



UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 30 SEPTEMBER 2008

	(Unaudited)	(Restated)
	As At	As At
	30.09.08	31.12.07
ASSETS	RM'000	RM'000
<b>Non-current assets</b>		
Property, plant and equipment	105,746	90,059
Prepaid land lease payments	7,155	7,256
Intangible asset	11	5
Deferred tax assets	2,023	2,536
	<u>114,935</u>	<u>99,856</u>
<b>Current assets</b>		
Inventories	33,549	29,831
Trade receivables	35,840	31,114
Other receivables, deposits and prepayments	9,390	2,460
Cash and cash equivalents	600	2,083
	<u>79,379</u>	<u>65,488</u>
<b>TOTAL ASSETS</b>	<u>194,314</u>	<u>165,344</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the company</b>		
Share capital	60,000	60,000
Retained earnings	45,376	45,498
<b>Total equity</b>	<u>105,376</u>	<u>105,498</u>
<b>Non-current liabilities</b>		
Borrowings	5,858	5,809
	<u>5,858</u>	<u>5,809</u>
<b>Current liabilities</b>		
Borrowings	57,283	38,658
Trade payables	13,382	10,378
Other payables	8,319	4,907
Dividend payables	3,056	11
Current tax payable	1,040	83
	<u>83,080</u>	<u>54,037</u>
<b>Total liabilities</b>	<u>88,938</u>	<u>59,846</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>194,314</u>	<u>165,344</u>
Net Assets per Share (RM)	0.44	0.44
Net Assets (RM'000)	105,376	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 SEPTEMBER 2008**

	3 months ended		9 months ended	
	30.09.08	30.09.07 (Restated)	30.09.08	30.09.07 (Restated)
	RM'000	RM'000	RM'000	RM'000
Revenue	51,086	40,298	132,571	100,842
Cost of sales	(42,602)	(32,335)	(111,024)	(82,807)
<b>Gross profit</b>	<u>8,484</u>	<u>7,963</u>	<u>21,547</u>	<u>18,035</u>
Other income	5	8	19	37
Administrative expenses	(1,854)	(1,725)	(5,432)	(4,787)
Selling and marketing expenses	(1,438)	(1,287)	(3,809)	(3,425)
Finance costs	(725)	(428)	(1,776)	(1,067)
<b>Profit before tax</b>	<u>4,472</u>	<u>4,531</u>	<u>10,549</u>	<u>8,793</u>
Current tax	(767)	(736)	(2,166)	(1,259)
Deferred tax	(148)	(745)	(513)	(396)
<b>Profit for the period</b>	<u><u>3,557</u></u>	<u><u>3,050</u></u>	<u><u>7,870</u></u>	<u><u>7,138</u></u>
Attributable to:				
Equity holders of the company	<u><u>3,557</u></u>	<u><u>3,050</u></u>	<u><u>7,870</u></u>	<u><u>7,138</u></u>
<b>Earnings per share attributable to equity holders of the company :</b>				
Basic earnings per share (sen)	<u><u>1.48</u></u>	<u><u>1.27</u></u>	<u><u>3.28</u></u>	<u><u>2.97</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 SEPTEMBER 2008**

	<u>Attributable to Equity Holders of the Company</u>		<b>Total Equity RM'000</b>
	<b>Share Capital RM'000</b>	<b>Distributable Retained Earnings RM'000</b>	
At 1 January 2007 (As previously stated)	60,000	23,584	83,584
Adoption of FRS 112	-	12,431	12,431
As restated	60,000	36,015	96,015
Profit for the period	-	7,138	7,138
Dividend	-	(2,628)	(2,628)
At 30 September 2007	<u>60,000</u>	<u>40,525</u>	<u>100,525</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	-	7,870	7,870
Dividends	-	(7,992)	(7,992)
At 30 September 2008	<u>60,000</u>	<u>45,376</u>	<u>105,376</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 SEPTEMBER 2008**

	<b>9 months ended</b>	
	<b>30.09.08</b>	<b>30.09.07</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flow from operating activities</b>		
Profit before tax	10,549	8,793
Adjustments for :		
Amortisation of trademark	1	1
Amortisation of prepaid land lease payments	101	101
Depreciation	8,722	3,852
Interest expense	1,764	1,062
Interest income	(14)	(23)
(Gain)/loss on disposal of property, plant and equipment	-	(9)
Property, plant and equipment written off	-	1
Operating profit before working capital changes	<u>21,123</u>	<u>13,778</u>
Increase in inventories	(3,718)	(9,197)
(Increase)/Decrease in trade and other receivables	(11,656)	(6,312)
Increase in trade and other payables	<u>6,416</u>	<u>9,981</u>
Cash generated from operations	12,165	8,250
Interest paid	(1,764)	(1,062)
Interest received	14	23
Tax paid	<u>(1,209)</u>	<u>(1,196)</u>
<b>Net cash flow from operating activities</b>	<u>9,206</u>	<u>6,015</u>
<b>Cash flow from investing activities</b>		
Proceeds from disposal of property, plant and equipment	438	11
Purchase of property, plant and equipment	(24,847)	(3,120)
Purchase of trade mark	(7)	-
<b>Net cash flow from investing activities</b>	<u>(24,416)</u>	<u>(3,109)</u>
<b>Cash flow from financing activities</b>		
Dividends paid	(4,947)	(5,256)
Proceeds from bankers' acceptance	100,360	62,382
Repayment of bankers' acceptance	(85,436)	(60,631)
Proceed from term loan	6,567	6,482
Repayment of term loans	(5,289)	(2,867)
Proceed from hire purchase payable	146	-
Repayment of hire purchase payable	(73)	-
<b>Net cash flow from financing activities</b>	<u>11,328</u>	<u>110</u>
<b>Net change in cash and cash equivalents</b>	(3,882)	3,016
<b>Cash and cash equivalents at beginning of the financial period</b>	<u>2,075</u>	<u>(3,898)</u>
<b>Cash and cash equivalents at end of the financial period</b>	<u>(1,807)</u>	<u>(882)</u>

