



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2012

	(Unaudited) As At 31.03.12 RM'000	(Audited) As At 31.12.11 RM'000	(Audited) As At 01.01.11 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	199,397	118,054	105,161
Intangible asset	4	4	6
Available-for-sales investment	0	0	221
Deferred tax assets	4,443	4,658	5,602
	<u>203,844</u>	<u>122,716</u>	<u>110,990</u>
<b>Current assets</b>			
Inventories	23,521	23,805	27,540
Trade receivables	23,537	30,222	28,386
Other receivables, deposits and prepayments	491	52,818	403
Tax recoverable	193	248	71
Cash and cash equivalents	1,720	18,486	2,661
	<u>49,462</u>	<u>125,579</u>	<u>59,061</u>
<b>TOTAL ASSETS</b>	<u>253,306</u>	<u>248,295</u>	<u>170,051</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the company</b>			
Share capital	60,000	60,000	60,000
Other reserve	0	0	19
Retained earnings	63,889	61,068	57,509
	<u>123,889</u>	<u>121,068</u>	<u>117,528</u>
Non controlling interest	1,668	1,126	0
<b>Total equity</b>	<u>125,557</u>	<u>122,194</u>	<u>117,528</u>
<b>Non-current liability</b>			
Borrowings	25,937	25,937	360
	<u>25,937</u>	<u>25,937</u>	<u>360</u>
<b>Current liabilities</b>			
Borrowings	54,668	60,549	32,214
Trade payables	12,357	9,136	11,593
Other payables	34,123	29,896	7,531
Dividend payables	1	6	785
Current tax payable	663	577	40
	<u>101,812</u>	<u>100,164</u>	<u>52,163</u>
<b>Total liabilities</b>	<u>127,749</u>	<u>126,101</u>	<u>52,523</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>253,306</u>	<u>248,295</u>	<u>170,051</u>
Net Assets per Share (RM)	0.52	0.50	0.49
Net Assets (RM'000)	123,889	121,068	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 2011)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2012**

	3 months ended		3 months ended	
	31.03.12	31.03.11	31.03.12	31.03.11
	RM'000	RM'000	RM'000	RM'000
Revenue	43,913	43,244	43,913	43,244
Cost of sales	(37,137)	(38,045)	(37,137)	(38,045)
<b>Gross profit</b>	<u>6,776</u>	<u>5,199</u>	<u>6,776</u>	<u>5,199</u>
Other operating income	29	29	29	29
Operating expenses	(2,365)	(2,871)	(2,365)	(2,871)
Finance costs	(767)	(347)	(767)	(347)
<b>Profit before tax</b>	<u>3,673</u>	<u>2,010</u>	<u>3,673</u>	<u>2,010</u>
Income tax expense	(778)	(482)	(778)	(482)
<b>PROFIT FOR THE PERIOD</b>	<u>2,895</u>	<u>1,528</u>	<u>2,895</u>	<u>1,528</u>
<b>OTHER COMPREHENSIVE INCOME</b>				
Available for sale financial assets				
- Reclassification adjustment for gain included in profit or loss	0	(19)	0	(19)
<b>Total comprehensive income for the period</b>	<u>2,895</u>	<u>1,509</u>	<u>2,895</u>	<u>1,509</u>
<b>Profit for the period attributable to:</b>				
- Equity holders of the company	2,821	1,528	2,821	1,528
- Non-controlling interests	<u>74</u>	<u>0</u>	<u>74</u>	<u>0</u>
<b>Total comprehensive income for the period attributable to:</b>	<u>2,821</u>	<u>1,509</u>	<u>2,821</u>	<u>1,509</u>
- Equity holders of the company	2,821	1,509	2,821	1,509
- Non-controlling interests	<u>74</u>	<u>0</u>	<u>74</u>	<u>0</u>
<b>Earnings per share attributable to equity holders of the company :</b>				
Basic earnings per share (sen)	<u>1.18</u>	<u>0.63</u>	<u>1.18</u>	<u>0.63</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 2011)



