



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

	(Unaudited)	(Audited)
	As At	As At
	31.12.14	31.12.13
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	217,293	181,788
Trademark	1	2
Deferred tax assets	0	1,317
	<u>217,294</u>	<u>183,107</u>
Current assets		
Inventories	40,156	30,393
Trade receivables	26,053	36,403
Other receivables, deposits and prepayments	6,133	976
Current tax assets	46	5
Cash and cash equivalents	12,108	2,911
	<u>84,496</u>	<u>70,688</u>
TOTAL ASSETS	<u>301,790</u>	<u>253,795</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	60,000	60,000
Retained earnings	76,302	63,790
	<u>136,302</u>	<u>123,790</u>
Non controlling interests	25,677	6,953
Total equity	<u>161,979</u>	<u>130,743</u>
Non-current liabilities		
Borrowings	14,687	18,437
Other payables	11,311	13,569
Deferred tax liabilities	2,091	861
Government fund	1,000	2,000
	<u>29,089</u>	<u>34,867</u>
Current liabilities		
Borrowings	40,284	55,439
Trade payables	11,024	15,408
Other payables	56,946	16,422
Government fund	1,000	0
Current tax liabilities	1,468	916
	<u>110,722</u>	<u>88,185</u>
Total liabilities	<u>139,811</u>	<u>123,052</u>
TOTAL EQUITY AND LIABILITIES	<u>301,790</u>	<u>253,795</u>
Net Assets per Share (RM)	0.57	0.52
Net Assets (RM'000)	136,302	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 STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE TWELVE-MONTHS ENDED 31 DECEMBER 2014**

	3 months ended		12 months ended	
	31.12.14	31.12.13	31.12.14	31.12.13
	RM'000	RM'000	RM'000	RM'000
Revenue	49,009	52,937	232,112	206,330
Cost of sales	(44,461)	(46,920)	(201,845)	(179,862)
Gross profit	<u>4,548</u>	<u>6,017</u>	<u>30,267</u>	<u>26,468</u>
Other operating income	2	78	7,014	123
Operating expenses	(4,199)	(3,634)	(16,181)	(15,918)
Finance costs	(767)	(830)	(2,973)	(3,133)
(Loss) / Profit before tax	<u>(416)</u>	<u>1,631</u>	<u>18,127</u>	<u>7,540</u>
Income tax expense	(700)	(1,233)	(6,738)	(5,775)
(LOSS) / PROFIT FOR THE PERIOD / YEAR	<u>(1,116)</u>	<u>398</u>	<u>11,389</u>	<u>1,765</u>
OTHER COMPREHENSIVE INCOME, NET OF TAX	0	0	0	0
Total comprehensive (loss) / income for the period / year	<u><u>(1,116)</u></u>	<u><u>398</u></u>	<u><u>11,389</u></u>	<u><u>1,765</u></u>
Profit / (Loss) for the period / year attributable to:				
- Equity holders of the company	(513)	(91)	12,079	3,731
- Non-controlling interests	<u>(603)</u>	<u>489</u>	<u>(690)</u>	<u>(1,966)</u>
Total comprehensive income / (loss) for the period / year attributable to:				
- Equity holders of the company	(513)	(91)	12,079	3,731
- Non-controlling interests	<u>(603)</u>	<u>489</u>	<u>(690)</u>	<u>(1,966)</u>
Earnings per share attributable to equity holders of the company :				
Basic earnings per share (sen)	<u>(0.21)</u>	<u>(0.04)</u>	<u>5.03</u>	<u>1.55</u>
Diluted earnings per share (sen)	<u>(0.21)</u>	<u>(0.04)</u>	<u>5.03</u>	<u>1.55</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 TWELVE-MONTHS ENDED 31 DECEMBER 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 year	0	3,731	3,731	(1,966)	1,765
Other comprehensive income, net of tax	0	0	0	0	0
Total comprehensive income/(loss) for the year	0	3,731	3,731	(1,966)	1,765
Dividend	0	(3,600)	(3,600)	0	(3,600)
At 31 December 2013	60,000	63,790	123,790	6,953	130,743
At 1 January 2014	60,000	63,790	123,790	6,953	130,743
Profit / (Loss) for the financial year	0	12,079	12,079	(690)	11,389
Other comprehensive income, net of tax	0	0	0	0	0
Total comprehensive income/(loss) for the year	0	12,079	12,079	(690)	11,389
Redeemable non-cumulative preference shares subscribed by non-controlling interests, of a subsidiary company	0	0	0	6,672	6,672
Ordinary shares subscribed by non-controlling interests, of a subsidiary company	0	0	0	13,175	13,175
Accretion of interest arising from acquisition of additional equity interest in a subsidiary	0	433	433	(433)	0
Total transactions with owners	0	433	433	19,414	19,847
At 31 December 2014	60,000	76,302	136,302	25,677	161,979

