



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2010**

	(Unaudited) As At 30.09.10 RM'000	(Audited) As At 31.12.09 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	101,635	109,571
Prepaid land lease payments	6,887	6,988
Intangible asset	7	8
Deferred tax assets	5,505	6,261
	<u>114,034</u>	<u>122,828</u>
Current assets		
Inventories	27,452	26,743
Trade receivables	26,910	26,036
Other receivables, deposits and prepayments	548	1,028
Tax recoverable	196	190
Cash and cash equivalents	4,124	1,524
	<u>59,230</u>	<u>55,521</u>
TOTAL ASSETS	<u>173,264</u>	<u>178,349</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	60,000	60,000
Retained earnings	55,962	55,087
Total equity	<u>115,962</u>	<u>115,087</u>
Non-current liability		
Borrowings	2,494	2,759
	<u>2,494</u>	<u>2,759</u>
Current liabilities		
Borrowings	39,515	43,454
Trade payables	9,465	9,251
Other payables	3,893	7,679
Dividend payables	1,788	20
Current tax payable	147	99
	<u>54,808</u>	<u>60,503</u>
Total liabilities	<u>57,302</u>	<u>63,262</u>
TOTAL EQUITY AND LIABILITIES	<u>173,264</u>	<u>178,349</u>
Net Assets per Share (RM)	0.48	0.48
Net Assets (RM'000)	115,962	115,087

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTHS PERIOD ENDED 30 SEPTEMBER 2010**

	3 months ended		9 months ended	
	30.09.10	30.09.09	30.09.10	30.09.09
	RM'000	RM'000	RM'000	RM'000
Revenue	46,159	45,647	125,335	111,104
Cost of sales	(39,774)	(37,495)	(109,461)	(93,046)
Gross profit	<u>6,385</u>	<u>8,152</u>	<u>15,874</u>	<u>18,058</u>
Other operating income	85	4	112	124
Operating expenses	(2,977)	(2,880)	(8,354)	(8,103)
Finance costs	(429)	(377)	(1,085)	(1,171)
Profit before tax	<u>3,064</u>	<u>4,899</u>	<u>6,547</u>	<u>8,908</u>
Income tax expense	(1,312)	(763)	(2,072)	(1,166)
Total comprehensive income for the period	<u><u>1,752</u></u>	<u><u>4,136</u></u>	<u><u>4,475</u></u>	<u><u>7,742</u></u>
Total comprehensive income attributable to: Equity holders of the company	<u><u>1,752</u></u>	<u><u>4,136</u></u>	<u><u>4,475</u></u>	<u><u>7,742</u></u>
Earnings per share attributable to equity holders of the company :				
Basic earnings per share (sen)	<u><u>0.73</u></u>	<u><u>1.72</u></u>	<u><u>1.87</u></u>	<u><u>3.23</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 Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

	<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 2009	60,000	48,182	108,182
Total comprehensive income for the period	0	7,742	7,742
Dividend	0	(3,600)	(3,600)
At 30 September 2009	<u>60,000</u>	<u>52,324</u>	<u>112,324</u>
At 1 January 2010	60,000	55,087	115,087
Total comprehensive income for the period	0	4,475	4,475
Dividend	0	(3,600)	(3,600)
At 30 September 2010	<u>60,000</u>	<u>55,962</u>	<u>115,962</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 2009)



UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2010

	9 months ended	
	30.09.10	30.09.09
	RM'000	RM'000
Cash flow from operating activities		
Profit before tax	6,547	8,908
Adjustments for :		
Amortisation of intangible asset	1	1
Amortisation of prepaid land lease payments	101	101
Allowance for doubtful debts	0	60
Bad debts written off	3	140
Depreciation	10,638	10,102
Interest expense	1,085	1,171
(Gain) / Loss on disposal of property, plant and equipment	(107)	11
Property, plant and equipment written off	0	61
Allowance for doubtful debt no longer required	0	(400)
Operating profit before working capital changes	18,268	20,155
(Increase) / Decrease in inventories	(709)	5,631
Decrease in trade and other receivables	(397)	(3,371)
(Decrease) / Increase in trade and other payables	(3,572)	2,471
Cash generated from operations	13,590	24,886
Interest paid	(1,085)	(1,171)
Tax paid	(1,274)	(979)
Net cash flow from operating activities	11,231	22,736
Cash flow from investing activities		
Proceeds from disposal of property, plant and equipment	246	26
Purchase of property, plant and equipment	(2,841)	(7,246)
Net cash flow from investing activities	(2,595)	(7,220)
Cash flow from financing activities		
Dividends paid	(1,832)	(35)
Proceeds from short term bank borrowings	0	87,255
Repayment of short term bank borrowings	(272)	(91,308)
Repayment of term loans	(4,482)	(4,001)
Repayment of hire purchase payable	0	(49)
Net cash flow from financing activities	(6,586)	(8,138)
Net change in cash and cash equivalents	2,050	7,378
Cash and cash equivalents at beginning of the financial period	1,508	(4,708)
Cash and cash equivalents at end of the financial period	3,558	2,670
Cash and cash equivalents at the end of the financial period comprise of the following :		
	As at	As at
	30.09.10	30.09.09
	RM'000	RM'000
Cash and cash equivalents	4,124	3,044
Bank overdrafts	(566)	(374)
	3,558	2,670

