

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 : **30th June 2013**

* Quarter : **4th Quarter**

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

* The figures : Have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2013 (UNAUDITED)**

	4-MONTH ENDED		YEAR TO DATE ENDED	
	30/6/2013	30/6/2012	30/6/2013	AUDITED 30/6/2012
	RM'000	RM'000	RM'000	RM'000
Revenue	23,071	21,167	110,093	106,611
Gross profit	6,869 30%	6,580 31%	41,772 38%	40,654 38%
Other operating income	406	217	916	672
Operating expenses	<u>(7,927)</u>	<u>(7,039)</u>	<u>(31,084)</u>	<u>(29,560)</u>
(Loss)/Profit from the operation	(652)	(242)	11,604	11,766
Finance costs	<u>(22)</u>	<u>(224)</u>	<u>(432)</u>	<u>(1,012)</u>
(Loss)/Profit before taxation	(674)	(466)	11,172	10,754
Taxation	<u>207</u>	<u>(5)</u>	<u>(2,887)</u>	<u>(2,938)</u>
(Loss)/Profit for the period	<u>(467)</u>	<u>(471)</u>	<u>8,285</u>	<u>7,816</u>
Other comprehensive income/(expense) for the period, net of tax	<u>83</u>	<u>(97)</u>	<u>330</u>	<u>(241)</u>
Total comprehensive (expenses)/income for the period	<u>(384)</u>	<u>(568)</u>	<u>8,615</u>	<u>7,575</u>
(Loss)/Profit attributable to :				
Equity holders of the parent	(454)	(424)	8,222	7,784
Non-controlling interest	<u>(13)</u>	<u>(47)</u>	<u>63</u>	<u>32</u>
	<u>(467)</u>	<u>(471)</u>	<u>8,285</u>	<u>7,816</u>
Total comprehensive (expenses)/income attributable to:				
Equity holders of the parent	(371)	(521)	8,552	7,543
Non-controlling interest	<u>(13)</u>	<u>(47)</u>	<u>63</u>	<u>32</u>
	<u>(384)</u>	<u>(568)</u>	<u>8,615</u>	<u>7,575</u>
(Loss)/Earnings per share				
-Basic	(1.11)	(1.04)	20.18	19.11
-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 30 JUNE 2013

	Unaudited as at 30.06.2013 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	4,850	4,938	4,866
Non-current asset held for sale	70	-	-
Investment properties	23,554	24,064	24,064
Investment in subsidiary companies	102	-	-
Available for sale investments	1,604	1,355	1,747
Deferred tax assets	20	20	49
	<u>30,200</u>	<u>30,377</u>	<u>30,726</u>
CURRENT ASSETS			
Inventories	55,989	54,561	62,115
Receivables	25,802	23,465	23,497
Tax assets	35	81	70
Cash and bank balances	3,577	219	778
	<u>85,403</u>	<u>78,326</u>	<u>86,460</u>
TOTAL ASSETS	<u>115,603</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	31,871	26,375	23,415
	<u>72,613</u>	<u>67,117</u>	<u>64,157</u>
Non-controlling interest	1,113	1,050	1,018
TOTAL EQUITY	<u>73,726</u>	<u>68,167</u>	<u>65,175</u>
NON-CURRENT LIABILITIES			
Borrowings	220	2,336	3,258
Deferred tax liabilities	2,382	2,382	2,428
	<u>2,602</u>	<u>4,718</u>	<u>5,686</u>
CURRENT LIABILITIES			
Payables	37,127	23,090	26,363
Tax liabilities	919	948	679
Borrowings	1,229	11,780	19,283
	<u>39,275</u>	<u>35,818</u>	<u>46,325</u>
TOTAL LIABILITIES	<u>41,877</u>	<u>40,536</u>	<u>52,011</u>
TOTAL EQUITY AND LIABILITIES	<u>115,603</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 30 JUNE 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	-	-	-	330	8,222	8,552	63	8,615	
Dividend paid	-	-	-	-	(3,056)	(3,056)	-	(3,056)	
Balance at 30 June 2013	40,742	-	-	82	31,789	72,613	1,113	73,726	