(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 STATEMENT OF CASH FLOWS
FOR THE TWELVE-MONTHS ENDED 31 DECEMBER 2014**

	12 months ended	
	31.12.14	31.12.13
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	18,127	7,540
Adjustments for :		
Amortisation of intangible asset	1	1
Depreciation	18,598	18,968
Interest expense	2,973	3,133
Interest income	(2)	(1)
Unrealised loss/(gain) on foreign exchange	545	946
Gain on disposal of property, plant and equipment	(126)	(121)
Discount received from a machine supplier	(6,885)	0
Operating profit before working capital changes	<u>33,231</u>	<u>30,466</u>
Increase in inventories	(9,763)	(6,451)
Decrease/(Increase) in trade and other receivables	5,239	(9,555)
Decrease in trade and other payables	39,920	2,954
Cash generated from operations	<u>68,627</u>	<u>17,414</u>
Interest paid	(2,973)	(3,133)
Interest received	2	1
Tax paid	(3,680)	(2,999)
Net cash from operating activities	<u>61,976</u>	<u>11,283</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	230	448
Purchase of property, plant and equipment	(54,207)	(6,526)
Preference share capital contributed by non-controlling interests of a subsidiary company	6,672	0
Ordinary share capital contributed by non-controlling interests of a subsidiary company	13,175	0
Net cash used in investing activities	<u>(34,130)</u>	<u>(6,078)</u>
Cash flows from financing activities		
Dividends paid	0	(3,600)
Proceeds from short term bank borrowings	159,639	184,840
Repayments of short term bank borrowings	(175,387)	(184,028)
Repayments of term loans	(3,762)	(3,768)
Proceeds from Government fund	0	2,000
Net cash used in financing activities	<u>(19,510)</u>	<u>(4,556)</u>
Net change in cash and cash equivalents	8,336	649
Effect of exchange rate changes on cash and cash equivalents	26	97
Cash and cash equivalents at beginning of the financial year	2,909	2,163
Cash and cash equivalents at end of the financial year	<u>11,271</u>	<u>2,909</u>

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

	As at	As at
	31.12.14	31.12.13
	RM'000	RM'000
Cash and cash equivalents	12,108	2,911
Bank overdrafts	(837)	(2)
	<u>11,271</u>	<u>2,909</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 :

- Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*
- Amendments to MFRSs *Annual Improvements 2010 - 2012 Cycle*
- Amendments to MFRSs *Annual Improvements 2011 - 2013 Cycle*
- Amendment to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRSs *Annual Improvements 2012 - 2014 Cycle*
- MFRS 14 *Regulatory Deferral Accounts*
- Amendments to MFRS 11 *Accounting for Acquisitions of Interest in Joint Operations*
- Amendment to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*
- Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 101 *Disclosure Initiative*
- Amendments to MFRS 127 *Equity Method in Separate Financial Statements*
- MFRS 15 *Revenue from Contracts with Customers*
- MFRS 9 *Financial Instruments*

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	12 months
	31.12.2014	Cumulative
	RM'000	31.12.2014
		RM'000
Interest income	2	3
Gain on disposal of property and equipment	0	126
Discount received from a machine supplier	0	6,885
Total other operating income	<u>2</u>	<u>7,014</u>



NOTES TO THE INTERIM FINANCIAL REPORT

A9. Operating expenses

	Current Quarter 31.12.2014 RM'000	12 months Cumulative 31.12.2014 RM'000
Advertisement	3	94
Depreciation	201	824
Foreign exchange (gain) / loss	(236)	57
Rental	7	16
Salaries, allowances and bonus	1,964	6,341
Transportation	1,029	4,836
Water and electricity	19	74
General repairs and maintenance	235	689
Others	977	3,250
Total operating expenses	<u>4,199</u>	<u>16,181</u>

A10. Finance costs

	Current Quarter 31.12.2014 RM'000	12 months Cumulative 31.12.2014 RM'000
Interest on bank overdraft	3	25
Interest on bankers' acceptance	467	1,706
Interest on term loan	285	1,179
Interest on revolving credit	0	23
Others	12	40
Total finance costs	<u>767</u>	<u>2,973</u>

