



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	(Unaudited)	(Audited)
	As At	As At
	30.06.11	31.12.10
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	99,671	105,161
Intangible asset	5	6
Available-for-sales investment	0	221
Deferred tax assets	5,142	5,602
	<u>104,818</u>	<u>110,990</u>
Current assets		
Inventories	26,814	27,540
Trade receivables	27,976	28,386
Other receivables, deposits and prepayments	30,357	403
Tax recoverable	135	71
Cash and cash equivalents	5,089	2,661
	<u>90,371</u>	<u>59,061</u>
TOTAL ASSETS	<u>195,189</u>	<u>170,051</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	60,000	60,000
Other reserve	0	19
Retained earnings	57,309	57,509
	<u>117,309</u>	<u>117,528</u>
Non controlling interest	1,200	0
Total equity	<u>118,509</u>	<u>117,528</u>
Non-current liability		
Borrowings	353	360
	<u>353</u>	<u>360</u>
Current liabilities		
Borrowings	47,384	32,214
Trade payables	9,692	11,593
Other payables	15,462	7,531
Dividend payables	3,606	785
Current tax payable	183	40
	<u>76,327</u>	<u>52,163</u>
Total liabilities	<u>76,680</u>	<u>52,523</u>
TOTAL EQUITY AND LIABILITIES	<u>195,189</u>	<u>170,051</u>
Net Assets per Share (RM)	0.49	0.49
Net Assets (RM'000)	117,309	117,528

(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 2010)



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTHS PERIOD ENDED 30 JUNE 2011

	3 months ended		6 months ended	
	30.06.11 RM'000	30.06.10 RM'000	30.06.11 RM'000	30.06.10 RM'000
Revenue	43,699	40,782	86,943	79,176
Cost of sales	(37,395)	(35,819)	(75,440)	(69,687)
Gross profit	<u>6,304</u>	<u>4,963</u>	<u>11,503</u>	<u>9,489</u>
Other operating income	4	25	33	27
Operating expenses	(3,179)	(3,056)	(6,050)	(5,377)
Finance costs	(427)	(349)	(774)	(656)
Profit before tax	<u>2,702</u>	<u>1,583</u>	<u>4,712</u>	<u>3,483</u>
Income tax expense	(830)	(294)	(1,312)	(760)
PROFIT FOR THE PERIOD	<u>1,872</u>	<u>1,289</u>	<u>3,400</u>	<u>2,723</u>
OTHER COMPREHENSIVE INCOME				
Available for sales financial assets				
- Reclassification adjustment for gain included in profit or loss	0	0	(19)	0
Total comprehensive income for the period	<u>1,872</u>	<u>1,289</u>	<u>3,381</u>	<u>2,723</u>
Profit for the period attributable to:				
- Equity holders of the company	1,872	1,289	3,381	2,723
- Non-controlling interests	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total comprehensive income for the period attributable to:				
- Equity holders of the company	1,872	1,289	3,381	2,723
- Non-controlling interests	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Earnings per share attributable to equity holders of the company :				
Basic earnings per share (sen)	<u>0.78</u>	<u>0.54</u>	<u>1.41</u>	<u>1.13</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 2010)



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Attributable to Equity Holders of the Company			Non Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Other Reserve RM'000	Distributable Retained Earnings RM'000		
At 1 January 2010	60,000	0	55,087	0	115,087
Total comprehensive income for the period	0	0	2,723	0	2,723
Dividend	0	0	(3,600)	0	(3,600)
At 30 June 2010	60,000	0	54,210	0	114,210
At 1 January 2011	60,000	19	57,509	0	117,528
Total comprehensive income for the period	0	(19)	3,400	0	3,381
Acquisition of a subsidiary company	0	0	0	1,200	1,200
Dividend	0	0	(3,600)	0	(3,600)
At 30 June 2011	60,000	0	57,309	1,200	118,509

(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 2010)



