



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	(Unaudited)	(Audited)
	As At	As At
	30.06.14	31.12.13
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	175,738	181,788
Trademark	2	2
Deferred tax assets	0	1,317
	<u>175,740</u>	<u>183,107</u>
Current assets		
Inventories	36,729	30,393
Trade receivables	36,250	36,403
Other receivables, deposits and prepayments	696	976
Current tax assets	67	5
Cash and cash equivalents	3,315	2,911
	<u>77,057</u>	<u>70,688</u>
TOTAL ASSETS	<u>252,797</u>	<u>253,795</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	60,000	60,000
Retained earnings	74,602	63,790
	<u>134,602</u>	<u>123,790</u>
Non controlling interests	7,114	6,953
Total equity	<u>141,716</u>	<u>130,743</u>
Non-current liabilities		
Borrowings	18,437	18,437
Other payables	6,672	13,569
Deferred tax liabilities	1,057	861
Government fund	2,000	2,000
	<u>28,166</u>	<u>34,867</u>
Current liabilities		
Borrowings	59,972	55,439
Trade payables	15,074	15,408
Other payables	6,238	16,422
Current tax liabilities	1,631	916
	<u>82,915</u>	<u>88,185</u>
Total liabilities	<u>111,081</u>	<u>123,052</u>
TOTAL EQUITY AND LIABILITIES	<u>252,797</u>	<u>253,795</u>
Net Assets per Share (RM)	0.56	0.52
Net Assets (RM'000)	134,602	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 SIX-MONTHS ENDED 30 JUNE 2014**

	3 months ended		6 months ended	
	30.06.14 RM'000	30.06.13 RM'000	30.06.14 RM'000	30.06.13 RM'000
Revenue	70,448	53,563	122,351	97,435
Cost of sales	(60,185)	(47,358)	(105,394)	(85,619)
Gross profit	<u>10,263</u>	<u>6,205</u>	<u>16,957</u>	<u>11,816</u>
Other operating income	7,011	54	7,012	82
Operating expenses	(3,898)	(4,138)	(8,000)	(7,879)
Finance costs	(796)	(728)	(1,526)	(1,491)
Profit before tax	<u>12,580</u>	<u>1,393</u>	<u>14,443</u>	<u>2,528</u>
Income tax expense	(2,111)	(1,256)	(3,470)	(2,501)
PROFIT FOR THE PERIOD	<u>10,469</u>	<u>137</u>	<u>10,973</u>	<u>27</u>
OTHER COMPREHENSIVE INCOME, NET OF TAX	0	0	0	0
Total comprehensive income for the period	<u><u>10,469</u></u>	<u><u>137</u></u>	<u><u>10,973</u></u>	<u><u>27</u></u>
Profit / (Loss) for the period attributable to:				
- Equity holders of the company	9,834	627	10,812	1,012
- Non-controlling interests	<u>635</u>	<u>(490)</u>	<u>161</u>	<u>(985)</u>
Total comprehensive income / (loss) for the period attributable to:				
- Equity holders of the company	9,834	627	10,812	1,012
- Non-controlling interests	<u>635</u>	<u>(490)</u>	<u>161</u>	<u>(985)</u>
Earnings per share attributable to equity holders of the company :				
Basic earnings per share (sen)	<u>4.10</u>	<u>0.26</u>	<u>4.51</u>	<u>0.42</u>
Diluted earnings per share (sen)	<u>4.10</u>	<u>0.26</u>	<u>4.51</u>	<u>0.42</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 SIX-MONTHS ENDED 30 JUNE 2014**