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2012

	Attributable to Equity Holders of the Company			Non Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Other Reserve RM'000	Distributable Retained Earnings RM'000		
At 1 January 2011	60,000	19	57,509	0	117,528
Total comprehensive income for the period	0	(19)	1,528	0	1,509
Ordinary shares contributed by non-controlling interests of a subsidiary company	0	0	0	1,200	1,200
At 31 March 2011	60,000	0	59,037	1,200	120,237
At 1 January 2012	60,000	0	61,068	1,126	122,194
Total comprehensive income for the period	0	0	2,821	74	2,895
Ordinary shares contributed by non-controlling interests of a subsidiary company	0	0	0	468	468
At 31 March 2012	60,000	0	63,889	1,668	125,557

(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 2011)



**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2012**

	<b>3 months ended</b>	
	<b>31.03.12</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flow from operating activities</b>		
Profit before tax	3,673	2,010
Adjustments for :		
Amortisation of intangible asset	0	1
Depreciation and amortisation	3,284	3,339
Interest expense	767	347
Interest income	27	1
Unrealised gain on foreign exchange	(458)	(104)
Gain on disposal of property, plant and equipment	0	(131)
Gain on disposal of available-for-sale financial assets	0	(26)
Operating profit before working capital changes	<u>7,293</u>	<u>5,437</u>
Decrease / (Increase) in inventories	284	(197)
Decrease / (Increase) in trade and other receivables	59,013	(6,346)
Increase / (Decrease) in trade and other payables	<u>7,960</u>	<u>(836)</u>
Cash generated from operations	74,550	(1,942)
Interest paid	(767)	(347)
Interest received	(27)	(1)
Tax paid	<u>(422)</u>	<u>(303)</u>
<b>Net cash flow from operating activities</b>	<u>73,334</u>	<u>(2,593)</u>
<b>Cash flow from investing activities</b>		
Proceeds from disposal of property, plant and equipment	0	285
Purchase of property, plant and equipment	(84,627)	(903)
Proceed from disposal of available-for-sale financial assets	0	228
Ordinary share capital contributed by non-controlling interests of a subsidiary company	<u>468</u>	<u>1,200</u>
<b>Net cash flow from investing activities</b>	<u>(84,159)</u>	<u>810</u>
<b>Cash flow from financing activities</b>		
Dividends paid	(5)	(779)
Proceeds from short term bank borrowings	38,597	30,248
Repayment of short term bank borrowings	(47,240)	(24,093)
Repayment of term loans	<u>(972)</u>	<u>(713)</u>
<b>Net cash flow from financing activities</b>	<u>(9,620)</u>	<u>4,663</u>
<b>Net change in cash and cash equivalents</b>	(20,445)	2,880
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(3)	26
<b>Cash and cash equivalents at beginning of the financial period</b>	<u>15,684</u>	<u>2,437</u>
<b>Cash and cash equivalents at end of the financial period</b>	<u>(4,764)</u>	<u>5,343</u>

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

	<b>As at</b>	<b>As at</b>
	<b>31.03.12</b>	<b>31.03.11</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and cash equivalents	1,720	5,488
Bank overdrafts	<u>(6,484)</u>	<u>(145)</u>
	<u>(4,764)</u>	<u>5,343</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 2011)



## NOTES TO THE INTERIM FINANCIAL REPORT

### PART A : EXPLANATORY NOTES AS PER FRS 134

#### A1. Basis of Preparation

The condensed consolidated interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting in Malaysia and with IAS 34, Interim Financial Reporting, and Paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2011. The consolidated financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with Financial Reporting Standards (“FRS”).

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied. The transition to MFRS framework does not have any financial impact to the financial statements of the Group.

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group :

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (as amended in June 2011)
MFRS 127	Separate Financial Statements (as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (as amended by IASB in May 2011)
Amendments to MFRS 7	Disclosures - Transfers of Financial Assets
Amendments to MFRS 101	Presentation of Items of Other Comprehensive income
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

#### A2. Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2011 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.

#### 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.



NOTES TO THE INTERIM FINANCIAL REPORT

**A8. Other Operating income**

	<b>Current Quarter 31.03.2012 RM'000</b>	<b>3 months Cumulative 31.03.2012 RM'000</b>
Rental income	2	2
Interest income	27	27
Total other operating income	29	29

**A9. Operating expenses**

	<b>Current Quarter 31.03.2012 RM'000</b>	<b>3 months Cumulative 31.03.2012 RM'000</b>
Advertisement	20	20
Depreciation and amortisation	178	178
Foreign exchange (gain) / loss	(1,064)	(1,064)
Rental	4	4
Salaries, allowances and bonus	1,151	1,151
Transportation	1,294	1,294
Water and electricity	19	19
General repairs and maintenance	111	111
Others	652	652
Total operating expenses	2,365	2,365

