



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	(Unaudited)	(Audited)
	As At	As At
	30.06.13	31.12.12
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	189,691	194,456
Trademark	2	3
Deferred tax assets	1,771	2,966
	<u>191,464</u>	<u>197,425</u>
Current assets		
Inventories	29,967	23,942
Trade receivables	29,089	27,707
Other receivables, deposits and prepayments	477	208
Current tax assets	16	41
Cash and cash equivalents	2,585	3,282
	<u>62,134</u>	<u>55,180</u>
TOTAL ASSETS	<u>253,598</u>	<u>252,605</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	60,000	60,000
Retained earnings	60,056	63,659
	<u>120,056</u>	<u>123,659</u>
Non controlling interest	8,949	8,919
Total equity	<u>129,005</u>	<u>132,578</u>
Non-current liabilities		
Borrowings	22,187	22,187
Government grant	1,933	0
	<u>24,120</u>	<u>22,187</u>
Current liabilities		
Borrowings	60,364	54,717
Trade payables	15,387	11,428
Other payables	20,287	31,008
Dividend payables	3,601	1
Current tax liabilities	834	686
	<u>100,473</u>	<u>97,840</u>
Total liabilities	<u>124,593</u>	<u>120,027</u>
TOTAL EQUITY AND LIABILITIES	<u>253,598</u>	<u>252,605</u>
Net Assets per Share (RM)	0.50	0.52
Net Assets (RM'000)	120,056	123,659

(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 2012)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTHS PERIOD ENDED 30 JUNE 2013**

	3 months ended		6 months ended	
	30.06.13 RM'000	30.06.12 RM'000	30.06.13 RM'000	30.06.12 RM'000
Revenue	53,563	52,197	97,435	96,110
Cost of sales	(47,358)	(43,902)	(85,619)	(81,039)
Gross profit	<u>6,205</u>	<u>8,295</u>	<u>11,816</u>	<u>15,071</u>
Other operating income	54	2	82	31
Operating expenses	(4,138)	(4,139)	(7,879)	(6,504)
Finance costs	(728)	(901)	(1,491)	(1,668)
Profit before tax	<u>1,393</u>	<u>3,257</u>	<u>2,528</u>	<u>6,930</u>
Income tax expense	(1,256)	(1,171)	(2,501)	(1,949)
PROFIT FOR THE PERIOD	<u>137</u>	<u>2,086</u>	<u>27</u>	<u>4,981</u>
OTHER COMPREHENSIVE INCOME	0	0	0	0
Total comprehensive income for the period	<u><u>137</u></u>	<u><u>2,086</u></u>	<u><u>27</u></u>	<u><u>4,981</u></u>
Profit for the period attributable to:				
- Equity holders of the company	627	2,301	1,012	5,122
- Non-controlling interests	<u>(490)</u>	<u>(215)</u>	<u>(985)</u>	<u>(141)</u>
Total comprehensive income for the period attributable to:				
- Equity holders of the company	627	2,301	1,012	5,122
- Non-controlling interests	<u>(490)</u>	<u>(215)</u>	<u>(985)</u>	<u>(141)</u>
Earnings per share attributable to equity holders of the company :				
Basic earnings per share (sen)	<u>0.26</u>	<u>0.96</u>	<u>0.42</u>	<u>2.13</u>
Diluted earnings per share (sen)	<u>0.26</u>	<u>0.96</u>	<u>0.42</u>	<u>2.13</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 2012)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013**

	Attributable to Equity Holders of the Company			Non Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Non-Distributable Other Reserve RM'000	Distributable Retained Earnings RM'000		
At 1 January 2012	60,000	0	61,068	1,126	122,194
Total comprehensive income for the period	0	0	5,122	(141)	4,981
Ordinary shares contributed by non-controlling interests of a subsidiary company	0	0	0	468	468
Dividend	0	0	(3,600)	0	(3,600)
At 30 June 2012	60,000	0	62,590	1,453	124,043
At 1 January 2013	60,000	0	63,659	8,919	132,578
Total comprehensive income for the period	0	0	1,012	(985)	27
Dividend	0	0	(3,600)	0	(3,600)
At 30 June 2013	60,000	0	61,071	7,934	129,005