	Share Capital RM'000	Distributable Retained Earnings RM'000	Total Attributable To Owners of The Parent RM'000	Non Controlling Interests RM'000	Total Equity RM'000
At 1 January 2013	60,000	63,659	123,659	8,919	132,578
Profit / (Loss) for the financial period	0	1,012	1,012	(985)	27
Other comprehensive income, net of tax	0	0	0	0	0
Total comprehensive income/(loss) for the period	0	1,012	1,012	(985)	27
Dividend	0	(3,600)	(3,600)	0	(3,600)
At 30 June 2013	60,000	61,071	121,071	7,934	129,005
At 1 January 2014	60,000	63,790	123,790	6,953	130,743
Profit for the financial period	0	10,812	10,812	161	10,973
Other comprehensive income, net of tax	0	0	0	0	0
Total comprehensive income for the period	0	10,812	10,812	161	10,973
At 30 June 2014	60,000	74,602	134,602	7,114	141,716

(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 SIX-MONTHS ENDED 30 JUNE 2014**

	6 months ended	
	30.06.14	30.06.13
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	14,443	2,528
Adjustments for :		
Amortisation of intangible asset	0	1
Depreciation	9,454	9,536
Interest expense	1,526	1,490
Interest income	(1)	(1)
Unrealised loss / (gain) on foreign exchange	132	(667)
Gain on disposal of property, plant and equipment	(126)	(13)
Discount received from a machine supplier	(6,885)	0
Operating profit before working capital changes	<u>18,543</u>	<u>12,874</u>
Increase in inventories	(6,336)	(6,025)
Decrease/(increase) in trade and other receivables	384	(1,676)
Decrease in trade and other payables	<u>(10,826)</u>	<u>(6,579)</u>
Cash generated from / (used in) operations	1,765	(1,406)
Interest paid	(1,526)	(1,490)
Interest received	1	1
Tax paid	(1,304)	(1,133)
Net cash used in operating activities	<u>(1,064)</u>	<u>(4,028)</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	230	36
Purchase of property, plant and equipment	<u>(3,508)</u>	<u>(4,794)</u>
Net cash used in investing activities	<u>(3,278)</u>	<u>(4,758)</u>
Cash flows from financing activities		
Proceeds from short term bank borrowings	90,162	80,889
Repayments of short term bank borrowings	(91,769)	(78,475)
Repayments of term loans	(1,886)	(1,887)
Proceeds from Government fund	0	2,000
Net cash (used in) / from financing activities	<u>(3,493)</u>	<u>2,527</u>
Net change in cash and cash equivalents	(7,835)	(6,259)
Effect of exchange rate changes on cash and cash equivalents	1	(80)
Cash and cash equivalents at beginning of the financial period	2,909	2,163
Cash and cash equivalents at end of the financial period	<u>(4,925)</u>	<u>(4,176)</u>

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

	As at	As at
	30.06.14	30.06.13
	RM'000	RM'000
Cash and cash equivalents	3,315	2,585
Bank overdrafts	(8,240)	(6,761)
	<u>(4,925)</u>	<u>(4,176)</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 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)
MFRS 11 Accounting for Acquisitions of Interest in Joint Operations (Amendments to MFRS 11)
MFRS 14 Regulatory Deferral Accounts

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.

A8. Other Operating income

	Current Quarter 30.06.2014 RM'000	6 months Cumulative 30.06.2014 RM'000
Interest income	0	1
Gain on disposal of property and equipment	126	126
Discount received from a machine supplier	6,885	6,885
Total other operating income	<u>7,011</u>	<u>7,012</u>



NOTES TO THE INTERIM FINANCIAL REPORT

A9. Operating expenses

	Current Quarter 30.06.2014 RM'000	6 months Cumulative 30.06.2014 RM'000
Advertisement	40	86
Depreciation	206	416
Foreign exchange (gain) / loss	(202)	269
Rental	3	6
Salaries, allowances and bonus	1,472	2,834
Transportation	1,531	2,652
Water and electricity	18	37
General repairs and maintenance	134	249
Others	696	1,451
Total operating expenses	3,898	8,000

