



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2014

	(Unaudited)	(Audited)
	As At	As At
	31.03.14	31.12.13
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	180,129	181,788
Trademark	2	2
Deferred tax assets	0	456
	<u>180,131</u>	<u>182,246</u>
<b>Current assets</b>		
Inventories	36,620	30,393
Trade receivables	30,137	36,403
Other receivables, deposits and prepayments	630	976
Current tax assets	27	5
Cash and cash equivalents	2,298	2,911
	<u>69,712</u>	<u>70,688</u>
<b>TOTAL ASSETS</b>	<u>249,843</u>	<u>252,934</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the company</b>		
Share capital	60,000	60,000
Retained earnings	64,768	63,790
	<u>124,768</u>	<u>123,790</u>
Non controlling interests	6,479	6,953
<b>Total equity</b>	<u>131,247</u>	<u>130,743</u>
<b>Non-current liabilities</b>		
Borrowings	18,437	18,437
Other payables	6,672	13,569
Deferred tax liabilities	106	0
Government fund	2,000	2,000
	<u>27,215</u>	<u>34,006</u>
<b>Current liabilities</b>		
Borrowings	59,588	55,439
Trade payables	17,546	15,408
Other payables	13,187	16,422
Current tax liabilities	1,060	916
	<u>91,381</u>	<u>88,185</u>
<b>Total liabilities</b>	<u>118,596</u>	<u>122,191</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>249,843</u>	<u>252,934</u>
Net Assets per Share (RM)	0.52	0.52
Net Assets (RM'000)	124,768	123,790

(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 2013)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE-MONTHS ENDED 31 MARCH 2014**

	3 months ended		3 months ended	
	31.03.14	31.03.13	31.03.14	31.03.13
	RM'000	RM'000	RM'000	RM'000
Revenue	51,903	43,872	51,903	43,872
Cost of sales	(45,209)	(38,261)	(45,209)	(38,261)
<b>Gross profit</b>	<u>6,694</u>	<u>5,611</u>	<u>6,694</u>	<u>5,611</u>
Other operating income	1	28	1	28
Operating expenses	(4,102)	(3,741)	(4,102)	(3,741)
Finance costs	(730)	(763)	(730)	(763)
<b>Profit before tax</b>	<u>1,863</u>	<u>1,135</u>	<u>1,863</u>	<u>1,135</u>
Income tax expense	(1,359)	(1,245)	(1,359)	(1,245)
<b>PROFIT / (LOSS) FOR THE PERIOD</b>	<u>504</u>	<u>(110)</u>	<u>504</u>	<u>(110)</u>
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>	0	0	0	0
<b>Total comprehensive income / (loss) for the period</b>	<u><u>504</u></u>	<u><u>(110)</u></u>	<u><u>504</u></u>	<u><u>(110)</u></u>
<b>Profit / (Loss) for the period attributable to:</b>				
- Equity holders of the company	978	385	978	385
- Non-controlling interests	<u>(474)</u>	<u>(495)</u>	<u>(474)</u>	<u>(495)</u>
Total comprehensive income / (loss) for the period attributable to:				
- Equity holders of the company	978	385	978	385
- Non-controlling interests	<u>(474)</u>	<u>(495)</u>	<u>(474)</u>	<u>(495)</u>
<b>Earnings per share attributable to equity holders of the company :</b>				
Basic earnings per share (sen)	<u>0.41</u>	<u>0.16</u>	<u>0.41</u>	<u>0.16</u>
Diluted earnings per share (sen)	<u>0.41</u>	<u>0.16</u>	<u>0.41</u>	<u>0.16</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 2013)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE-MONTHS ENDED 31 MARCH 2014**

	<b>Share Capital RM'000</b>	<b>Distributable Retained Earnings RM'000</b>	<b>Total Attributable To Owners of The Parent RM'000</b>	<b>Non Controlling Interests RM'000</b>	<b>Total Equity RM'000</b>
At 1 January 2013	60,000	63,659	123,659	8,919	132,578
Profit / (Loss) for the financial year	0	385	385	(495)	(110)
Other comprehensive income, net of tax	0	0	0	0	0
Total comprehensive income/(loss) for the period	0	385	385	(495)	(110)
At 31 March 2013	60,000	64,044	124,044	8,424	132,468
At 1 January 2014	60,000	63,790	123,790	6,953	130,743
Profit / (Loss) for the financial year	0	978	978	(474)	504
Other comprehensive income, net of tax	0	0	0	0	0
Total comprehensive income/(loss) for the period	0	978	978	(474)	504
At 31 March 2014	60,000	64,768	124,768	6,479	131,247

(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 2013)



