



UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2008

	(Unaudited)	(Restated)
	As At	As At
	30.06.08	31.12.07
ASSETS	RM'000	RM'000
Non-current assets		
Property, plant and equipment	103,817	90,059
Prepaid land lease payments	7,189	7,256
Intangible asset	4	5
Deferred tax assets	2,171	2,536
	<u>113,181</u>	<u>99,856</u>
Current assets		
Inventories	32,662	29,831
Trade receivables	28,359	31,114
Other receivables, deposits and prepayments	5,620	2,460
Cash and cash equivalents	3,182	2,083
	<u>69,823</u>	<u>65,488</u>
TOTAL ASSETS	<u>183,004</u>	<u>165,344</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	60,000	60,000
Retained earnings	41,819	45,498
Total equity	<u>101,819</u>	<u>105,498</u>
Non-current liabilities		
Borrowings	5,858	5,809
	<u>5,858</u>	<u>5,809</u>
Current liabilities		
Borrowings	42,880	38,658
Trade payables	13,044	10,378
Other payables	11,770	4,907
Dividend payables	6,813	11
Current tax payable	820	83
	<u>75,327</u>	<u>54,037</u>
Total liabilities	<u>81,185</u>	<u>59,846</u>
TOTAL EQUITY AND LIABILITIES	<u>183,004</u>	<u>165,344</u>
Net Assets per Share (RM)	0.42	0.44
Net Assets (RM'000)	101,819	105,498

(The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007)



**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 30 JUNE 2008**

	3 months ended		6 months ended	
	30.06.08	30.06.07 (Restated)	30.06.08	30.06.07 (Restated)
	RM'000	RM'000	RM'000	RM'000
Revenue	43,110	32,637	81,485	60,544
Cost of sales	(36,411)	(27,079)	(68,422)	(50,472)
Gross profit	<u>6,699</u>	<u>5,558</u>	<u>13,063</u>	<u>10,072</u>
Other income	5	19	14	29
Administrative expenses	(1,839)	(1,467)	(3,578)	(3,062)
Selling and marketing expenses	(1,336)	(1,055)	(2,371)	(2,138)
Finance costs	(597)	(372)	(1,051)	(639)
Profit before tax	<u>2,932</u>	<u>2,683</u>	<u>6,077</u>	<u>4,262</u>
Current tax	(805)	(372)	(1,399)	(523)
Deferred tax	(170)	(874)	(365)	349
Profit for the period	<u><u>1,957</u></u>	<u><u>1,437</u></u>	<u><u>4,313</u></u>	<u><u>4,088</u></u>
Attributable to:				
Equity holders of the company	<u><u>1,957</u></u>	<u><u>1,437</u></u>	<u><u>4,313</u></u>	<u><u>4,088</u></u>
Earnings per share attributable to equity holders of the company :				
Basic earnings per share (sen)	<u><u>0.82</u></u>	<u><u>0.60</u></u>	<u><u>1.80</u></u>	<u><u>1.70</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 2007)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2008**

	<u>Attributable to Equity Holders of the Company</u>		Total Equity RM'000
	Share Capital RM'000	Distributable Retained Earnings RM'000	
At 1 January 2007 (As previously stated)	60,000	23,584	83,584
Adoption of FRS 112	-	12,061	12,061
As restated	60,000	35,645	95,645
Profit for the period	-	4,088	4,088
Dividend	-	(2,628)	(2,628)
At 30 June 2007	<u>60,000</u>	<u>37,105</u>	<u>97,105</u>
At 1 January 2008 (As previously stated)	60,000	32,067	92,067
Adoption of FRS 112	-	13,431	13,431
As restated	60,000	45,498	105,498
Profit for the period	-	4,313	4,313
Dividends	-	(7,992)	(7,992)
At 30 June 2008	<u>60,000</u>	<u>41,819</u>	<u>101,819</u>

(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 2007)