A10. Finance costs

	Current Quarter 30.06.2014 RM'000	6 months Cumulative 30.06.2014 RM'000
Interest on bank overdraft	12	18
Interest on bankers' acceptance	484	887
Interest on term loan	295	600
Interest on revolving credit	0	11
Others	5	10
Total finance costs	796	1,526

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	<u>Others</u> RM'000	<u>Solar</u> RM'000	<u>Group</u> RM'000
1 April 2014 to 30 June 2014						
Revenue						
External Revenue	48,445	3,766	1,834	12,392	14,852	81,289
Inter segment elimination	(8,570)	(1,102)	0	(1,169)	0	(10,841)
	39,875	2,664	1,834	11,223	14,852	70,448
Results						
Segment results	6,221	416	286	1,751	(2,309)	6,365
Other operating income	91	6	4	25	6,885	7,011
Finance costs	(571)	(38)	(26)	(161)	0	(796)
Profit before tax	5,741	384	264	1,615	4,576	12,580
Income tax expense	(1,512)	(101)	(70)	(425)	(3)	(2,111)
Profit for the period	4,229	283	194	1,190	4,573	10,469



NOTES TO THE INTERIM FINANCIAL REPORT

A11. Segmental Reporting (Continued)

	<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>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 / (Loss) before tax	3,436	240	209	837	(3,329)	1,393
Income tax expense	(882)	(62)	(53)	(215)	(44)	(1,256)
Profit /(Loss) for the period	2,554	178	156	622	(3,373)	137

	<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>Solar</u> RM'000	<u>Group</u> RM'000
1 January 2014 to 30 June 2014						
Revenue						
External Revenue	89,116	7,592	3,349	21,920	20,703	142,680
Inter segment elimination	(16,411)	(2,238)	0	(1,680)	0	(20,329)
	72,705	5,354	3,349	20,240	20,703	122,351
Results						
Segment results	10,509	774	484	2,925	(5,735)	8,957
Other operating income	91	7	4	25	6,885	7,012
Finance costs	(1,092)	(80)	(50)	(304)	0	(1,526)
Profit before tax	9,508	701	438	2,646	1,150	14,443
Income tax expense	(2,476)	(182)	(114)	(689)	(9)	(3,470)
Profit for the period	7,032	519	324	1,957	1,141	10,973

	<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>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/(Loss) before tax	6,735	498	434	1,768	(6,907)	2,528
Income tax expense	(1,754)	(129)	(113)	(461)	(44)	(2,501)
Profit/(Loss) for the period	4,981	369	321	1,307	(6,951)	27



NOTES TO THE INTERIM FINANCIAL REPORT

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	140,886
Unsecured corporate guarantees given to suppliers of subsidiaries	6,421
	<u>147,307</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 30 June 2014 is as follows :-

	RM'000
Contracted but not provided for	<u>8,173</u>

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 2014, the Group recorded a revenue of RM122.3 million while profit before tax was recorded at RM14.44 million. As compared to corresponding period of 30 June 2013, the revenue has increased by RM24.9 million and the Group's profit before tax has increased by RM11.9 million as a result of higher revenue and other operating income.

Performance of the respective operating business segments for the period ended 30 June 2014 as compared to the previous year is analysed as follows:-

- 1) Sheeting - The increase in profit before tax by RM2.77 million to RM9.5 million was mainly due to higher sales volume.
- 2) PP Non Woven - The increase in profit before tax by RM203,000 to RM0.7 million was mainly due to higher sales volume.
- 3) PVC Leather - The slightly increase in profit before tax by RM4,000 to RM438,000 was mainly due to higher sales volume.
- 4) Others - The increase in profit before tax by RM0.9 million to RM2.65 million was mainly due to higher demand of PVC Sponge.
- 5) Solar - The increase in profit before tax by RM8.06 million was mainly due to higher sales volume and other operating income.