**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE THREE-MONTHS ENDED 31 MARCH 2014**

	3 months ended	
	31.03.14	31.03.13
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	1,863	1,135
Adjustments for :		
Depreciation	4,735	4,792
Interest expense	730	763
Interest income	(1)	(1)
Unrealised gain on foreign exchange	(291)	(136)
Gain on disposal of property, plant and equipment	0	(10)
Operating profit before working capital changes	7,036	6,543
Increase in inventories	(6,227)	(2,766)
Decrease in trade and other receivables	6,606	4,048
Increase in trade and other payables	(7,650)	(4,707)
Cash generated from operations	(235)	3,118
Interest paid	(730)	(763)
Interest received	1	1
Tax paid	(675)	(605)
<b>Net cash (used in) / from operating activities</b>	(1,639)	1,751
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	341	10
Purchase of property, plant and equipment	(3,417)	(2,018)
<b>Net cash used in investing activities</b>	(3,076)	(2,008)
<b>Cash flows from financing activities</b>		
Proceeds from short term bank borrowings	44,375	39,069
Repayments of short term bank borrowings	(44,232)	(40,006)
Repayments of term loans	(941)	(942)
Proceeds from government fund	0	2,000
<b>Net cash (used in) / from financing activities</b>	(798)	121
<b>Net change in cash and cash equivalents</b>	(5,513)	(136)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(27)	(12)
<b>Cash and cash equivalents at beginning of the financial period</b>	2,909	(4,745)
<b>Cash and cash equivalents at end of the financial period</b>	(2,631)	(4,893)

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

	As at	As at
	31.03.14	31.03.13
	RM'000	RM'000
Cash and cash equivalents	2,298	1,315
Bank overdrafts	(4,929)	(6,208)
	(2,631)	(4,893)

(The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013)



## 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 2013.

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 :

*Defined Benefit Plans: Employee Contributions* (Amendments to MFRS 119)  
*Amendments to MFRSs Annual Improvements 2010 - 2012 Cycle*  
*Amendments to MFRSs Annual Improvements 2011 - 2013 Cycle*  
*Mandatory Effective Date of MFRS 9 and Transition Disclosures*  
*MFRS 9 Financial Instruments (2009)*  
*MFRS 9 Financial Instruments (2010)*  
*MFRS 9 Financial Instruments* (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139)

#### A2. Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2013 was not subject to any qualification.

#### A3. Seasonal and Cyclical factors

Other than solar segment, the Group's products are subject to some seasonality whereby production has slight improvements 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 31.03.2014 RM'000	3 months Cumulative 31.03.2014 RM'000
Interest income	1	1
Total other operating income	1	1

A9. Operating expenses

	Current Quarter 31.03.2014 RM'000	3 months Cumulative 31.03.2014 RM'000
Advertisement	46	46
Depreciation	210	210
Foreign exchange loss	471	471
Rental	3	3
Salaries, allowances and bonus	1,362	1,362
Transportation	1,121	1,121
Water and electricity	19	19
General repairs and maintenance	115	115
Others	755	755
Total operating expenses	4,102	4,102

A10. Finance costs

	Current Quarter 31.03.2014 RM'000	3 months Cumulative 31.03.2014 RM'000
Interest on bank overdraft	6	6
Interest on bankers' acceptance	403	403
Interest on term loan	305	305
Interest on revolving credit	11	11
Others	5	5
Total finance costs	730	730

A11. Segmental Reporting

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

	PVC <u>Sheeting</u> RM'000	PP Non- <u>Woven</u> RM'000	PVC <u>Leather</u> RM'000	Others RM'000	Solar RM'000	Group RM'000
<b>1 January 2014 to</b>						
<b>31 March 2014</b>						
<b>Revenue</b>						
External Revenue	40,671	3,827	1,515	9,528	5,850	61,391
Inter segment elimination	(7,841)	(1,136)	0	(511)	0	(9,488)
	32,830	2,691	1,515	9,017	5,850	51,903
<b>Results</b>						
Segment results	4,258	349	196	1,170	(3,381)	2,592
Other operating income	1	0	0	0	0	1
Finance costs	(520)	(43)	(24)	(143)	0	(730)
Profit/(Loss) before tax	3,739	306	172	1,027	(3,381)	1,863
Income tax expense	(965)	(79)	(44)	(265)	(6)	(1,359)
Profit/(Loss) for the period	2,774	227	128	762	(3,387)	504



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
<b>1 January 2013 to 31 March 2013</b>						
<b>Revenue</b>						
External Revenue	36,858	3,173	2,115	9,336	1	51,483
Inter segment elimination	(6,258)	(770)	(1)	(582)	0	(7,611)
	<u>30,600</u>	<u>2,403</u>	<u>2,114</u>	<u>8,754</u>	<u>1</u>	<u>43,872</u>
<b>Results</b>						
Segment results	3,799	298	263	1,087	(3,577)	1,870
Other operating income	7	1	0	2	18	28
Finance costs	(532)	(42)	(37)	(152)	0	(763)
Profit / (Loss) before tax	<u>3,274</u>	<u>257</u>	<u>226</u>	<u>937</u>	<u>(3,559)</u>	<u>1,135</u>
Income tax expense	(869)	(68)	(60)	(248)	0	(1,245)
Profit / (Loss) for the period	<u><u>2,405</u></u>	<u><u>189</u></u>	<u><u>166</u></u>	<u><u>689</u></u>	<u><u>(3,559)</u></u>	<u><u>(110)</u></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 2013.