**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2008**

	6 months ended	
	30.06.08	30.06.07
	RM'000	RM'000
Cash flow from operating activities		
Profit before tax	6,077	4,262
Adjustments for :		
Amortisation of trademark	1	-
Amortisation of prepaid land lease payments	67	67
Depreciation	5,937	2,555
Interest expense	1,046	635
Interest income	(10)	(17)
(Gain)/loss on disposal of property, plant and equipment	-	(9)
Property, plant and equipment written off	-	1
Operating profit before working capital changes	13,118	7,494
Increase in inventories	(2,831)	(5,240)
(Increase)/Decrease in trade and other receivables	(405)	710
Increase in trade and other payables	9,529	7,354
Cash generated from operations	19,411	10,318
Interest paid	(1,046)	(635)
Interest received	10	17
Tax paid	(662)	(654)
Net cash flow from operating activities	17,713	9,046
Cash flow from investing activities		
Proceeds from disposal of property, plant and equipment	-	11
Purchase of property, plant and equipment	(19,695)	(2,572)
Net cash flow from investing activities	(19,695)	(2,561)
Cash flow from financing activities		
Dividends paid	(1,190)	(2,628)
Proceeds from bankers' acceptance	59,100	35,576
Repayment of bankers' acceptance	(51,730)	(35,799)
Repayment of term loans	(3,502)	(1,765)
Proceed from hire purchase payable	146	-
Repayment of hire purchase payable	(49)	-
Net cash flow from financing activities	2,775	(4,616)
Net change in cash and cash equivalents	793	1,869
Cash and cash equivalents at beginning of the financial period	2,075	(3,898)
Cash and cash equivalents at end of the financial period	2,868	(2,029)

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

	As at	As at
	30.06.08	30.06.07
	RM'000	RM'000
Cash and cash equivalents	3,182	1,510
Bank overdrafts	(314)	(3,539)
	2,868	(2,029)

(The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007)



NOTES TO THE INTERIM FINANCIAL REPORT

PART A : EXPLANATORY NOTES AS PER FRS 134₂₀₀₄

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard 134₂₀₀₄ 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 2007.

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 2007 except that the Group has adopted the new standards and amendments to published standards that are mandatory for the Group for financial year beginning on or after 1 January 2008 as follows:

FRSs and amendments to FRSs

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

Standards, amendments to published standards and Issues Committee ("IC") Interpretations issued by MASB that are not relevant for the Group's operations

FRS 111	Construction Contracts
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to Financial Reporting Standard FRS 121: The Effects of Changes in Foreign Exchange Rates	
- <i>Net Investment in a Foreign Operation</i>	
IC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC 2	Members' Shares in Co-operative Entities and Similar Instruments
IC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC 6	Liabilities arising from Participating in a Specific Market
- Waste Electrical and Electronic Equipment	
IC 7	Applying the Restatement Approach under FRS 129 ₂₀₀₄
Financial Reporting in Hyperinflationary Economies	
IC 8	Scope of FRS 2

The above standards, amendments to published standards and IC interpretations to existing standards are not anticipated to have significant impact to the financial statements of the Group except for the adoption of the FRSs as follows:

FRS 112 : Income Taxes

With the adoption of FRS 112: Income Taxes, entities can now account for deferred tax on reinvestment allowance or other allowances in excess of capital allowance either as tax credits or investment tax credits. Such change constitutes a change in accounting policy and the effects of the change in accounting policy shall be applied retrospectively and adjusted against the opening retained profits.

As at 30 June 2008, the total investment tax allowance available to the Group amounted to RM52 million. The Group has assessed the nature of the allowance and concluded that it constitutes an investment tax credit.



NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation (Continued)

- a) Summary of effects of adopting new and revised FRSs on the current period's financial statements (Continued)

The following tables provide estimates of the extent to which each of the line items in the balance sheet as at 30 June 2008 and income statement for the period ended 30 June 2008 is higher or lower than it would have been had the previous policies been applied in the current quarter.

