10,403
- Secured	304	1,377
	5,284	11,780
(b) Long term borrowings		
- Secured	1,253	2,336
Total	6,537	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

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 2012 was not qualified.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 DECEMBER 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	
	31 December		31 December	
	2012	2011	2012	2011
Net profit attributable to shareholders (RM'000)	815	334	8,600	8,486
Weighted average number of ordinary shares in issue ('000)	40,742	40,742	40,742	40,742
Basic earnings per share (sen)	2.00	0.82	21.11	20.83

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the current financial period ended 31 December 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 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 2012	As restated
	RM'000	30 June 2012 RM'000
Total retained profits of the Group		
- Realised	32,519	26,975
- Unrealised	4,963	4,963
	37,482	31,938
Consolidation adjustments	(5,315)	(5,315)
	32,167	26,623

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

14. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter ended 31 December 2012 RM'000	Year to date ended 31 December 2012 RM'000
Profit from operations for the period is arrived after charging:		
Allowance for doubtful debts	62	-
Depreciation of investment properties	128	254
Depreciation of property, plant and equipment	365	734
Inventories written off/written down	500	1,000
And after crediting:		
Interest income	23	25
Profit on disposal of property, plant and equipment	93	111

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 27th February 2013.

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: 27th February 2013