**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013**

	6 months ended	
	30.06.13	30.06.12
	RM'000	RM'000
Cash flow from operating activities		
Profit before tax	2,528	6,930
Adjustments for :		
Amortisation of intangible asset	1	1
Bad debts written off	0	18
Depreciation and amortisation	9,536	6,561
Interest expense	1,490	1,668
Interest income	(1)	(27)
Unrealised gain on foreign exchange	(667)	(435)
Gain on disposal of property, plant and equipment	(13)	0
Amortisation of government grant received	(67)	0
Operating profit before working capital changes	<u>12,807</u>	<u>14,716</u>
Decrease / (Increase) in inventories	(6,025)	1,501
Decrease in trade and other receivables	(1,609)	(1,100)
(Decrease) / Increase in trade and other payables	<u>(6,579)</u>	<u>4,212</u>
Cash generated from operations	(1,406)	19,329
Interest paid	(1,490)	(1,668)
Interest received	1	27
Tax paid	(1,133)	(809)
Net cash flow from operating activities	<u>(4,028)</u>	<u>16,879</u>
Cash flow from investing activities		
Proceeds from disposal of property, plant and equipment	36	0
Purchase of property, plant and equipment	(4,794)	(34,625)
Ordinary share capital contributed by non-controlling interests of a subsidiary company	0	468
Net cash flow from investing activities	<u>(4,758)</u>	<u>(34,157)</u>
Cash flow from financing activities		
Dividends paid	0	(5)
Proceeds from short term bank borrowings	80,889	86,120
Repayment of short term bank borrowings	(78,475)	(86,346)
Repayment of term loans	(1,887)	(2,019)
Proceeds from government grant	2,000	0
Net cash flow from financing activities	<u>2,527</u>	<u>(2,250)</u>
Net change in cash and cash equivalents	(6,259)	(19,528)
Effect of exchange rate changes on cash and cash equivalents	(80)	(5)
Cash and cash equivalents at beginning of the financial period	<u>2,163</u>	<u>15,684</u>
Cash and cash equivalents at end of the financial period	<u>(4,176)</u>	<u>(3,849)</u>

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

	As at	As at
	30.06.13	30.06.12
	RM'000	RM'000
Cash and cash equivalents	2,585	1,813
Bank overdrafts	<u>(6,761)</u>	<u>(5,662)</u>
	<u>(4,176)</u>	<u>(3,849)</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 2012)



NOTES TO THE INTERIM FINANCIAL REPORT

PART A : EXPLANATORY NOTES AS PER MFRS 134

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standards ('MFRS') No. 134: Interim Financial Reporting and paragraph 9.22 of the Main Reporting Standards Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2012.

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
MFRS 10	Investment Entities
MFRS 12	Investment Entities
MFRS 132	Offsetting Financial Assets and Financial Liabilities

A2. Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2012 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

	Current Quarter 30.06.2013 RM'000	6 months Cumulative 30.06.2013 RM'000
Interest income	0	1
Gain on disposal of property and equipment	3	13
Bad debt recover	1	1
Amortisation of government grant received	50	67
Total other operating income	<u>54</u>	<u>82</u>

A9. Operating expenses

	Current Quarter 30.06.2013 RM'000	6 months Cumulative 30.06.2013 RM'000
Advertisement	10	18
Depreciation and amortisation	209	381
Foreign exchange loss	454	598
Rental	4	8
Salaries, allowances and bonus	1,330	2,598
Transportation	1,299	2,188
Water and electricity	19	37
General repairs and maintenance	173	322
Others	640	1,729
Total operating expenses	<u>4,138</u>	<u>7,879</u>

A10. Finance costs

	Current Quarter 30.06.2013 RM'000	6 months Cumulative 30.06.2013 RM'000
Interest on bank overdraft	9	16
Interest on bankers' acceptance	366	754
Interest on term loan	345	698
Interest on revolving credit	0	11
Others	8	12
Total finance costs	<u>728</u>	<u>1,491</u>



NOTES TO THE INTERIM FINANCIAL REPORT

A11. 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>Solar</u> RM'000	<u>Group</u> RM'000
1 April 2013 to 30 June 2013						
Revenue						
External Revenue	44,892	3,582	2,258	9,704	2,550	62,986
Inter segment elimination	(7,763)	(987)	(1)	(672)	0	(9,423)
	37,129	2,595	2,257	9,032	2,550	53,563
Results						
Segment results	3,961	277	241	964	(3,376)	2,067
Other operating income	3	0	0	1	50	54
Finance costs	(528)	(37)	(32)	(128)	(3)	(728)
Profit before tax	3,436	240	209	837	(3,329)	1,393
Income tax expense	(882)	(62)	(53)	(215)	(44)	(1,256)
Profit for the period	2,554	178	156	622	(3,373)	137

