



**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2007**

	(Unaudited)	(Audited)
	As At	As At
	31.12.07	31.12.06
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	90,059	82,820
Prepaid land lease payments	7,256	7,390
Intangible asset	5	6
	<u>97,320</u>	<u>90,216</u>
<b>Current assets</b>		
Inventories	29,831	23,144
Trade receivables	31,114	24,118
Other receivables, deposits and prepayments	2,460	2,715
Cash and cash equivalents	2,083	1,658
	<u>65,488</u>	<u>51,635</u>
<b>TOTAL ASSETS</b>	<u>162,808</u>	<u>141,851</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the company</b>		
Share capital	60,000	60,000
Retained earnings	32,067	23,584
<b>Total equity</b>	<u>92,067</u>	<u>83,584</u>
<b>Non-current liabilities</b>		
Borrowings	5,809	4,359
Deferred tax liabilities	10,895	10,152
	<u>16,704</u>	<u>14,511</u>
<b>Current liabilities</b>		
Borrowings	38,658	32,432
Trade payables	10,378	5,328
Other payables	4,907	3,165
Dividend payables	11	2,715
Current tax payable	83	116
	<u>54,037</u>	<u>43,756</u>
<b>Total liabilities</b>	<u>70,741</u>	<u>58,267</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>162,808</u>	<u>141,851</u>
Net Assets per Share (RM)	0.38	0.35
Net Assets (RM'000)	92,067	83,584

(The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006)



**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE THREE-MONTHS PERIOD ENDED 31 DECEMBER 2007**

	3 months ended		12 months ended	
	31.12.07 RM'000	31.12.06 RM'000	31.12.07 RM'000	31.12.06 RM'000
Revenue	41,537	31,997	142,379	120,344
Cost of sales	(33,419)	(24,583)	(116,226)	(94,988)
<b>Gross profit</b>	<u>8,118</u>	<u>7,414</u>	<u>26,153</u>	<u>25,356</u>
Other income	9	17	46	85
Administrative expenses	(1,599)	(1,577)	(6,386)	(6,107)
Selling and marketing expenses	(1,418)	(1,131)	(4,843)	(3,953)
Finance costs	(520)	(433)	(1,587)	(1,584)
<b>Profit before tax</b>	<u>4,590</u>	<u>4,290</u>	<u>13,383</u>	<u>13,797</u>
Income tax expense	(371)	(988)	(2,272)	(3,695)
<b>Profit for the period / year</b>	<u><u>4,219</u></u>	<u><u>3,302</u></u>	<u><u>11,111</u></u>	<u><u>10,102</u></u>
Attributable to:				
Equity holders of the company	<u><u>4,219</u></u>	<u><u>3,302</u></u>	<u><u>11,111</u></u>	<u><u>10,102</u></u>
<b>Earnings per share attributable to equity holders of the company :</b>				
Basic earnings per share (sen)	<u><u>1.76</u></u>	<u><u>1.38</u></u>	<u><u>4.63</u></u>	<u><u>4.21</u></u>
Diluted earnings per share (sen)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2007**

	<b>Attributable to Equity Holders of the Company</b>				<b>Total Equity RM'000</b>
	<b>Share Capital RM'000</b>	<b>Non-Distributable</b>		<b>Distributable</b>	
		<b>Share Premium RM'000</b>	<b>Reserve on Consolidation RM'000</b>	<b>Retained Earnings RM'000</b>	
At 1 January 2006	48,000	9,203	11,276	10,396	78,875
(-) Effects of adopting : FRS 3	-	-	(11,276)	11,276	-
	48,000	9,203	-	21,672	78,875
Profit for the year	-	-	-	10,102	10,102
Dividends	-	-	-	(5,393)	(5,393)
Bonus issue	12,000	(9,203)	-	(2,797)	-
At 31 December 2006	60,000	-	-	23,584	83,584
At 1 January 2007	60,000	-	-	23,584	83,584
Profit for the year	-	-	-	11,111	11,111
Dividend	-	-	-	(2,628)	(2,628)
At 31 December 2007	60,000	-	-	32,067	92,067

(The Unaudited Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006)