A11. Segmental Reporting

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

	PVC Sheeting RM'000	PP Non- Woven RM'000	PVC Leather RM'000	Others RM'000	Solar RM'000	Group RM'000
1 October 2014 to 31 December 2014						
Revenue						
External Revenue	36,573	3,195	1,118	6,608	10,689	58,183
Inter segment elimination	(7,294)	(954)	0	(334)	(592)	(9,174)
	<u>29,279</u>	<u>2,241</u>	<u>1,118</u>	<u>6,274</u>	<u>10,097</u>	<u>49,009</u>
Results						
Segment results	2,392	183	91	513	(2,830)	349
Other operating income	1	0	0	1	0	2
Finance costs	(570)	(44)	(21)	(122)	(10)	(767)
Profit/(Loss) before tax	1,823	139	70	392	(2,840)	(416)
Income tax expense	(476)	(36)	(18)	(102)	(68)	(700)
Profit/(Loss) for the period	<u>1,347</u>	<u>103</u>	<u>52</u>	<u>290</u>	<u>(2,908)</u>	<u>(1,116)</u>

	PVC Sheeting RM'000	PP Non- Woven RM'000	PVC Leather RM'000	Others RM'000	Solar RM'000	Group RM'000
1 October 2013 to 31 December 2013						
Revenue						
External Revenue	44,636	3,181	1,634	8,350	6,524	64,325
Inter segment elimination	(9,925)	(925)	(1)	(537)	0	(11,388)
	<u>34,711</u>	<u>2,256</u>	<u>1,633</u>	<u>7,813</u>	<u>6,524</u>	<u>52,937</u>
Results						
Segment results	4,004	260	188	901	(2,970)	2,383
Other operating income	58	4	3	13	0	78
Finance costs	(621)	(40)	(29)	(140)	0	(830)
Profit/(Loss) before tax	3,441	224	162	774	(2,970)	1,631
Income tax expense	(811)	(53)	(38)	(183)	(148)	(1,233)
Profit/(Loss) for the period	<u>2,630</u>	<u>171</u>	<u>124</u>	<u>591</u>	<u>(3,118)</u>	<u>398</u>



NOTES TO THE INTERIM FINANCIAL REPORT

A11. Segmental Reporting (Continued)

	PVC Sheeting RM'000	PP Non- Woven RM'000	PVC Leather RM'000	Others RM'000	Solar RM'000	Group RM'000
1 January 2014 to 31 December 2014						
Revenue						
External Revenue	164,343	14,055	6,362	36,771	48,008	269,539
Inter segment elimination	(30,330)	(4,100)	0	(2,405)	(592)	(37,427)
	134,013	9,955	6,362	34,366	47,416	232,112
Results						
Segment results	17,386	1,292	826	4,458	(9,876)	14,086
Other operating income	92	7	4	24	6,887	7,014
Finance costs	(2,140)	(160)	(101)	(549)	(23)	(2,973)
Profit/(Loss) before tax	15,338	1,139	729	3,933	(3,012)	18,127
Income tax expense	(4,800)	(357)	(228)	(1,231)	(122)	(6,738)
Profit/(Loss) for the year	10,538	782	501	2,702	(3,134)	11,389

	PVC Sheeting RM'000	PP Non- Woven RM'000	PVC Leather RM'000	Others RM'000	Solar RM'000	Group RM'000
1 January 2013 to 31 December 2013						
Revenue						
External Revenue	172,808	13,604	8,256	38,097	12,440	245,205
Inter segment elimination	(32,624)	(3,789)	(2)	(2,460)	0	(38,875)
	140,184	9,815	8,254	35,637	12,440	206,330
Results						
Segment results	17,672	1,237	1,041	4,492	(13,892)	10,550
Other operating income	89	6	5	23	0	123
Finance costs	(2,263)	(159)	(133)	(575)	(3)	(3,133)
Profit/(Loss) before tax	15,498	1,084	913	3,940	(13,895)	7,540
Income tax expense	(3,998)	(280)	(236)	(1,016)	(245)	(5,775)
Profit/(Loss) for the year	11,500	804	677	2,924	(14,140)	1,765

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

As at 13 November 2014, TS Solartech Sdn Bhd ("TS Solartech"), was a 86.1%-owned subsidiary of Tek Seng. Pursuant to the proposed issuance of the additional 3,174,603 ordinary shares of RM 1 each ("Subscription Shares"), Tek Seng's equity interest in TS Solartech will be reduced to 68.09% and Solartech Energy Corp. ("SEC" or the "Investor") equity interest in TS Solartech will increase from nil to 20.92% whereas other non-controlling shareholders' shareholdings will be reduced to 10.99% from 13.90%. TS Solartech does not have any subsidiary or associate company.