**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011**

	6 months ended	
	30.06.11	30.06.10
	RM'000	RM'000
Cash flow from operating activities		
Profit before tax	4,712	3,483
Adjustments for :		
Amortisation of intangible asset	1	1
Bad debts written off	0	3
Depreciation and amortisation	6,608	7,163
Interest expense	774	656
Interest income	3	0
Gain on disposal of property, plant and equipment	(131)	(23)
Gain on disposal of quoted share	(26)	0
Property, plant and equipment written off	5	0
Operating profit before working capital changes	<u>11,946</u>	<u>11,283</u>
Increase in inventories	726	(1,603)
(Increase) / Decrease in trade and other receivables	(29,544)	162
Increase in trade and other payables	<u>6,030</u>	<u>58</u>
Cash generated from operations	(10,842)	9,900
Interest paid	(774)	(656)
Interest received	(3)	0
Tax paid	<u>(773)</u>	<u>(746)</u>
Net cash flow from operating activities	<u>(12,392)</u>	<u>8,498</u>
Cash flow from investing activities		
Proceeds from disposal of property, plant and equipment	285	23
Purchase of property, plant and equipment	(1,277)	(1,631)
Proceed from disposal of quoted shares	228	0
Acquisition of a subsidiary company	<u>1,200</u>	<u>0</u>
Net cash flow from investing activities	<u>436</u>	<u>(1,608)</u>
Cash flow from financing activities		
Dividends paid	(779)	(12)
Proceeds from short term bank borrowings	68,502	53,987
Repayment of short term bank borrowings	(53,981)	(57,493)
Repayment of term loans	<u>(1,309)</u>	<u>(3,056)</u>
Net cash flow from financing activities	<u>12,433</u>	<u>(6,574)</u>
Net change in cash and cash equivalents	477	316
Cash and cash equivalents at beginning of the financial period	<u>2,437</u>	<u>1,508</u>
Cash and cash equivalents at end of the financial year	<u><u>2,914</u></u>	<u><u>1,824</u></u>

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

	As at	As at
	30.06.11	30.06.10
	RM'000	RM'000
Cash and cash equivalents	5,089	1,863
Bank overdrafts	<u>(2,175)</u>	<u>(39)</u>
	<u><u>2,914</u></u>	<u><u>1,824</u></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 2010)



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 2010.

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 2010, except for the adoption of the following Financial Reporting Standards ("FRSs"), amendments to FRSs and Issues Committee Interpretations ("IC Interpretations"):

Amendments to FRS 132	Financial Instruments: Presentation - Classification of Rights Issues
FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements
IC Interpretation 12	Service Concession Arrangements
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 4	Determining Whether an Arrangement Contains a Lease
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters
Amendments to FRS 7	Improving Disclosures about Financial Instruments
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distribution of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"	

The adoption of the revised FRS 3 and FRS 127, will potentially have a financial impact on the Group and the Company as it will result in changes in accounting for business combinations and the preparation of consolidated financial statements. The main change introduced under the revised FRS 127 will be the accounting for changes in ownership interest in a subsidiary, where changes in ownership which do not result in the loss of control are now accounted for within equity instead of the income statement. Where changes in ownership interest result in loss of control, any remaining interest is remeasured at fair value and a gain or loss is recognised in profit or loss. Minority interest is now referred to as "non-controlling interest". All total comprehensive income is proportionately allocated to non-controlling interest, even if it results in the non-controlling interests having a deficit balance.

The revised FRS 3 introduces the option, on an acquisition-by-acquisition basis, to measure non-controlling interest in a business combination either at fair value or at the non-controlling interest's proportionate share of the net identifiable assets acquired. Goodwill is measured as the difference between the aggregate of the fair value of consideration transferred, any non-controlling interest in the acquiree and the fair value at acquisition date of any previously held equity interest in the acquiree, and the net identifiable assets acquired. Any negative goodwill (ie. bargain purchase) is recognised in profit or loss. Any consideration transferred in a business combination is measured at fair value as at the acquisition date. There is no financial impact immediately upon adoption of these two accounting standards as they both only have prospective effect, and hence their adoption will only have impact on future acquisitions of the Group and the Company.