**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

	12 months ended	
	31.12.07	31.12.06
	RM'000	RM'000
<b>Cash flow from operating activities</b>		
Profit before tax	13,383	13,797
Adjustments for :		
Amortisation of trademark	1	1
Amortisation of prepaid land lease payments	134	134
Bad debts	89	-
Depreciation	5,261	4,636
Interest expense	1,579	1,586
Interest income	(28)	(36)
(Gain)/loss on disposal of property, plant and equipment	(10)	15
Property, plant and equipment written off	9	-
Operating profit before working capital changes	20,418	20,133
Increase in inventories	(6,687)	(6,074)
Increase in trade and other receivables	(6,830)	(5,288)
Increase in trade and other payables	6,716	1,541
Cash generated from operations	13,617	10,312
Interest paid	(1,579)	(1,586)
Interest received	28	36
Tax paid	(1,562)	(1,373)
<b>Net cash flow from operating activities</b>	<b>10,504</b>	<b>7,389</b>
<b>Cash flow from investing activities</b>		
Prepayment of land lease	-	(11)
Proceeds from disposal of property, plant and equipment	13	9
Purchase of property, plant and equipment	(12,512)	(12,152)
<b>Net cash flow from investing activities</b>	<b>(12,499)</b>	<b>(12,154)</b>
<b>Cash flow from financing activities</b>		
Dividends paid	(5,256)	(6,067)
Proceeds from bankers' acceptance	89,374	75,461
Repayment of bankers' acceptance	(80,086)	(66,498)
Proceed from term loan	7,882	-
Repayment of term loans	(3,946)	(4,029)
Repayment of hire purchase payables	-	(16)
<b>Net cash flow from financing activities</b>	<b>7,968</b>	<b>(1,149)</b>
<b>Net change in cash and cash equivalents</b>	<b>5,973</b>	<b>(5,914)</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>(3,898)</b>	<b>2,016</b>
<b>Cash and cash equivalents at end of the financial period</b>	<b>2,075</b>	<b>(3,898)</b>

Cash and cash equivalents at the end of the financial period comprise of the following :

	As at	As at
	31.12.07	31.12.06
	RM'000	RM'000
Cash and cash equivalents	2,083	1,658
Bank overdrafts	(8)	(5,556)
	2,075	(3,898)

(The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006)



## NOTES TO THE INTERIM FINANCIAL REPORT

### PART A : EXPLANATORY NOTES AS PER FRS 134<sub>2004</sub>

#### A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard 134<sub>2004</sub> Interim Financial Reporting and Chapter 9 part K of the Listing Requirements of the Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements for the financial year ended 31 December 2006.

#### A2. Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2006 was not subject to any qualification.

#### A3. Seasonal and Cyclical factors

The Group's product are subject to some seasonality whereby production usually slows down slightly in the first quarter of the year. Production runs normally from the second quarter and peaks in third and fourth quarters before the major festivals such as Hari Raya, Christmas day, New Year and Chinese New Year and long school holiday periods.

#### A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows because of their nature, size, or incidence for the current quarter under review and financial year to date.

#### A5. Material Changes in Estimates

There were no other changes in accounting estimates of amounts reported in prior interim periods or the current financial period or changes in estimates of amounts reported in prior financial years.

#### A6. Issuances and repayment of debt and equity securities

There was no issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the current financial quarter under review.



## NOTES TO THE INTERIM FINANCIAL REPORT

### A7. Dividends paid

The interim dividend of 1.5 sen per ordinary share less 27% of income tax in respect of the financial year ended 31 December 2006 was paid on 15 February 2007. Besides that, the final dividend of 1.5 sen per ordinary share less tax in respect of the financial year ended 31 December 2006 was paid on 15 August 2007.

### A8. Segmental Reporting

Segmental information is presented in respect of the Group's business segments:-

	<u>PVC</u> <u>Sheeting</u> RM'000	<u>PP Non-</u> <u>Woven</u> RM'000	<u>PVC</u> <u>Leather</u> RM'000	<u>Others</u> RM'000	<u>Elimination</u> RM'000	<u>Group</u> RM'000
<b>1 January 2007 to</b>						
<b>31 December 2007</b>						
<b>Revenue</b>						
External Revenue	116,521	7,468	6,785	11,605	-	142,379
<b>Results</b>						
Segment results	12,214	783	711	1,216	-	14,924
Other income						46
Finance costs						(1,587)
Profit before tax						13,383
Income tax expense						(2,272)
Profit for the year						11,111

### A9. Valuation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment by the Group since the last audited financial statements for the financial year ended 31 December 2007.

### A10. Subsequent Events

There were no material events between the end of the reporting quarter and the date of this announcement.

### A11. Changes In The Composition of The Group

There were no changes in the composition of the Group for the current year to date.