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

	RM'000
Secured corporate guarantees given to licensed banks for facilities granted to subsidiaries	141,138
Unsecured corporate guarantees given to suppliers of subsidiaries	6,537
	<u><u>147,675</u></u>

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 2014 is as follows :-

	RM'000
Contracted but not provided for	<u><u>26</u></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 Quarter vs. Previous Year Corresponding Quarter**

For the current quarter, the Group recorded a revenue of RM51.9 million while profit before tax was recorded at RM1.86 million. The major contributor of the Group's revenue was PVC sheeting, which contributed approximately 63.25% towards the current quarter. As compared to corresponding quarter of 31 March 2013, the revenue has increased by RM8 million and the Group's profit before tax has increased by RM728,000 as a result of increase of selling price and higher sales volume.

Performance of the respective operating business segments for the current quarter ended 31 March 2014 as compared to the previous corresponding quarter is analysed as follows:-

- 1) Sheeting - The increase in profit before tax by RM465,000 to RM3.739 million was mainly due to increase of selling price and higher sales volume.
- 2) PP Non Woven - The increase in profit before tax by RM49,000 to RM306,000 was mainly due to higher sales volume.
- 3) PVC Leather - The decrease in profit before tax by RM54,000 to RM172,000 was mainly due to higher purchase costs.
- 4) Others - The increase in profit before tax by RM90,000 to RM1,027,000 was mainly due to higher demand of PVC Sponge.
- 5) Solar - The loss before tax RM3.38 million was mainly due to high operating expenses such as depreciation, staff costs and utilities being incurred.

**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>01/01/14-31/03/14</b> <b>RM'000</b>	<b>Preceding Quarter</b> <b>01/10/13-31/12/13</b> <b>RM'000</b>
Profit before tax	1,863	1,631
Total comprehensive income for the period	504	398

The Group's profit before tax for the current quarter increased by RM0.23 million from RM1.63 million as recorded in the preceding quarter to RM1.86 million. This was mainly due to increase in revenue from the PVC business.

**B3. Prospects**

The Board of Directors foresee the performance of the Group for 2014 to remain stable for its PVC business although it may be affected by fluctuation in the price of raw materials. TS Solartech Sdn Bhd has started full year operation in 2013 and still in its gestation period and is expected to contribute positively to the Group. 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 globally.

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

Not applicable.

**B5. Income Tax Expense**

	<b>Current Quarter</b> <b>31.03.14</b> <b>RM'000</b>	<b>3 months</b> <b>Cumulative</b> <b>31.03.14</b> <b>RM'000</b>
<b>Current tax expense</b>		
- current	786	786
- prior years	10	10
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences		
- current	563	563
Total tax expense	1,359	1,359

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. 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 2014 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Short term</b>			
Bank overdrafts	4,929	0	4,929
Bankers' acceptance	37,730	0	37,730
On-shore foreign currency financing	4,771	0	4,771
On-shore foreign currency loan	7,753	0	7,753
Revolving credit	1,144	0	1,144
Term loan	3,228	0	3,228
Hire purchase payable	33	0	33
	59,588	0	59,588
<b>Long term</b>			
Term loan	18,437	0	18,437
	18,437	0	18,437
<b>Total borrowings</b>	78,025	0	78,025

Borrowings denominated in foreign currency:

	USD'000	RM'000 Equivalent
On-shore foreign currency financing	1,460	4,771
On-shore foreign currency loan	2,372	7,753
Revolving credit	350	1,144

### B9. Government Fund

The Government fund is obtained from the Northern Corridor Implementation Authority, Malaysia as a soft loan. It is unsecured, interest free and repayable in two (2) yearly instalments as follows:

- (i) RM1,000,000 on or before 31 December 2015; and
- (ii) RM1,000,000 on or before 31 December 2016

The Government fund is denominated in RM.

### 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 financial quarter 31.03.2014 RM'000	At end of previous financial year 31.12.2013 RM'000
Total retained earnings of Tek Seng Holdings Berhad and its subsidiaries :		
- Realised	88,906	141,489
- Unrealised	(397)	(490)
	<u>88,509</u>	<u>140,999</u>
Less : Consolidation adjustments	(23,741)	(77,209)
Total Group retained earnings as per consolidated accounts	<u><u>64,768</u></u>	<u><u>63,790</u></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 follows:

	Individual Current Quarter 31.03.14	Cumulative Months To Date 31.03.14
Net profit attributable to ordinary equity holders of the company (RM'000)	<u>978</u>	<u>978</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 (sen)	<u><u>0.41</u></u>	<u><u>0.41</u></u>

Diluted earnings per ordinary share is the same as diluted earnings per share as there is no dilutive potential ordinary share.

### 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 2014 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 : 30 May 2014