	<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>Solar</u> RM'000	<u>Group</u> RM'000
1 April 2012 to 30 June 2012						
Revenue						
External Revenue	48,697	3,290	2,972	9,002	0	63,961
Inter segment elimination	(10,089)	(949)	(1)	(725)	0	(11,764)
	38,608	2,341	2,971	8,277	0	52,197
Results						
Segment results	3,074	186	237	659	0	4,156
Other operating income	2	0	0	0	0	2
Finance costs	(667)	(40)	(51)	(143)	0	(901)
Profit before tax	2,409	146	186	516	0	3,257
Income tax expense	(866)	(52)	(67)	(186)	0	(1,171)
Profit for the period	1,543	94	119	330	0	2,086

	<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>Solar</u> RM'000	<u>Group</u> RM'000
1 January 2013 to 30 June 2013						
Revenue						
External Revenue	81,750	6,755	4,373	19,042	2,550	114,470
Inter segment elimination	(14,021)	(1,757)	(2)	(1,255)	0	(17,035)
	67,729	4,998	4,371	17,787	2,550	97,435
Results						
Segment results	7,791	575	503	2,046	(6,978)	3,937
Other operating income	8	1	0	2	71	82
Finance costs	(1,064)	(78)	(69)	(280)	0	(1,491)
Profit before tax	6,735	498	434	1,768	(6,907)	2,528
Income tax expense	(1,754)	(129)	(113)	(461)	(44)	(2,501)
Profit for the period	4,981	369	321	1,307	(6,951)	27



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>Solar</u> RM'000	<u>Group</u> RM'000
1 January 2012 to 30 June 2012						
Revenue						
External Revenue	86,461	6,811	5,441	16,116	0	114,829
Inter segment elimination	(15,739)	(1,940)	(7)	(1,033)	0	(18,719)
	70,722	4,871	5,434	15,083	0	96,110
Results						
Segment results	6,304	434	484	1,345	0	8,567
Other operating income	23	1	2	5	0	31
Finance costs	(1,227)	(85)	(94)	(262)	0	(1,668)
Profit before tax	5,100	350	392	1,088	0	6,930
Income tax expense	(1,434)	(99)	(110)	(306)	0	(1,949)
Profit for the period	3,666	251	282	782	0	4,981

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 2012.

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

There were no changes in the composition of the Group for the current year to date.

A15. Contingent Liabilities

As at 30 June 2013, the Group has no material contingent liabilities save for a corporate guarantee of RM140,746,475 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 30 June 2013 is as follows :-

	RM'000
Contracted but not provided for	<u>296</u>



NOTES TO THE INTERIM FINANCIAL REPORT

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

B1. Review of Performance

a) Current Year-to date vs. Previous Year-to-date

For the financial period ended 30 June 2013, the Group recorded a revenue of RM97.4 million while profit before tax was recorded at RM2.5 million. As compared to corresponding period of 30 June 2012, the revenue has increased by RM1.3 million but the Group's profit before tax has decreased by RM4.4 million as a result of higher production overhead.

Performance of the respective operating business segments for the period ended 30 June 2013 as compared to the previous year is analysed as follows:-

- 1) Sheeting - The increase in profit before tax by RM1.6 million to RM6.7 million was mainly due to lower purchase costs of raw materials and increase of selling price.
- 2) PP Non Woven - The increase in profit before tax by RM148,000 to RM498,000 was mainly due to lower purchase costs of raw materials.
- 3) PVC Leather - The increase in profit before tax by RM42,000 to RM434,000 was mainly due to lower of purchase costs.
- 4) Others - The increase in profit before tax by RM680,000 to RM1.77 million was mainly due to higher demand of PVC Sponge.
- 5) Solar - The loss before tax RM6.9 million was mainly due to high operating expenses.

b) Current Quarter vs. Previous Year Corresponding Quarter

For the current quarter, the Group recorded a revenue of RM53.56 million while profit before tax was recorded at RM1.39 million. The major contributor of the Group's revenue was PVC sheeting, which contributed approximately 69.32% towards the current quarter. As compared to corresponding quarter of 30 June 2012, the revenue has increased by RM1.36 million but the Group's profit before tax has decreased by RM1.86 million as a result of higher production overhead.