- (i) Effects on the Group's balance sheet as at 31 December 2007

	Deferred tax	Retained
	RM'000	earnings
		RM'000
As previously stated	10,895	32,067
Effects of adopting FRS 112	(13,431)	13,431
As restated	<u>(2,536)</u>	<u>45,498</u>

- (ii) Effects on the Group's income statement for the period ended 30 June 2007

	Income tax	Profit for
	RM'000	the period
		RM'000
As previously stated	(795)	3,467
Effects of adopting FRS 112	621	621
As restated	<u>(174)</u>	<u>4,088</u>

A2. Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2007 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

With effect from the current financial year, a subsidiary company changed the annual depreciation rate for certain plant and machineries from 5% to 10% so as to better reflect their estimated useful lives. The effect on the financial statements of this change in accounting estimates is an increase in depreciation charge for the period for the Group by RM3,060,455 and decrease in the Group's current period profit by RM3,060,455.

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 26% of income tax in respect of the financial year ending 31 December 2008 was paid on 15 May 2008. Besides that, the first and final dividend of 3 sen per ordinary share less 26% of income tax in respect of the financial year ended 31 December 2007 was paid on 15 August 2008.

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
1 January 2008 to 30 June 2008						
Revenue						
External Revenue	66,720	6,637	3,856	4,272	-	81,485
Results						
Segment results	5,825	579	337	373	-	7,114
Other income						14
Finance costs						(1,051)
Profit before tax						6,077
Income tax expense						(1,764)
Profit for the period						4,313

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.

A12. Contingent Liabilities

As at 30 June 2008, the Group has no material contingent liabilities save for a corporate guarantee of RM107,321,520 issued by the Company in respect of banking facilities granted to the subsidiary companies.



NOTES TO THE INTERIM FINANCIAL REPORT

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 30 June 2008 is as follows :-

	RM'000
Contracted but not provided for	<u>8,723</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 RM43.11 million while profit before tax was recorded at RM2.93 million. The major contributor of the Group's revenue was PVC sheeting, which contributed approximately 79.72% 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:

	Current	Preceding
	01/04/08-	01/01/08-
	30/06/08	31/03/08
	(RM'000)	(RM'000)
Profit before tax	2,932	3,145
Profit for the period	1,957	2,356

The Group's profit before tax for the current quarter decreased by RM0.2 million from RM3.15 million as recorded in the preceding quarter to RM2.93 million. This was mainly due to lower sales volume achieved for PVC products as a result of seasonal factor. In addition, higher raw material costs and expenses are also contributed to the decrease in profit before tax.

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

Not applicable.



NOTES TO THE INTERIM FINANCIAL REPORT

B5. Income Tax Expense

	Current Quarter 30.06.08 RM'000	6 months Cumulative 30.06.08 RM'000
Current tax expense		
- current	805	1,399
Deferred tax expense		
Origination and reversal of temporary differences		
- current	170	365
Total tax expense	975	1,764

The Group's effective tax rate for the current period was higher than the statutory tax rate of 26% due to certain expenses which are not deductible for tax purposes.

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.

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 as at the date of issue of this interim financial report.

B9. Group Borrowings

The Group's borrowings as at 30 June 2008 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term</u>			
Bank overdrafts	314	-	314
Bankers' acceptance	39,067	-	39,067
Hire purchase payable	49	-	49
Term loans	3,450	-	3,450
	42,880	-	42,880
<u>Long term</u>			
Hire purchase payable	49	-	49
Term loans	5,809	-	5,809
	5,858	-	5,858
Total borrowings	48,738	-	48,738

The above borrowings are denominated in Ringgit Malaysia and US Dollar.



NOTES TO THE INTERIM FINANCIAL REPORT

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).

B12. 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:

	Individual Current Quarter 30.06.08	Cumulative Months To Date 30.06.08
Net profit attributable to ordinary equity holders of the company (RM'000)	1,957	4,313
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)	0.82	1.80

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

By order of the Board

TEK SENG HOLDINGS BERHAD

**LOH KOK BENG
EXECUTIVE CHAIRMAN**

Dated : 21 August 2008