



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

	(Unaudited)	(Audited)
	As At	As At
	31.12.10	31.12.09
ASSETS	RM'000	RM'000
Non-current assets		
Property, plant and equipment	98,307	109,571
Prepaid land lease payments	6,854	6,988
Intangible asset	6	8
Available-for-sales investment	221	0
Deferred tax assets	5,602	6,261
	<u>110,990</u>	<u>122,828</u>
Current assets		
Inventories	27,540	26,743
Trade receivables	28,386	26,036
Other receivables, deposits and prepayments	403	1,028
Tax recoverable	71	190
Cash and cash equivalents	2,661	1,524
	<u>59,061</u>	<u>55,521</u>
TOTAL ASSETS	<u>170,051</u>	<u>178,349</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	60,000	60,000
Other reserve	19	0
Retained earnings	57,509	55,087
Total equity	<u>117,528</u>	<u>115,087</u>
Non-current liability		
Borrowings	360	2,759
	<u>360</u>	<u>2,759</u>
Current liabilities		
Borrowings	32,214	43,454
Trade payables	11,593	9,251
Other payables	7,531	7,679
Dividend payables	785	20
Current tax payable	40	99
	<u>52,163</u>	<u>60,503</u>
Total liabilities	<u>52,523</u>	<u>63,262</u>
TOTAL EQUITY AND LIABILITIES	<u>170,051</u>	<u>178,349</u>
Net Assets per Share (RM)	0.49	0.48
Net Assets (RM'000)	117,528	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 31 DECEMBER 2010**

	3 months ended		12 months ended	
	31.12.10 RM'000	31.12.09 RM'000	31.12.10 RM'000	31.12.09 RM'000
Revenue	43,089	38,324	168,424	149,428
Cost of sales	(37,988)	(33,167)	(147,449)	(126,213)
Gross profit	<u>5,101</u>	<u>5,157</u>	<u>20,975</u>	<u>23,215</u>
Other operating income	(104)	3	8	127
Operating expenses	(2,827)	(2,501)	(11,181)	(10,604)
Finance costs	(295)	(362)	(1,380)	(1,533)
Profit before tax	<u>1,875</u>	<u>2,297</u>	<u>8,422</u>	<u>11,205</u>
Income tax expense	(328)	466	(2,400)	(700)
TOTAL PROFIT FOR THE YEAR	<u>1,547</u>	<u>2,763</u>	<u>6,022</u>	<u>10,505</u>
OTHER COMPREHENSIVE INCOME :				
Gain on available for sales financial assets	19	0	19	0
Total comprehensive income for the period	<u>1,566</u>	<u>2,763</u>	<u>6,041</u>	<u>10,505</u>
Total comprehensive income attributable to: Equity holders of the company	<u>1,566</u>	<u>2,763</u>	<u>6,041</u>	<u>10,505</u>
Earnings per share attributable to equity holders of the company :				
Basic earnings per share (sen)	<u>0.65</u>	<u>1.15</u>	<u>2.52</u>	<u>4.38</u>
Diluted earnings per share (sen)	<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 31 DECEMBER 2010**

	Attributable to Equity Holders of the Company			Total Equity RM'000
	Share Capital RM'000	Other Reserve RM'000	Distributable Retained Earnings RM'000	
At 1 January 2009	60,000	0	48,182	108,182
Total comprehensive income for the year	0	0	10,505	10,505
Dividend	0	0	(3,600)	(3,600)
At 31 December 2009	<u>60,000</u>	<u>0</u>	<u>55,087</u>	<u>115,087</u>
At 1 January 2010	60,000	0	55,087	115,087
Total comprehensive income for the year	0	19	6,022	6,041
Dividend	0	0	(3,600)	(3,600)
At 31 December 2010	<u>60,000</u>	<u>19</u>	<u>57,509</u>	<u>117,528</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 31 DECEMBER 2010**