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

	<b>As at</b>	<b>As at</b>
	<b>30.09.08</b>	<b>30.09.07</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and cash equivalents	600	912
Bank overdrafts	<u>(2,407)</u>	<u>(1,794)</u>
	<u>(1,807)</u>	<u>(882)</u>

(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 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 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 <sub>2004</sub> 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 September 2008, the total investment tax allowance available to the Group amounted to RM50 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 September 2008 and income statement for the period ended 30 September 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

	<b>Deferred tax</b>	<b>Retained</b>
	<b>RM'000</b>	<b>earnings</b>
		<b>RM'000</b>
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 September 2007

	<b>Income tax</b>	<b>Profit for</b>
	<b>RM'000</b>	<b>the period</b>
		<b>RM'000</b>
As previously stated	(1,901)	6,892
Effects of adopting FRS 112	246	246
As restated	<u>(1,655)</u>	<u>7,138</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 RM4,400,846 and decrease in the Group's current period profit by RM4,400,846.

### 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
<b>1 January 2008 to 30 September 2008</b>						
<b>Revenue</b>						
External Revenue	108,151	10,282	6,325	7,813	-	132,571
<b>Results</b>						
Segment results	10,039	954	587	725	-	12,306
Other income						19
Finance costs						(1,776)
Profit before tax						10,549
Income tax expense						(2,679)
Profit for the period						7,870

### 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 September 2008, the Group has no material contingent liabilities save for a corporate guarantee of RM107,937,660 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 September 2008 is as follows :-

	RM'000
Contracted but not provided for	<u>5,850</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 RM51.08 million while profit before tax was recorded at RM4.47 million. The major contributor of the Group's revenue was PVC sheeting, which contributed approximately 81.10% 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 Quarter 01/07/08- 30/09/08 (RM'000)	Preceding 01/04/08- 30/06/08 (RM'000)
Profit before tax	4,472	2,932
Profit for the period	3,557	1,957

The Group's profit before tax for the current quarter increased by RM1.54 million from RM2.93 million as recorded in the preceding quarter to RM4.47 million. This was mainly due to higher sales volume achieved for PVC products as a result of seasonal factor.

### B3. Prospects

The Board of Directors is cautiously optimistic of achieving satisfactory results in year 2008 under the present circumstances 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**

	<b>Current Quarter</b> <b>30.09.08</b> <b>RM'000</b>	<b>9 months</b> <b>Cumulative</b> <b>30.09.08</b> <b>RM'000</b>
<b>Current tax expense</b>		
- current	767	2,166
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences		
- current	148	513
Total tax expense	915	2,679

The Group's effective tax rate for the current period was lower than the statutory tax rate of 26% due to claims on reinvestment allowances by a subsidiary company, certain subsidiary companies with paid up capital of below RM2.5 million are subject to corporate tax rate at 20% on chargeable income of up to RM500,000 and recognition of deferred tax assets on reinvestment allowances.

**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 September 2008 were as follows:-

	<b>Secured</b> <b>RM'000</b>	<b>Unsecured</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b><u>Short term</u></b>			
Bank overdrafts	2,407	-	2,407
Bankers' acceptance	43,925	-	43,925
Foreign currency trust receipt	2,696	-	2,696
Hire purchase payable	24	-	24
Term loans	8,231	-	8,231
	57,283	-	57,283
<b><u>Long term</u></b>			
Hire purchase payable	49	-	49
Term loans	5,809	-	5,809
	5,858	-	5,858
<b>Total borrowings</b>	63,141	-	63,141

Borrowings denominated in foreign currency:

	<b>USD'000</b>	<b>RM'000</b> <b>Equivalent</b>
Borrowing	1,990	6,568
	1,990	6,568



## 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:

	<b>Individual Current Quarter 30.09.08</b>	<b>Cumulative Months To Date 30.09.08</b>
Net profit attributable to ordinary equity holders of the company (RM'000)	3,557	7,870
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)	1.48	3.28

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 : 20 November 2008**