

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 2013**

* Quarter : **3rd Quarter**

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

* The figures : Have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2013 (UNAUDITED)**

	3-MONTH ENDED		YEAR TO DATE ENDED	
	31/3/2013	31/3/2012	31/3/2013	31/3/2012
	RM'000	RM'000	RM'000	RM'000
Revenue	20,321	17,922	87,022	85,444
Gross profit	7,199 35%	6,793 38%	34,903 40%	34,074 40%
Other operating income	155	149	510	455
Operating expenses	<u>(7,178)</u>	<u>(7,214)</u>	<u>(23,157)</u>	<u>(22,521)</u>
Profit from the operation	176	(272)	12,256	12,008
Finance costs	<u>(55)</u>	<u>(190)</u>	<u>(410)</u>	<u>(788)</u>
Profit/(Loss) before taxation	121	(462)	11,846	11,220
Taxation	<u>(37)</u>	<u>137</u>	<u>(3,094)</u>	<u>(2,933)</u>
Profit/(Loss) for the period	<u>84</u>	<u>(325)</u>	<u>8,752</u>	<u>8,287</u>
Other comprehensive income/(expense) for the period, net of tax	<u>52</u>	<u>160</u>	<u>247</u>	<u>(144)</u>
Total comprehensive income/(expense) for the period	<u>136</u>	<u>(165)</u>	<u>8,999</u>	<u>8,143</u>
Profit/(Loss) attributable to :				
Equity holders of the parent	76	(356)	8,676	8,208
Non-controlling interest	<u>8</u>	<u>31</u>	<u>76</u>	<u>79</u>
	<u>84</u>	<u>(325)</u>	<u>8,752</u>	<u>8,287</u>
Total comprehensive income/(expense) attributable to:				
Equity holders of the parent	128	(196)	8,923	8,064
Non-controlling interest	<u>8</u>	<u>31</u>	<u>76</u>	<u>79</u>
	<u>136</u>	<u>(165)</u>	<u>8,999</u>	<u>8,143</u>
Earnings/(Loss) per share				
-Basic	0.19	(0.87)	21.29	20.15
-Diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</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 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 MARCH 2013

	Unaudited as at 31.03.2013 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	5,012	4,938	4,866
Investment properties	23,662	24,064	24,064
Available for sale investments	1,695	1,355	1,747
Deferred tax assets	20	20	49
	<u>30,389</u>	<u>30,377</u>	<u>30,726</u>
CURRENT ASSETS			
Inventories	38,309	54,561	62,115
Receivables	21,649	23,465	23,497
Tax assets	53	81	70
Cash and bank balances	4,612	219	778
	<u>64,623</u>	<u>78,326</u>	<u>86,460</u>
TOTAL ASSETS	<u>95,012</u>	<u>108,703</u>	<u>117,186</u>
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Share capital	40,742	40,742	40,742
Reserves	32,242	26,375	23,415
	<u>72,984</u>	<u>67,117</u>	<u>64,157</u>
Non-controlling interest	1,126	1,050	1,018
TOTAL EQUITY	<u>74,110</u>	<u>68,167</u>	<u>65,175</u>
NON-CURRENT LIABILITIES			
Borrowings	253	2,336	3,258
Deferred tax liabilities	2,382	2,382	2,428
	<u>2,635</u>	<u>4,718</u>	<u>5,686</u>
CURRENT LIABILITIES			
Payables	14,291	23,090	26,363
Tax liabilities	1,957	948	679
Borrowings	2,019	11,780	19,283
	<u>18,267</u>	<u>35,818</u>	<u>46,325</u>
TOTAL LIABILITIES	<u>20,902</u>	<u>40,536</u>	<u>52,011</u>
TOTAL EQUITY AND LIABILITIES	<u>95,012</u>	<u>108,703</u>	<u>117,186</u>

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.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2013 (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	-	-	-	247	8,676	8,923	76	8,999	
Dividend paid	-	-	-	-	(3,056)	(3,056)	-	(3,056)	
Balance at 31 March 2013	40,742	-	-	(1)	32,243	72,984	1,126	74,110	

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 MARCH 2013 (UNAUDITED)**

	31/3/2013 RM'000	31/3/2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,846	11,220
Adjustments for:		
Non-cash items		
Allowances for doubtful debts	63	-
Depreciation and amortisation	1,517	1,143
Loss on disposal of available for sales investment	-	4
Gain on winding up a subsidiary company	-	(210)
Inventories written off/written down	1,500	1,000
Profit on disposal of property, plant and equipment/investment property	(126)	-
Property, plant and equipment written off	-	1
	14,800	13,158
Dividend income	(26)	(26)
Interest expenses	410	788
Interest income	(49)	(7)
Operating profit before working capital changes	15,135	13,913
Changes in inventories	14,752	11,645
Changes in receivables	1,753	3,304
Changes in payables	(8,799)	(10,779)
Cash generated from operations	22,841	18,083
Dividend paid	(3,056)	(4,583)
Interest received	49	7
Interest paid	(410)	(788)
Tax paid	(2,057)	(2,059)
Net cash generated from operating activities	17,367	10,660
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,179)	(762)
Purchase of available for sale investment	(93)	-
Proceeds from disposal of available for sale investment	-	101
Proceeds from disposal of property, plant and equipment/investment property	226	-
Dividend received	26	26
Net cash used in investing activities	(1,020)	(635)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings	(10,814)	(7,422)
Net cash used in financing activities	(10,814)	(7,422)
Net increase in cash and cash equivalents	5,533	2,603
Cash and cash equivalent at beginning of period	(1,377)	(1,467)
Cash and cash equivalent at end of period	4,156	1,136
Represented by:		
Cash and bank balances	4,612	1,431
Bank overdrafts	(456)	(295)
	4,156	1,136

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 MARCH 2013**

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 MARCH 2013 (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

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

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

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 MARCH 2013 (cont'd)**

7. DIVIDEND PAID

No dividends were paid during the quarter under review.