**A10. Finance costs**

	<b>Current Quarter 31.03.2012 RM'000</b>	<b>3 months Cumulative 31.03.2012 RM'000</b>
Interest on bank overdraft	8	8
Interest on bankers' acceptance	347	347
Interest on term loan	408	408
Others	4	4
Total finance costs	767	767

**A11. Segmental Reporting**

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

	<b>PVC Sheeting RM'000</b>	<b>PP Non- Woven RM'000</b>	<b>PVC Leather RM'000</b>	<b>Others RM'000</b>	<b>Group RM'000</b>
<b>1 January 2012 to 31 March 2012</b>					
<b>Revenue</b>					
External Revenue	37,765	3,521	2,468	7,114	50,868
Inter segment elimination	(5,650)	(991)	(6)	(308)	(6,955)
	32,115	2,530	2,462	6,806	43,913
<b>Results</b>					
Segment results	3,226	254	247	684	4,411
Other operating income	21	2	2	4	29
Finance costs	(561)	(44)	(43)	(119)	(767)
Profit before tax	2,686	212	206	569	3,673
Income tax expense	(569)	(45)	(44)	(120)	(778)
Profit for the period	2,117	167	162	449	2,895



## NOTES TO THE INTERIM FINANCIAL REPORT

### A11. Segmental Reporting (Continued)

	<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>Group</u> RM'000
<b>1 January 2011 to</b>					
<b>31 March 2011</b>					
<b>Revenue</b>					
External Revenue	40,646	2,936	3,058	4,786	51,426
Inter segment elimination	(7,113)	(685)	0	(384)	(8,182)
	<u>33,533</u>	<u>2,251</u>	<u>3,058</u>	<u>4,402</u>	<u>43,244</u>
<b>Results</b>					
Segment results	1,805	121	165	237	2,328
Other operating income	22	2	2	3	29
Finance costs	(269)	(18)	(25)	(35)	(347)
Profit before tax	<u>1,558</u>	<u>105</u>	<u>142</u>	<u>205</u>	<u>2,010</u>
Income tax expense	(374)	(25)	(34)	(49)	(482)
Profit for the period	<u>1,184</u>	<u>80</u>	<u>108</u>	<u>156</u>	<u>1,528</u>

### A12. 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 2011.

### A13. Subsequent Events

There were no material events between the end of the reporting quarter and the date of this announcement.

### A14. Changes In The Composition of The Group

On 31 January 2012, the Company subscribed for an additional 12.2% interest in the equity shares of TS Solartech Sdn Bhd for a total cash consideration of RM2,532,000 when the share capital of TS Solartech Sdn Bhd was increased from RM3,000,000 to RM6,000,000.

### A15. Contingent Liabilities

As at 31 March 2012, the Group has no material contingent liabilities save for a corporate guarantee of RM126,920,000 issued by the Company in respect of banking facilities granted to the subsidiary companies.

### A16. 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 March 2012 is as follows :-

	<b>RM'000</b>
Contracted but not provided for	<u>16,737</u>



NOTES TO THE INTERIM FINANCIAL REPORT

PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

**B1. Review of Performance**

**Current Quarter vs. Previous Year Corresponding Quarter**

For the current quarter, the Group recorded a revenue of RM43.9 million while profit before tax was recorded at RM3.67 million. The major contributor of the Group's revenue was PVC sheeting, which contributed approximately 73.13% towards the current quarter. As compared to corresponding quarter of 31 March 2011, the revenue has increased by RM0.67 million and the Group's profit before tax has increased by RM1.66 million as a result of higher turnover, lower costs of raw materials and production overhead.

Performance of the respective operating business segments for the current quarter ended 31 March 2012 as compared to the previous corresponding quarter is analysed as follows:-

- 1) Sheeting - The increase in profit before tax by RM1.13 million to RM2.69 million was mainly due to lower costs of raw materials and production overhead.
- 2) PP Non Woven - The increase in profit before tax by RM107,000 to RM212,000 was mainly due to decrease of raw materials costs of non woven products.
- 3) PVC Leather - The increase in profit before tax by RM64,000 to RM206,000 was mainly due to increase of selling price of PVC leather products.
- 4) Others - The increase in profit before tax by RM364,000 to RM569,000 was mainly due to higher demand from export market of PVC Sponge, lower costs of raw materials and partially offset by lower operating expenses .