NOTES TO THE INTERIM FINANCIAL REPORT

B1. Review of Performance (Continued)

b) Current Quarter vs. Previous Year Corresponding Quarter

For the current quarter, the Group recorded a revenue of RM70.4 million while profit before tax was recorded at RM12.6 million. The major contributor of the Group's revenue was PVC sheeting, which contributed approximately 56.60% towards the current quarter. As compared to corresponding quarter of 30 June 2013, the revenue has increased by RM16.9 million and the Group's profit before tax has increased by RM11.2 million as a result of higher sales volume and other operating income.

Performance of the respective operating business segments for the current quarter ended 30 June 2014 as compared to the previous corresponding quarter is analysed as follows:-

- 1) Sheeting - The increase in profit before tax by RM2.3 million to RM5.74 million was mainly due to increase of selling price and higher sales volume.
- 2) PP Non Woven - The increase in profit before tax by RM144,000 to RM384,000 was mainly due to higher sales volume.
- 3) PVC Leather - The increase in profit before tax by RM55,000 to RM264,000 was mainly due to higher sales volume.
- 4) Others - The increase in profit before tax by RM778,000 to RM1.6 million was mainly due to higher demand of PVC Sponge.
- 5) Solar - The increase in profit before by tax RM7.9 million was mainly due to higher sales volume and other operating income.

B2. Variation of Results Against Preceding Quarter

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

	Current Quarter 01/04/14-30/06/14 RM'000	Preceding Quarter 01/01/14-31/03/14 RM'000
Profit before tax	12,580	1,863
Total comprehensive income for the period	10,469	504

The Group's profit before tax for the current quarter increased by RM10.72 million from RM1.86 million as recorded in the preceding quarter to RM12.6 million. This was mainly due to increase in revenue and other operating income.

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

	Current Quarter 30.06.14 RM'000	6 months Cumulative 30.06.14 RM'000
Current tax expense		
- current	1,151	1,937
- prior years	10	20
Deferred tax expense		
Origination and reversal of temporary differences		
- current	950	1,513
Total tax expense	<u>2,111</u>	<u>3,470</u>

The Group's effective tax rate for the current period was lower than the statutory tax rate of 25% due to the other operating income is not taxable income.

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.



NOTES TO THE INTERIM FINANCIAL REPORT

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 2014 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term			
Bank overdrafts	8,240	0	8,240
Bankers' acceptance	38,675	0	38,675
On-shore foreign currency financing	3,430	0	3,430
On-shore foreign currency loan	6,220	0	6,220
Revolving credit	1,124	0	1,124
Term loan	2,283	0	2,283
	<u>59,972</u>	<u>0</u>	<u>59,972</u>
Long term			
Term loan	18,437	0	18,437
	<u>18,437</u>	<u>0</u>	<u>18,437</u>
Total borrowings	<u>78,409</u>	<u>0</u>	<u>78,409</u>

	USD'000	RM'000 Equivalent
Borrowings denominated in foreign currency:		
On-shore foreign currency financing	1,068	3,430
On-shore foreign currency loan	1,937	6,220
Revolving credit	350	1,124

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).

B12. Breakdown of Realised and Unrealised Profits of the Group

	At end of current financial quarter 30.06.2014 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	100,165	141,489
- Unrealised	(1,188)	(490)
	<u>98,977</u>	<u>140,999</u>
Less : Consolidation adjustments	(24,375)	(77,209)
Total Group retained earnings as per consolidated accounts	<u>74,602</u>	<u>63,790</u>



NOTES TO THE INTERIM FINANCIAL REPORT

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 30.06.14	Cumulative Months To Date 30.06.14
Net profit attributable to ordinary equity holders of the company (RM'000)	9,834	10,812
Weighted average number of ordinary shares of RM0.25 each in issue ('000)	240,000	240,000
Basic / Diluted Earnings Per Share based on weighted average number of ordinary shares of RM0.25 each in issue (sen)	4.10	4.51

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 second quarter ended 30 June 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 : 22 August 2014