	12 months ended	
	31.12.10	31.12.09
	RM'000	RM'000
Cash flow from operating activities		
Profit before tax	8,422	11,205
Adjustments for :		
Amortisation of intangible asset	2	2
Amortisation of prepaid land lease payments	134	134
Bad debts written off	22	28
Depreciation	14,225	13,561
Interest expense	1,380	1,533
Interest income	(1)	0
(Gain) / Loss on disposal of property, plant and equipment	(22)	3
Property, plant and equipment written off	0	61
Allowance for doubtful debt no longer required	0	(3)
Operating profit before working capital changes	24,162	26,524
(Increase) / Decrease in inventories	(797)	5,940
Decrease in trade and other receivables	(1,747)	(809)
Increase / (Decrease) in trade and other payables	2,194	(185)
Cash generated from operations	23,812	31,470
Interest paid	(1,380)	(1,533)
Interest received	1	0
Tax paid	(1,681)	(1,477)
Net cash flow from operating activities	20,752	28,460
Cash flow from investing activities		
Proceeds from disposal of property, plant and equipment	471	54
Purchase of property, plant and equipment	(3,410)	(8,408)
Acquisition of quoted shares	(202)	0
Net cash flow from investing activities	(3,141)	(8,354)
Cash flow from financing activities		
Dividends paid	(2,835)	(3,593)
Proceeds from short term bank borrowings	110,455	117,645
Repayment of short term bank borrowings	(118,482)	(123,888)
Proceed from term loans	0	1,415
Repayment of term loans	(5,820)	(5,420)
Repayment of hire purchase payable	0	(49)
Net cash flow from financing activities	(16,682)	(13,890)
Net change in cash and cash equivalents	929	6,216
Cash and cash equivalents at beginning of the financial year	1,508	(4,708)
Cash and cash equivalents at end of the financial year	2,437	1,508

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

	As at	As at
	31.12.10	31.12.09
	RM'000	RM'000
Cash and cash equivalents	2,661	1,524
Bank overdrafts	(224)	(16)
	2,437	1,508

(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.

(a) Standards, amendments to published standards and interpretations that are effective

FRSs, amendments to FRSs and IC Interpretations

FRS 7 and Amendments to FRS 7	Financial Instruments : Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of financial statements
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
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
Amendments to FRS 2	Share-based Payment - Vesting Conditions and Cancellations
Amendments to FRS 132	Financial Instruments: Presentation [Compilation]
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRSs	Improvements to FRSs (2009)
IC Interpretations 9 and Amendments to IC Interpretation 9	Reassessment of Embedded Derivates
IC Interpretations 10	Interim Financial Reporting and Impairment
IC Interpretations 11	FRS 2: Group and Treasury Share Transactions
IC Interpretations 13	Customer Loyalty Programmes
IC Interpretations 14	FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

FRS 4: Insurance Contracts and TR i-3: Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual periods beginning on or after 1 January 2010. These FRS are, however, not applicable to the Group.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group 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.



NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation (Continued)

(a) Standards, amendments to published standards and interpretations that are effective (Continued)

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.

(b) Standards and Interpretations issued but not yet effective

Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS 132 Financial Instruments: Presentation

Effective for financial periods beginning on or after 1 July 2010

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after 1 January 2011

Amendment to FRS 1	Limited Exemption from Comparative FRS 7, Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRSs	Improvements to FRSs (2010)
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers

Effective for financial periods beginning on or after 1 July 2011

Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

Effective for financial periods beginning on or after 1 January 2012

FRS 124	Related Party Disclosures
IC Interpretation 15	Agreements for the Construction of Real Estate

A2. Auditors' Report

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



NOTES TO THE INTERIM FINANCIAL REPORT

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.