The Company completed the proposed issuance of the Subscription Shares on 1 December 2014.

A15. Contingent Liabilities

	RM'000
Secured corporate guarantees given to licensed banks for facilities granted to subsidiaries	142,123
Unsecured corporate guarantees given to suppliers of subsidiaries	6,990
	<u>149,113</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 December 2014 is as follows :-

	RM'000
Contracted but not provided for	<u>17,858</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 31 December 2014, the Group recorded a revenue of RM232.1 million while profit before tax was recorded at RM18.1 million. As compared to corresponding period of 31 December 2013, the revenue has increased by RM25.78 million and the Group's profit before tax has increased by RM10.58 million as a result of higher revenue and other operating income.

Performance of the respective operating business segments for the period ended 31 December 2014 as compared to the previous year is analysed as follows:-

- 1) Sheeting - The slightly decrease in profit before tax by RM160,000 to RM15.34 million was mainly due to lower sales volume.
- 2) PP Non Woven - The slightly increase in profit before tax by RM55,000 to RM1.14 million was mainly due to higher sales volume.
- 3) PVC Leather - The decrease in profit before tax by RM184,000 to RM729,000 was mainly due to lower sales volume.
- 4) Others - The slightly decrease in profit before tax by RM7,000 to RM3.93 million was mainly due to higher operating expenses.
- 5) Solar - The decrease in loss before tax by RM10.88 million was mainly due to higher sales volume and other operating income.

b) Current Quarter vs. Previous Year Corresponding Quarter

For the current quarter, the Group recorded a revenue of RM49 million while loss before tax was recorded at RM0.4 million. The major contributor of the Group's revenue was PVC sheeting, which contributed approximately 59.74% towards the current quarter. As compared to corresponding quarter of 31 December 2013, the revenue has decreased by RM3.9 million and the Group's profit before tax has decreased by RM2.05 million as a result of lower sales volume and high operating expenses.

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

- 1) Sheeting - The decrease in profit before tax by RM1.6 million to RM1.82 million was mainly due to decrease of sales volume.
- 2) PP Non Woven - The decrease in profit before tax by RM85,000 to RM139,000 was mainly due to higher operating expenses.
- 3) PVC Leather - The decrease in profit before tax by RM92,000 to RM70,000 was mainly due to decrease of sales volume.
- 4) Others - The decrease in profit before tax by RM382,000 to RM0.4 million was mainly due to lower demand of PVC Sponge.
- 5) Solar - The decrease in loss before by tax RM130,000 was mainly due to higher sales volume and 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:

	Current Quarter 01/10/14-31/12/14 RM'000	Preceding Quarter 01/07/14-30/09/14 RM'000
(Loss) / Profit before tax	(416)	4,100
Total comprehensive (loss) / income for the period	(1,116)	1,532

The Group's profit before tax for the current quarter decreased by RM4.5 million from RM4.1 million as recorded in the preceding quarter to loss before tax RM0.4 million. This was mainly due to decrease in revenue and higher operating expenses.

B3. Prospects

The Board of Directors foresee the performance of the Group for 2015 to remain stable for its PVC business although it may be affected by fluctuation in the price of raw materials. TS Solartech Sdn Bhd is expected to contribute positively to the revenue of 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 innovate new products to widen the range of product offering as a positive step forward to sustain the Group business growth and success moving forward. The Group will also look into exploring new market share globally.

B4. Variance of Actual and Forecast Revenue

Not applicable.



NOTES TO THE INTERIM FINANCIAL REPORT

B5. Income Tax Expense

	Current Quarter 31.12.14 RM'000	12 months Cumulative 31.12.14 RM'000
Current tax expense		
- current	516	3,256
- prior years	0	934
Deferred tax expense		
Origination and reversal of temporary differences		
- current	184	2,548
Total tax expense	<u>700</u>	<u>6,738</u>

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

On 27 May 2014, Tek Seng Sdn. Bhd had disposed a freehold building for a total consideration of RM230,000.

B7. Status of Corporate Proposal

Corporate proposals announced as at the date of issue of this interim financial report are as follows:

a) The Company announced that Tek Seng Holdings Berhad ("TSHB") and its 86.1% owned-subsiary TS Solartech Sdn Bhd had, on 11 September 2014, entered into a Memorandum Of Understanding ("MOU") with SEC for the purpose of a strategic alliance between the parties whereby the Investor is proposing to invest in TS Solartech Sdn Bhd.