## NOTES TO THE INTERIM FINANCIAL REPORT

### A12. Contingent Liabilities

As at 31 December 2007, the Group has no material contingent liabilities save for a corporate guarantee of RM87,370,000 issued by the Company in respect of banking facilities granted to the subsidiary companies.

### A13. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 December 2007 is as follows :-

	<b>RM'000</b>
Contracted but not provided for	<u>20,782</u>

## PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

### B1. Review of Performance

For the current quarter, the Group recorded a revenue of RM41.5 million while profit before tax was recorded at RM4.59 million. The major contributor of the Group's revenue was PVC sheeting, which contributed approximately 82.70% towards the current quarter. There were no material factors affecting the earning and revenue of the Group for the current quarter and financial year to date.

### B2. Variation of Results Against Preceding Quarter

A comparison of the quarterly results of the current and preceding quarter is as follows:

	<b>Current</b>	<b>Preceding</b>
	<b>01/10/07-</b>	<b>01/07/07-</b>
	<b>31/12/07</b>	<b>30/09/07</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>
Profit before tax	4,590	4,531
Profit for the period	4,219	3,425

The Group's profit before tax for the current quarter increased by RM0.06 million from RM4.53 million as recorded in the preceding quarter to RM4.59 million. This was mainly due to higher sales volume achieved for PVC products.



## NOTES TO THE INTERIM FINANCIAL REPORT

### B3. Prospects

The Board of Directors is cautiously optimistic of achieving satisfactory results in year 2008 by improvement in operational efficiency, product quality and enhancement of its product range through upgrading and purchase of machinery so as to increase its market share.

### B4. Variance of Actual and Forecast Revenue

The revenue of the Group for the financial year ended 31 December 2007 was RM142 million as compared to the estimated revenue growth of 20% - 30% of RM144 - RM156 million which previously announced in a public document. The shortfall was mainly due to the delay in the installation of additional machinery.

### B5. Income Tax Expense

	<b>Current Quarter</b>	<b>12 months</b>
	<b>31.12.07</b>	<b>Cumulative</b>
	<b>RM'000</b>	<b>31.12.07</b>
		<b>RM'000</b>
<b>Current tax expense</b>		
- current	270	1,490
- prior years		39
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences		
- current	101	743
Total tax expense	<u>371</u>	<u>2,272</u>

The Group's effective tax rate for the current period was lower than the statutory tax rate of 27% due to double deduction claimed on certain eligible expenditure and claims on reinvestment allowances by a subsidiary company.

### B6. Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investments and/or properties for the current quarter and financial year to date.





## NOTES TO THE INTERIM FINANCIAL REPORT

### B7. Purchase or Disposal of Quoted Securities

There were no purchases or disposals of quoted securities for the current quarter under review and financial year to date.

### B8. Status of Corporate Proposal

There were no corporate proposals announced but not completed as at the date of issue of this interim financial report.

### B9. Group Borrowings

The Group's borrowings as at 31 December 2007 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<b><u>Short term</u></b>			
Bank overdrafts	8	-	8
Bankers' acceptance	31,697	-	31,697
Term loans	6,953	-	6,953
	<u>38,658</u>	<u>-</u>	<u>38,658</u>
<b><u>Long term</u></b>			
Term loan	5,809	-	5,809
	<u>44,467</u>	<u>-</u>	<u>44,467</u>

The above borrowings are denominated in Ringgit Malaysia.

### B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

### B11. Material Litigation

The Group is not engaged in any material litigation as at the date of this report (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).



## NOTES TO THE INTERIM FINANCIAL REPORT

### B12. Dividend payable

A final dividend of 3 sen per ordinary share less tax for the financial year ended 31 December 2007 will be proposed for shareholders' approval at the forthcoming Annual General Meeting.

### B13. Basis of Calculation of Earnings Per Share

The basic earnings per share for the current quarter and cumulative months to date are computed as follow:

	<b>Individual Current Quarter 31.12.07</b>	<b>Cumulative Months To Date 31.12.07</b>
Net profit attributable to ordinary equity holders of the company (RM'000)	4,219	11,111
Weighted average number of ordinary shares of RM0.25 each in issue ('000)	240,000	240,000
Basic Earnings Per Share based on weighted average number of ordinary shares of RM0.25 each in issue (sen)	1.76	4.63

There is no diluted earnings per share as there were no potential dilutive ordinary shares outstanding as at the end of the reporting year.

By order of the Board

**TEK SENG HOLDINGS BERHAD**

**LOH KOK BENG**  
EXECUTIVE CHAIRMAN

Dated : 21 February 2008