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 30 JUNE 2013 (UNAUDITED)**

	30/6/2013 RM'000 UNAUDITED	30/6/2012 RM'000 AUDITED
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,172	10,754
Adjustments for:		
Non-cash items		
Depreciation of property, plant and equipment	1,988	1,503
Gain on disposal of property, plant and equipment	(138)	(35)
Gain on disposal of available for sales investment	(222)	(4)
Gain on winding up a subsidiary company	-	(210)
Inventories written off/written down	1,923	1,441
Impairment on available for sales investment	304	-
Impairment on receivables	74	15
Property, plant and equipment written off	-	1
	15,101	13,465
Dividend income	(46)	(7)
Interest expenses	432	960
Interest income	(86)	(18)
Operating profit before working capital changes	15,401	14,400
Changes in inventories	(3,351)	6,113
Changes in receivables	(2,491)	(1,855)
Changes in payables	14,023	(1,144)
Cash generated from operations	23,582	17,514
Dividend paid	(3,056)	(4,583)
Interest received	86	18
Interest paid	(432)	(960)
Tax paid	(2,870)	(2,697)
Net cash generated from/(used in) operating activities	17,310	9,292
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,380)	(1,092)
Purchase of available for sale investment	(324)	(60)
Proceeds from disposal of available for sale investment	331	169
Proceeds from disposal of property, plant and equipment	168	35
Net cash outflow upon loss of control of subsidiary companies	(16)	-
Dividend received	46	7
Net cash used in investing activities	(1,175)	(941)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings	(11,181)	(8,261)
Issuance of shares	-	-
Net cash (used in)/generated from financing activities	(11,181)	(8,261)
Net increase in cash and cash equivalents	4,954	90
Cash and cash equivalent at beginning of period	(1,377)	(1,467)
Cash and cash equivalent at end of period	3,577	(1,377)
Represented by:		
Cash and bank balances	3,577	223
Bank overdrafts	-	(1,472)
	3,577	(1,249)

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 30 JUNE 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 30 JUNE 2013 (cont'd)**

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 30 JUNE 2013 (cont'd)**

7. DIVIDEND PAID

No dividends were paid during the quarter under review.

8. SEGMENTAL REPORTING

Year ended 30th June 2013

	Apparels RM'000	Investment properties RM'000	Total RM'000
Revenue	108,258	1,835	110,093
Profit before interest, taxes, depreciation and amortisation	12,587	919	13,506
Depreciation and amortisation			(1,988)
Interest expenses			(432)
Interest income			86
Profit before taxation			11,172
Tax expenses			(2,887)
Profit for the period			8,285

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

Two dormant wholly-owned subsidiary companies namely, Electra Impressions Sdn. Bhd. ("EISB") and Mode Fashion Marketing Sdn. Bhd. ("MFM") have been placed under members' voluntary winding-up ("winding-up") pursuant to Section 254(1)(b) of the Companies Act, 1965 on 28 June 2013.

The winding-up of EISB and MFM will not have any material effect on the consolidated earnings or net assets of the Company for the financial year ended 30 June 2013.

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

**(A) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 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 30th June 2013 is as follows:

Contracted	
Non-cancellable operating lease commitment	RM'000
- Not later than 1 year	745
- Later than 1 year and not later than 5 years	463
	<hr/> 1,208 <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 30th June 2013:

	RM'000
Purchase of goods from	
- Perniagaan Sulam Kim Bin (M) Sdn. Bhd.	182
- TGL Packaging Sdn. Bhd.	8
Rental paid to	
- TGL Packaging Sdn. Bhd.	605
- TGL Industries Sdn. Bhd.	600
- Bidang Cendana Sdn. Bhd.	282

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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2013**

1. REVIEW OF PERFORMANCE

Revenue for the fourth quarter and cumulative 12-month period ended 30th June 2013 is RM23.07 million and RM110.09 million as compared to RM21.11 million and RM106.61 million respectively recorded in previous year.

For the current quarter under review, the Group's revenue increased by 9.28% or RM1.96 million compared to the revenue recorded in the previous year corresponding quarter. Despite of the higher revenue, loss before taxation for the quarter under review increased nearly 60% or RM0.25 million to RM0.67 million when compared with loss before taxation of RM0.42 million recorded in the same quarter in previous year.