The adoption of the Amendments to FRS 7, which promotes enhanced disclosures on fair value measurement of financial instruments via the introduction of the concept of the fair value hierarchy, will only affect disclosures and will not have any financial impact on the results of the Group and the Company. The adoption of the other FRSs, Amendments to FRSs and IC Interpretations above generally did not have any material impact on the financial results of the Group and the Company, as they mainly deal with accounting policies affecting transactions which do not form part of the Group and the Company's normal business operations or transactions where the Group or the Company only has minimal exposure.

The following FRS and IC Interpretations have been issued by the MASB but are not yet effective, and have yet to be adopted by the Group and the Company:

Effective for annual periods commencing 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 annual periods commencing 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 2010 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

There was no dividend paid during the current quarter.

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 2011 to 30 June 2011						
Revenue						
External Revenue	64,607	4,661	6,417	11,258	0	86,943
Results						
Segment results	4,052	292	403	706	0	5,453
Other operating income						33
Finance costs						(774)
Profit before tax						4,712
Income tax expense						(1,312)
Profit for the period						<u>3,400</u>

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 2010.

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 30 June 2011, the Group has no material contingent liabilities save for a corporate guarantee of RM102,931,399 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 June 2011 is as follows :-

	RM'000
Contracted but not provided for	<u>55,986</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 RM43.7 million while profit before tax was recorded at RM2.7 million. The major contributor of the Group's revenue was PVC sheeting, which contributed approximately 71.11% towards the current quarter. As compared to corresponding quarter of 30 June 2010, the revenue has increased by RM2.9 million and the Group's gross profit margin has increased from 12.17% to 14.43% as a result of higher turnover.

B2. Variation of Results Against Preceding Quarter

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

	Current Quarter 01/04/11-30/06/11 RM'000	Preceding 01/01/11-31/03/11 RM'000
Profit before tax	2,702	2,010
Total comprehensive income for the period	1,872	1,509

The Group's profit before tax for the current quarter increased by RM0.7 million from RM2 million as recorded in the preceding quarter to RM2.7 million. This was mainly due to higher turnover.

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 30.06.11 RM'000	6 months Cumulative 30.06.11 RM'000
Current tax expense		
- current	537	879
- prior years	(27)	(27)
Deferred tax expense		
Origination and reversal of temporary differences		
- current	320	460
Total tax expense	830	1,312

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 proceeds from disposals	228
Reclassification adjustment to profit or loss	26
Gain on derecognition	19

B8. Status of Corporate Proposal

On 13 June 2011, the Board announced that the Company proposed diversification of the Business of Tek Seng Holdings Berhad and its Subsidiaries into the manufacturing and sales of photovoltaic products and the proposal have been approved by the shareholders in the Extraordinary General Meeting on 28 June 2011.

B9. Group Borrowings

The Group's borrowings as at 30 June 2011 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term</u>			
Bank overdrafts	2,175	0	2,175
Bankers' acceptance	41,399	0	41,399
Foreign currency trust receipt	969	0	969
On-shore foreign currency financing	1,987	0	1,987
Term loans	854	0	854
	47,384	0	47,384
<u>Long term</u>			
Term loan	353	0	353
	353	0	353
Total borrowings	47,737	0	47,737

Borrowings denominated in foreign currency:

	USD'000	RM'000 Equivalent
Foreign currency trust receipt	321	969
On-shore foreign currency financing	658	1,987
Term loans	400	1,207



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 first and final dividend of 2 sen per ordinary share less 25% tax in respect of the financial year ended 31 December 2010 will be paid on 8 September 2011.

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

	At end of current quarter 30.06.2011 RM'000	At end of previous financial year 31.12.2010 RM'000
Realised profits	52,162	51,716
Unrealised profits	5,147	5,793
Total retained profits	<u>57,309</u>	<u>57,509</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 30.06.11	Cumulative Months To Date 30.06.11
Net profit attributable to ordinary equity holders of the company (RM'000)	<u>1,872</u>	<u>3,381</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>0.78</u>	<u>1.41</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 : 08 August 2011