(The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009)



NOTES TO THE INTERIM FINANCIAL REPORT

PART A : EXPLANATORY NOTES AS PER FRS 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard 134 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 2009.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2009, except for the adoption of the following Financial Reporting Standards ("FRSs"), amendments to FRSs and Issues Committee Interpretations ("IC Interpretations") with effect from 1 January 2010.

		Effective for financial periods beginning on or after
FRSs, amendments to FRSs and IC Interpretations		
Amendments to FRS 1 and FRS 127	Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
FRS 2	Share-based Payment	1 January 2010
Amendments to FRS 2 FRS 5 and Amendment to FRS 5	Share-based Payment - Vesting Conditions and Cancellations Non-current Assets Held for Sale and Discontinued Operations	1 January 2010 1 January 2010
FRS 7	Financial Instruments : Disclosures	1 January 2010
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
FRS 8 and Amendment to FRS 8	Operating Segments	1 January 2010
FRS 101	Presentation of Financial Statements	1 January 2010
FRS 102	Inventories	1 January 2010
FRS 107	Statement of Cash Flows (formerly known as Cash Flow Statements)	1 January 2010
FRS 108 and Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
FRS 110	Events after the Reporting Period (formerly known as Events after the Balance Sheet Date)	1 January 2010
FRS 112	Income Taxes	1 January 2010
FRS 116	Property, Plant and Equipment	1 January 2010
FRS 117 and Amendment to FRS 117	Leases	1 January 2010
FRS 118	Revenue	1 January 2010
FRS 119 and Amendment to FRS 119	Employee Benefits	1 January 2010
FRS 120 and Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
FRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2010
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 January 2010
FRS 123 and Amendment to FRS 123	Borrowing Costs	1 January 2010
FRS 124	Related Party Disclosures	1 January 2010
FRS 126	Accounting and Reporting by Retirement Benefit Plans	1 January 2010
FRS 127 and Amendment to FRS 127	Consolidated and Separate Financial Statements	1 January 2010
FRS 128 and Amendment to FRS 128	Investments in Associates	1 January 2010
FRS 131 and Amendment to FRS 131	Interests in Joint Ventures	1 January 2010



NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation (Continued)

		Effective for financial periods beginning on or after
FRSs, amendments to FRSs and IC Interpretations		
FRS 132	Financial Instruments: Presentation (formerly known as Financial Instruments: Disclosure and Presentation)	1 January 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010
FRS 133	Earnings Per Share	1 January 2010
FRS 134 and Amendment to FRS 134	Interim Financial Reporting	1 January 2010
FRS 136	Impairment of Assets	1 January 2010
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2010
FRS 138 and Amendment to FRS 138	Intangible Assets	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
FRS 140 and Amendment to FRS 140	Investment Property	1 January 2010
IC Interpretation 9 and Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2: Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Company except for those discussed below:

FRS 7 Financial Instruments: Disclosures

Prior to the adoption of FRS 7, the disclosures for financial instruments were based on the requirements of the original FRS 132 Financial Instruments: Disclosure and Presentation. With the adoption of FRS 7, financial assets and financial liabilities are disclosed in the statement of financial position based on their respective classifications.

FRS 8: Operating Segments

FRS 8, which replaces FRS 114 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively.

FRS 101 Presentation of Financial Statements (Revised)

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consist of an income statement, a balance sheet, a cash flow, a statement of changes in equity and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial report presented consist of a statement of comprehensive income, a statement of financial position, a statement of cash flow, a statement of changes in equity and notes to the financial statements.

FRS 139 Financial Instruments: Recognition and Measurement

Prior to the adoption of FRS 139, financial derivatives were recognised on their settlement dates. Outstanding derivatives at the date of balance sheet were not recognised. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognised at contract dates when, and only when, the Group becomes a party to the contractual provisions of the instruments. The recognition, de-recognition and measurement are applied prospectively and the comparative information are not restated. This standard does not have any material impact on the financial position and results of the Group.



NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation (Continued)

The following FRSs, amendments to FRSs and IC Interpretations were in issue but not yet effective and have not been applied by the Group:

FRSs, amendments to FRSs and IC Interpretations		Effective for financial periods beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1	Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 2	Group Cash - settled Share-based Payment Transactions	1 January 2011
FRS 3	Business Combinations	1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010/ 1 March 2010
Amendments to FRS 138	Intangible Assets	1 July 2010
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011

A2. Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2009 was not subject to any qualification.

A3. Seasonal and Cyclical factors

The Group's products 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. Dividend paid

The final dividend of 2 sen per ordinary share less 25% of income tax in respect of the financial year ended 31 December 2009 was paid on 1 September 2010.

A8. Segmental Reporting

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

	<u>PVC Sheeting</u> RM'000	<u>PP Non- Woven</u> RM'000	<u>PVC Leather</u> RM'000	<u>Others</u> RM'000	<u>Elimination</u> RM'000	<u>Group</u> RM'000
1 January 2010 to 30 September 2010						
Revenue						
External Revenue	90,075	8,234	11,320	15,706	0	125,335
Results						
Segment results	5,404	495	679	942	0	7,520
Other operating income						112
Finance costs						(1,085)
Profit before tax						6,547
Income tax expense						(2,072)
Total comprehensive income for the period						4,475

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 2009.

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 2010, the Group has no material contingent liabilities save for a corporate guarantee of RM103,064,743 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 30 September 2010 is as follows :-

	RM'000
Contracted but not provided for	<u>184</u>



NOTES TO THE INTERIM FINANCIAL REPORT

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 RM46.16 million while profit before tax was recorded at RM3.06 million. The major contributor of the Group's revenue was PVC sheeting, which contributed approximately 73.85% towards the current quarter. As compared to corresponding quarter of 30 September 2009, the revenue has increased by RM0.5 million but the Group's gross profit margin has decreased from 17.86% to 13.83% as a result of higher cost of raw materials.

B2. Variation of Results Against Preceding Quarter

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

	Current Quarter 01/07/10-30/09/10 RM'000	Preceding 01/04/10-30/06/10 RM'000
Profit before tax	3,064	1,583
Total comprehensive income for the period	1,752	1,289

The Group's profit before tax for the current quarter increased by RM1.48 million from RM1.58 million as recorded in the preceding quarter to RM3.06 million. This was mainly due to lower cost of raw materials.

B3. Prospects

The Board of Directors expects the performance of the Group for this year to be challenging due to increase in raw material costs. However, the Group will be taking cautious approach to minimise the exposure by improving its operational efficiency and product quality as well as enhancement of its product range in order to increase its market share.

B4. Variance of Actual and Forecast Revenue

Not applicable.

B5. Income Tax Expense

	Current Quarter 30.09.10 RM'000	9 months Cumulative 30.09.10 RM'000
Current tax expense		
- current	395	1,239
- prior years	77	77
Deferred tax expense		
Origination and reversal of temporary differences		
- current	840	756
Total tax expense	<u>1,312</u>	<u>2,072</u>

The Group's effective tax rate for the current period was higher than the statutory tax rate of 25% due to certain expenses which are not deductible for tax purposes.



NOTES TO THE INTERIM FINANCIAL REPORT

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 2010 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term			
Bank overdrafts	566	0	566
Bankers' acceptance	37,507	0	37,507
Revolving credit	80	0	80
Term loans	1,362	0	1,362
	<u>39,515</u>	<u>0</u>	<u>39,515</u>
Long term			
Term loans	2,494	0	2,494
	<u>2,494</u>	<u>0</u>	<u>2,494</u>
Total borrowings	<u>42,009</u>	<u>0</u>	<u>42,009</u>

Borrowings denominated in foreign currency:

	USD'000	RM'000 Equivalent
Revolving credit	26	80
Term loans	<u>1,003</u>	<u>3,098</u>

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. Breakdown of Realised and Unrealised Profits or Losses of the Group

	At end of current quarter 30.09.2010 RM'000	At end of previous financial year 31.12.2009 RM'000
Realised profits	56,603	54,604
Unrealised profits / (loss)	(641)	483
Total retained profits	<u>55,962</u>	<u>55,087</u>

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:

	Individual Current Quarter 30.09.10	Cumulative Months To Date 30.09.10
Net profit attributable to ordinary equity holders of the company (RM'000)	<u>1,752</u>	<u>4,475</u>
Weighted average number of ordinary shares of RM0.25 each in issue ('000)	<u>240,000</u>	<u>240,000</u>
Basic Earnings Per Share based on weighted average number of ordinary shares of RM0.25 each in issue (sen)	<u>0.73</u>	<u>1.86</u>

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 : 19 November 2010