Performance of the respective operating business segments for the current quarter ended 30 June 2013 as compared to the previous corresponding quarter is analysed as follows:-

- 1) Sheeting - The increase in profit before tax by RM1 million to RM3.4 million was mainly due to lower purchase costs and higher turnover.
- 2) PP Non Woven - The increase in profit before tax by RM94,000 to RM240,000 was mainly due to higher turnover.
- 3) PVC Leather - The increase in profit before tax by RM23,000 to RM209,000 was mainly due to lower of purchase costs.
- 4) Others - The increase in profit before tax by RM321,000 to RM837,000 was mainly due to higher demand from export market of PVC Sponge.
- 5) Solar - The loss before tax RM3.3 million was mainly due to high operating expenses.

B2. Variation of Results Against Preceding Quarter

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

	Current Quarter 01/04/13-30/06/13 RM'000	Preceding Quarter 01/01/13-31/03/13 RM'000
Profit before tax	1,393	1,135
Total comprehensive income/ (loss) for the period	137	(110)

The Group's profit before tax for the current quarter increased by RM0.25 million from RM1.14 million as recorded in the preceding quarter to RM1.39 million. This was mainly due to lower purchase costs of raw materials .



NOTES TO THE INTERIM FINANCIAL REPORT

B3. Prospects

The Board of Directors foresee the performance of the Group for 2013 to remain stable for its PVC business although it may be affected by fluctuation in the price of raw materials and the solar segment has started to contribute to the Group's revenue. 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

	Current Quarter 30.06.13 RM'000	6 months Cumulative 30.06.13 RM'000
Current tax expense		
- current	674	1,306
Deferred tax expense		
Origination and reversal of temporary differences		
- current	582	1,195
Total tax expense	1,256	2,501

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 and losses suffered by a subsidiary.

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 30 June 2013 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term</u>			
Bank overdrafts	6,761	0	6,761
Bankers' acceptance	37,154	0	37,154
Foreign currency trust receipt	1,962	0	1,962
On-shore foreign currency financing	2,759	0	2,759
On-shore foreign currency loan	8,038	0	8,038
Revolving credit	1,112	0	1,112
Term loan	2,300	0	2,300
Hire purchase payable	278	0	278
	60,364	0	60,364
<u>Long term</u>			
Term loan	22,187	0	22,187
	22,187	0	22,187
Total borrowings	82,551	0	82,551



NOTES TO THE INTERIM FINANCIAL REPORT

B8. Group Borrowings (Continued)

Borrowings denominated in foreign currency:

	USD'000	RM'000 Equivalent
Foreign currency trust receipt	617	1,962
On-shore foreign currency financing	868	2,759
On-shore foreign currency loan	2,529	8,038
Revolving credit	350	1,112

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. Dividend paid

A first and final single tier dividend of 1.5 sen per ordinary share for the financial year ended 31 December 2012 was paid on 16 August 2013.

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

	At end of current financial quarter 30.06.2013 RM'000	At end of previous financial year 31.12.2012 RM'000
Total retained profits of Tek Seng Holdings Berhad and its subsidiaries :		
- Realised profits	85,162	145,853
- Unrealised profits	1,104	3,446
	<u>86,266</u>	<u>149,299</u>
Less : Consolidation adjustments	(26,210)	(85,640)
Total Group retained profits as per consolidated accounts	<u>60,056</u>	<u>63,659</u>

B13. Basis / Diluted of Calculation of Earnings Per Share

The basic / diluted earnings per share for the current quarter and cumulative months to date are computed as follow:

	Individual Current Quarter 30.06.13	Cumulative Months To Date 30.06.13
Net profit attributable to ordinary equity holders of the company (RM'000)	<u>627</u>	<u>1,012</u>
Weighted average number of ordinary shares of RM0.25 each in issue ('000)	<u>240,000</u>	<u>240,000</u>
Basic / Diluted Earnings Per Share based on weighted average number of ordinary shares of RM0.25 each in issue	<u>0.26</u>	<u>0.42</u>



德成控股有限公司
TEK SENG HOLDINGS BERHAD (679572-M)

NOTES TO THE INTERIM FINANCIAL REPORT

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 second quarter ended 30 June 2013 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 : 23 August 2013