Salient terms of the MOU are as follows:-

- The Investor intends to invest RM100.0 million in TS Solartech Sdn Bhd.
- The parties shall negotiate the terms of the proposed investment in good faith.
- The MOU shall lapse if the parties are unable to finalise the terms of the proposed investment.

b) On 30 October 2014, the Company proposed to undertake the following:

i) Proposed bonus issue of 120,000,000 free Warrants on the basis of one (1) free Warrant for every two (2) existing Tek Seng Holdings Berhad Shares held on an entitlement date to be determined later ("Entitlement Date");

ii) Proposed increase in the authorised share capital of Tek Seng Holdings Berhad from RM100,000,000 comprising 400,000,000 Tek Seng Holdings Berhad Shares to RM500,000,000 comprising 2,000,000,000 Tek Seng Holdings Berhad Shares; and

iii) Proposed amendments to the memorandum and articles of association of TSHB.

c) Further to the MOU on 11 September 2014, TSHB announced that the Company, TS Solartech and SEC had, on 13 November 2014 entered into a subscription agreement, for SEC to subscribe for 3,174,603 shares in TS Solartech, representing 20.92% equity interest in TS Solartech for a total cash consideration of RM13,174,602. Pursuant to the Issuance, TSHB's equity interests in TS Solartech had been diluted from 86.1% to 68.09%. The Issuance was completed on 01 December 2014.

d) We refer to the announcements made on 30 October 2014 and 21 November 2014 in relation to the Proposals. Bursa Malaysia Securities Berhad had, vide its letter dated 4 December 2014 (which was received on 5 December 2014), resolved to approve the following:-

- Admission to the Official List and the listing and quotation of 120,000,000 Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants; and
- Listing and quotation of up to 120,000,000 new TSHB Shares to be issued pursuant to the exercise of the Warrants.

The approval by Bursa Securities for the Proposed Bonus Issue of Warrants is subject to the following conditions:-

i) TSHB and its adviser must fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the Proposed Bonus Issue of Warrants;

ii) TSHB and its adviser to inform Bursa Securities upon the completion of the Proposed Bonus Issue of Warrants;

iii) TSHB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue of Warrants is completed; and

iv) TSHB to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detail computation of listing fees payable.

e) On 05 December 2014, the Company intends to seek the shareholders' approval for the Proposed Shareholders' Mandate to be tabled at the forthcoming Extraordinary General Meeting of the Company. A Circular to Shareholders in relation to the Proposed Shareholders' Mandate will be circulated to shareholders in due course.

f) On 13 January 2015, all the resolutions / proposals above put to the Extraordinary General Meeting were unanimously passed.

g) Entitlement of Bonus issue of 120,000,000 warrants in Tek Seng Holdings Berhad on the basis of one (1) free Warrant for every two (2) existing ordinary shares of RM0.25 each in TSHB held at 5.00 p.m. on 29 January 2015.

h) The 120,000,000 Warrants issued pursuant to the Bonus Issue of Warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad with effect from 9.00 a.m., Tuesday, 10 February 2015, marking the completion of the Bonus Issue of Warrants.



NOTES TO THE INTERIM FINANCIAL REPORT

B8. Group Borrowings

The Group's borrowings as at 31 December 2014 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term			
Bank overdrafts	837	0	837
Bankers' acceptance	29,667	0	29,667
On-shore foreign currency loan	4,400	0	4,400
Revolving credit	1,223	0	1,223
Term loan	4,157	0	4,157
	40,284	0	40,284
Long term			
Term loan	14,688	0	14,688
	14,688	0	14,688
Total borrowings	54,972	0	54,972

Borrowings denominated in foreign currency:

	USD'000	RM'000 Equivalent
On-shore foreign currency loan	1,259	4,400
Revolving credit	350	1,223
	1,609	5,623

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 31.12.2014 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	102,172	141,489
- Unrealised	(2,636)	(490)
	99,536	140,999
Less : Consolidation adjustments	(23,234)	(77,209)
Total Group retained earnings as per consolidated accounts	76,302	63,790

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 31.12.14	Cumulative Months To Date 31.12.14
Net profit attributable to ordinary equity holders of the company (RM'000)	(513)	12,079
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)	(0.21)	5.03

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



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 fourth quarter ended 31 December 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 : 16 February 2015