8. SEGMENTAL REPORTING

Quarter ended 31st March 2013

	Apparels RM'000	Investment properties RM'000	Total RM'000
Revenue	85,650	1,372	87,022
Profit before interest, taxes, depreciation and amortisation	13,062	662	13,724
Depreciation and amortisation			(1,517)
Interest expenses			(410)
Interest income			49
Profit before taxation			11,846
Tax expenses			(3,094)
Profit for the period			8,752

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.

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(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 MARCH 2013 (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 March 2013 is as follows:

Contracted	
Non-cancellable operating lease commitment	RM'000
- Not later than 1 year	786
- Later than 1 year and not later than 5 years	600
	<hr/> 1,386 <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 March 2013:

	RM'000
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	143
- TGL Packaging Sdn. Bhd.	6
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 2013**

1. REVIEW OF PERFORMANCE

For the current quarter under review, the Group's revenue increased by 13.40% or RM2.40 million to RM20.32 million from RM17.92 million reported in the previous year corresponding quarter. During the same period, the Group recorded a profit before tax of RM0.12 million as compared to loss before taxation of RM0.46 million in the previous year corresponding quarter.

The higher profit before taxation recorded was mainly due to improvement in sales couple with savings in finance cost due to retirement of borrowings and lesser usage of trade facilities, and also profit contributed from disposal of property, plant and equipment and investment property.

Improvement in sales is due to the Chinese New Year festivities which was in February which generated better sales in addition to aggressive sales promotional activities.

However, gross margins declined by 3 % from 38% to 35% due to further mark down of inventories by RM500,000 compared to the previous year corresponding quarter.

For the cumulative 9 months period ended, the Group's revenue is RM87.02 million, an increase of RM1.58 million or 1.85% as compared to RM85.44 million recorded in the previous year corresponding period.

2. COMPARISON WITH PRECEDING QUARTER'S REPORT

	Quarter ended 31 March 2013 RM'000	Quarter ended 31 December 2012 RM'000
Revenue	20,321	24,119
Profit before taxation	121	1,189

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 compared to the preceding quarter is expected due to the increasing trend of early shopping during year end school holidays and Christmas season.

The Group recorded profit before taxation of RM0.12 million during the current quarter under review, a decline of 89.92% or RM1.07 million as compared to a profit before taxation of RM1.19 million registered in the preceding quarter. This was caused by decline in gross profit margin from 39% to 35% together with inventories written off/written down amounting to RM0.5 million in current quarter under review.

3. COMMENTARY ON PROSPECTS

The Board anticipates that the performance of the Group remains challenging in the following quarter in present competitive trend of the apparels industry and volatile factors resulted from the uncertain macro-economic outlook. The Group will continue to strive to improve its brand presence and product mix in order to achieve better sales and better gross margins. The Board anticipate that for the current financial year, the Group will be able to achieve comparable performance to that of last year.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 MARCH 2013 (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	
	2013	2012
	RM'000	RM'000
Tax liabilities at 1 July	867	609
Current period's provision	3,094	2,891
Net payment made during the period	(2,057)	(2,059)
	1,904	1,441
	1,904	1,441
Disclosed as:		
Tax assets	(53)	(66)
Tax liabilities	1,957	1,507
	1,904	1,441
	1,904	1,441
Taxation expense for the period:-		
Malaysian taxation	3,094	2,891
Deferred taxation	-	42
	3,094	2,933
	3,094	2,933

The effective tax rate for the period ended 31st March 2013 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 2013 (cont'd)**

7. GROUP BORROWINGS AND DEBT SECURITIES

	As at 31 March 2013 RM'000	As at 30 June 2012 RM'000
(a) Short term borrowings		
- Unsecured	1,870	10,403
- Secured	149	1,377
	2,019	11,780
(b) Long term borrowings		
- Secured	253	2,336
	253	2,336
Total	2,272	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 MARCH 2013 (cont'd)**

12. EARNINGS PER SHARE

(a) Basic earnings/(loss) per share

The basic earnings/(loss) per share of the Group is calculated based on the net profit/(loss) 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	
	2013	2012	2013	2012
Net profit/(loss) attributable to shareholders (RM'000)	76	(356)	8,676	8,208
Weighted average number of ordinary shares in issue ('000)	40,742	40,742	40,742	40,742
Basic earnings/(loss) per share (sen)	0.19	(0.87)	21.29	20.15

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the current financial period ended 31st March 2013.

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 2013	As restated
	RM'000	30 June 2012 RM'000
Total retained profits of the Group		
- Realised	32,595	26,975
- Unrealised	4,963	4,963
	37,558	31,938
Consolidation adjustments	(5,315)	(5,315)
	32,243	26,623

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 MARCH 2013 (cont'd)**

14. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter ended 31 March 2013 RM'000	Year to date ended 31 March 2013 RM'000
Profit from operations for the period is arrived after charging:		
Allowance for doubtful debts	1	63
Depreciation of investment properties	129	383
Depreciation of property, plant and equipment	400	1,134
Inventories written off/written down	500	1,500
And after crediting:		
Interest income	24	49
Profit on disposal of property, plant and equipment and investment property	15	126

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 28th May 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: 28th May 2013