**B2. Variation of Results Against Preceding Quarter**

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

	<b>Current Quarter</b> <b>01/01/12-31/03/12</b> <b>RM'000</b>	<b>Preceding Quarter</b> <b>01/10/11-31/12/11</b> <b>RM'000</b>
Profit before tax	3,673	2,989
Total comprehensive income for the period	2,895	2,214

The Group's profit before tax for the current quarter increased by RM0.68 million from RM2.99 million as recorded in the preceding quarter to RM3.67 million. This was mainly due to lower of production overhead and unrealised gain on forex exchange.

**B3. Prospects**

The Board of Directors foresee the performance of the Group for 2012 to be challenging due to uncertainty in the price of raw materials resulting from the impact of the world economy crisis. However, the Group will be taking cautious approach to mitigate the exposure by improving its operational efficiency and product quality as well as enhancement of its product range. The Group will also look into exploring new market share in the region.

**B4. Variance of Actual and Forecast Revenue**

Not applicable.

**B5. Income Tax Expense**

	<b>Current Quarter</b> <b>31.03.12</b> <b>RM'000</b>	<b>3 months</b> <b>Cumulative</b> <b>31.03.12</b> <b>RM'000</b>
<b>Current tax expense</b>		
- current	563	563
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences		
- current	215	215
Total tax expense	778	778

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.





## 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. Status of Corporate Proposal

There were no corporate proposals announced as at the date of issue of this interim financial report.

### B8. Group Borrowings

The Group's borrowings as at 31 March 2012 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Short term</b>			
Bank overdrafts	6,484	0	6,484
Bankers' acceptance	35,592	0	35,592
Foreign currency trust receipt	8,179	0	8,179
On-shore foreign currency financing	918	0	918
Term loans	3,495	0	3,495
	<u>54,668</u>	<u>0</u>	<u>54,668</u>
<b>Long term</b>			
Term loan	25,937	0	25,937
	<u>25,937</u>	<u>0</u>	<u>25,937</u>
<b>Total borrowings</b>	<u>80,605</u>	<u>0</u>	<u>80,605</u>

Borrowings denominated in foreign currency:

	USD'000	RM'000 Equivalent
Foreign currency trust receipt	2,666	8,179
On-shore foreign currency financing	299	918
Term loan	76	233
	<u>3,041</u>	<u>9,330</u>

### B9. 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).

### B10. 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).

### B11. Proposed Dividend

A final dividend of 2 sen per ordinary share less tax for the financial year ended 31 December 2011 will be proposed for shareholders' approval at the forthcoming Annual General Meeting.



## NOTES TO THE INTERIM FINANCIAL REPORT

### B12. Breakdown of Realised and Unrealised Profits or Losses of the Group

	At end of current quarter 31.03.2012 RM'000	At end of previous financial year 31.12.2011 RM'000
Total retained profits of Tek Seng Holdings Berhad and its subsidiaries :		
- Realised profits	87,173	83,480
- Unrealised profits	3,985	4,783
	<u>91,158</u>	<u>88,263</u>
Less : Consolidation adjustments	<u>(27,269)</u>	<u>(27,195)</u>
Total Group retained profits as per consolidated accounts	<u><u>63,889</u></u>	<u><u>61,068</u></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 31.03.12	Cumulative Months To Date 31.03.12
Net profit attributable to ordinary equity holders of the company (RM'000)	<u>2,821</u>	<u>2,821</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><u>1.18</u></u>	<u><u>1.18</u></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.

### B14. Reviews By External Auditors

The Board had engaged the external auditors to review and report on the condensed consolidated financial statements of Tek Seng Holdings Bhd for the first quarter ended 31 March 2012, in accordance with International Standard on Review Engagements 2410 (ISRE2410), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

The external auditors reported to the Board that nothing has come to their attention that causes them to believe that the said condensed consolidated financial statements were not prepared, in all material respects, in accordance with MFRS134 : Interim Financial Reporting in Malaysia. The report was made to the Board in accordance to the terms of reference with the external auditors and for no other purpose.

**By order of the Board**

**TEK SENG HOLDINGS BERHAD**

**LOH KOK BENG  
EXECUTIVE CHAIRMAN**

**Dated : 25 April 2012**