Revenue for the 12 month period ended 30th June 2013 has increased by 3.26% or RM3.48 million as compared to the 12 month period the year before due to increase in number of counters and improvement in sales of existing counters.

As a result, profit before taxation improved slightly by RM0.42 million as the increase in revenue and saving in borrowing cost have been mitigated by the increase in operating expenses ie staff.

2. COMPARISON WITH PRECEDING QUARTER'S REPORT

	Quarter ended 30 June 2013 RM'000	Quarter ended 31 March 2013 RM'000
Revenue	23,071	20,321
(Loss)/Profit before taxation	(674)	121

As compared to the previous quarter, revenue for the quarter under review had improved by RM2.75 million or 13.530%.

The higher revenue achieved in current quarter under review was mainly due to mid year sales and the Hari Raya sales picking up earlier in June 2013 as the festival falls on first week of August 2013.

Despite of the higher revenue recorded in current quarter under review, the Group recorded loss before taxation of RM0.67 million due to lower gross profit margin for the current quarter of 30% against 35% compared to the previous quarter as a result of inventories written off/written down amounting to about RM0.42 million and aggressive promotional and clearance sales activities.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2013 (cont'd)**

3. COMMENTARY ON PROSPECTS

For the financial year recently concluded, the Group remained profitable with the improved in profit after taxation by approximately 6% (RM0.47 million) from RM7.82 million to RM8.29 million when compared to that of the previous financial year.

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 market is expected to continue. The weakened Ringgit will have a direct impact on our purchases which 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.

4. VARIANCE FROM PROFIT FORECASTS

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

5. TAXATION

	Year to date ended 30 June	
	2013	2012
	RM'000	RM'000
Tax liabilities at 1 July	867	609
Current period's provision	2,887	2,948
Tax penalty	-	7
Net payment made during the period	(2,870)	(2,697)
	884	867
Disclosed as:		
Tax assets	(35)	(81)
Tax liabilities	919	948
	884	867
Taxation expense for the period:-		
Malaysian taxation	2,887	2,948
Tax penalty	-	7
Deferred taxation	-	(17)
	2,887	2,938

The effective tax rate for the period ended 30th June 2013 was approximately 26% due to some expenses that are disallowed for tax deduction.

**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2013 (cont'd)**

6. CORPORATE PROPOSAL

At the date of this report, there are no corporate proposals which have been announced that remain uncompleted.

7. GROUP BORROWINGS AND DEBT SECURITIES

	As at 30 June 2013 RM'000	As at 30 June 2012 RM'000
(a) Short term borrowings		
- Unsecured	1,092	10,403
- Secured	137	1,377
	1,229	11,780
(b) Long term borrowings		
- Secured	220	2,336
	220	2,336
Total	1,449	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 Board of Directors has recommended a final dividend of 10 sen less tax at 25% amounting RM3,055,665, subject to shareholders' approval for the current financial year ended 30th June 2013. The proposed dividend if approved will be paid on 19th December 2013 to depositors registered in the record of depositors at the close of business on 5th December 2013.

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 30 JUNE 2013 (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	
	30 June		30 June	
	2013	2012	2013	2012
Net (loss)/profit attributable to shareholders (RM'000)	(454)	(424)	8,222	7,784
Weighted average number of ordinary shares in issue ('000)	40,742	40,742	40,742	40,742
Basic (loss)/earnings per share (sen)	(1.11)	(1.04)	20.18	19.11

(b) Diluted (loss)/earnings per share

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the current financial period ended 30th June 2013.

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**(B) NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2013 (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:

	30 June 2013 RM'000	30 June 2012 RM'000
Total retained profits of the Group		
- Realised	32,141	26,975
- Unrealised	4,963	4,963
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	37,104	31,938
Consolidation adjustments	(5,315)	(5,315)
	<hr/>	<hr/>
	31,789	26,623
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14. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter ended 30 June 2013 RM'000	Year to date ended 30 June 2013 RM'000
Profit from operations for the period is arrived after charging:		
Allowance for doubtful debts	11	74
Depreciation of investment properties	129	512
Depreciation of property, plant and equipment	342	1,476
Inventories written off/written down	423	1,923
And after crediting:		
Interest income	37	86
Profit on disposal of property, plant and equipment and investment property	12	138

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 30 JUNE 2013 (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 28th August 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 August 2013