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</u> <u>Sheeting</u> <u>RM'000</u>	<u>PP Non-</u> <u>Woven</u> <u>RM'000</u>	<u>PVC</u> <u>Leather</u> <u>RM'000</u>	<u>Others</u> <u>RM'000</u>	<u>Elimination</u> <u>RM'000</u>	<u>Group</u> <u>RM'000</u>
1 January 2010 to						
31 December 2010						
Revenue						
External Revenue	123,300	11,305	13,494	20,325	0	168,424
Results						
Segment results	7,170	657	785	1,182	0	9,794
Other operating income						8
Finance costs						(1,380)
Profit before tax						8,422
Income tax expense						(2,400)
Total profit for the year						6,022

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.



NOTES TO THE INTERIM FINANCIAL REPORT

A11. Changes In The Composition of The Group

On 21 January 2011, the Company acquired a controlling 60% interest in the equity shares of TS Solartech Sdn Bhd for a total cash consideration of RM1,800,000. TS Solartech Sdn Bhd will be principally involved in the manufacturing and sales of photovoltaic products such as solar cells, solar panels or solar modules.

A12. Contingent Liabilities

As at 31 December 2010, the Group has no material contingent liabilities save for a corporate guarantee of RM103,056,782 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 2010 is as follows :-

	RM'000
Contracted but not provided for	<u>22</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 RM43.09 million while profit before tax was recorded at RM1.87 million. The major contributor of the Group's revenue was PVC sheeting, which contributed approximately 77.28% towards the current quarter. As compared to corresponding quarter of 31 December 2009, the revenue has increased by RM4.76 million but the Group's gross profit margin has decreased from 13.46% to 11.84% 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 01/10/10-31/12/10 RM'000	Preceding 01/07/10-30/09/10 RM'000
Profit before tax	1,875	3,064
Total comprehensive income for the period	1,547	1,752

The Group's profit before tax for the current quarter decreased by RM1.19 million from RM3.06 million as recorded in the preceding quarter to RM1.87 million. This was mainly due to higher 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.



NOTES TO THE INTERIM FINANCIAL REPORT

B5. Income Tax Expense

	Current Quarter 31.12.10 RM'000	12 months Cumulative 31.12.10 RM'000
Current tax expense		
- current	424	1,663
- prior years	0	77
Deferred tax expense		
Origination and reversal of temporary differences		
- current	(96)	660
Total tax expense	328	2,400

The Group's effective tax rate for the current period was lower than the statutory tax rate of 25% due to double deduction claimed on certain eligible expenditure, claims on reinvestment allowances and recognition of deferred tax assets by subsidiary companies.

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

(a) The purchases, disposals and gains or losses of quoted securities for the current quarter and financial period-to-date are as follows:

	Available-for- sales investment RM'000
Total consideration for purchases	202
Fair value gain recognised in Other Comprehensive income	19

(b) The total investments in quoted securities as at 31/12/2010 are as follows:

	Available-for- sales investment RM'000
At cost	202
At book value/carrying amount	221
At fair value	221

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 31 December 2010 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term			
Bank overdrafts	224	0	224
Bankers' acceptance	29,833	0	29,833
Term loans	2,157	0	2,157
	32,214	0	32,214
Long term			
Term loans	360	0	360
	360	0	360
Total borrowings	32,574	0	32,574
Borrowings denominated in foreign currency:		USD'000	RM'000 Equivalent
Term loans		801	2,470



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. Dividend payable

A final dividend of 2 sen per ordinary share less tax for the financial year ended 31 December 2010 will be proposed for shareholders' approval at the forthcoming Annual General Meeting.

B13. Breakdown of Realised and Unrealised Profits or Losses of the Group

	At end of current quarter 31.12.2010 RM'000	At end of previous financial year 31.12.2009 RM'000
Realised profits	62,919	61,496
Unrealised loss	<u>(5,410)</u>	<u>(6,409)</u>
Total retained profits	<u>57,509</u>	<u>55,087</u>

B14. 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 31.12.10	Cumulative Months To Date 31.12.10
Net profit attributable to ordinary equity holders of the company (RM'000)	<u>1,566</u>	<u>6,041</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>0.65</u>	<u>2.52</u>

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 : 25 February 2011