



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	(Unaudited)	(Audited)
	As At	As At
	30.06.16	31.12.15
ASSETS	RM'000	RM'000
Non-current assets		
Property, plant and equipment	388,249	354,401
	<u>388,249</u>	<u>354,401</u>
Current assets		
Inventories	91,154	52,966
Trade receivables	35,487	40,720
Other receivables, deposits and prepayments	6,693	10,719
Current tax assets	10	12
Cash and bank balances	28,016	18,024
	<u>161,360</u>	<u>122,441</u>
TOTAL ASSETS	<u>549,609</u>	<u>476,842</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	81,617	66,709
Share premium	24,835	0
Retained earnings	131,604	108,401
	<u>238,056</u>	<u>175,110</u>
Non-controlling interests	129,450	112,934
Total equity	<u>367,506</u>	<u>288,044</u>
Non-current liabilities		
Borrowings	52,806	55,611
Other payables	59,277	9,195
Deferred tax liabilities	6,702	4,530
	<u>118,785</u>	<u>69,336</u>
Current liabilities		
Borrowings	6,086	48,820
Trade payables	27,067	22,648
Other payables	26,299	44,233
Government fund	1,000	2,000
Current tax liabilities	2,866	1,761
	<u>63,318</u>	<u>119,462</u>
Total liabilities	<u>182,103</u>	<u>188,798</u>
TOTAL EQUITY AND LIABILITIES	<u>549,609</u>	<u>476,842</u>
Net Assets per Share (RM)	0.73	0.66
Net Assets (RM'000)	238,056	175,110

(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 2015)



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTHS ENDED 30 JUNE 2016

	Current Quarter		Cumulative Quarter	
	3 months ended	3 months ended	6 months ended	6 months ended
	30.06.16	30.06.15	30.06.16	30.06.15
	RM'000	RM'000	RM'000	RM'000
Revenue	159,526	78,871	290,805	137,828
Cost of sales	(130,143)	(68,471)	(237,566)	(119,921)
Gross profit	<u>29,383</u>	<u>10,400</u>	<u>53,239</u>	<u>17,907</u>
Other operating income	3,466	153	12,313	517
Operating expenses	(6,784)	(5,207)	(12,520)	(9,697)
Finance costs	(286)	(805)	(671)	(1,466)
Profit before tax	<u>25,779</u>	<u>4,541</u>	<u>52,361</u>	<u>7,261</u>
Income tax expense	(3,005)	(1,988)	(4,539)	(3,512)
Profit for the period	<u>22,774</u>	<u>2,553</u>	<u>47,822</u>	<u>3,749</u>
Other comprehensive income, net of tax	0	0	0	0
Total comprehensive income for the period	<u><u>22,774</u></u>	<u><u>2,553</u></u>	<u><u>47,822</u></u>	<u><u>3,749</u></u>
Profit / (Loss) for the period attributable to:				
- Equity holders of the Company	16,232	3,694	31,306	5,822
- Non-controlling interests	<u>6,542</u>	<u>(1,141)</u>	<u>16,516</u>	<u>(2,073)</u>
Total comprehensive income / (loss) for the period attributable to:				
- Equity holders of the Company	16,232	3,694	31,306	5,822
- Non-controlling interests	<u>6,542</u>	<u>(1,141)</u>	<u>16,516</u>	<u>(2,073)</u>
Earnings per share attributable to equity holders of the Company:				
Basic earnings per share (sen)	<u>4.89</u>	<u>1.50</u>	<u>10.18</u>	<u>2.39</u>
Diluted earnings per share (sen)	<u>4.24</u>	<u>1.22</u>	<u>8.74</u>	<u>1.93</u>

(The Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTHS ENDED 30 JUNE 2016**

	Distributable		Retained Earnings RM'000	Total Attributable To Owners of The Parent RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000				
At 1 January 2015	60,000	0	63,109	123,109	38,870	161,979
Profit / (Loss) for the financial period	0	0	5,822	5,822	(2,073)	3,749
Other comprehensive income, net of tax	0	0	0	0	0	0
Total comprehensive income/(loss) for the period	0	0	5,822	5,822	(2,073)	3,749
Transactions with owners						
Redeemable non-cumulative preference shares ("RNCPS") subscribed by non-controlling interests, of a subsidiary company	0	0	0	0	94,526	94,526
Issuance of ordinary shares - exercise of warrants	2,329	0	0	2,329	0	2,329
Dividends	0	0	(2,493)	(2,493)	0	(2,493)
Total transactions with owners	2,329	0	(2,493)	(164)	94,526	94,362
At 30 June 2015	62,329	0	66,438	128,767	131,323	260,090
At 1 January 2016	66,709	0	108,401	175,110	112,934	288,044
Profit for the financial period	0	0	31,306	31,306	16,516	47,822
Other comprehensive income, net of tax	0	0	0	0	0	0
Total comprehensive income for the period	0	0	31,306	31,306	16,516	47,822
Transactions with owners						
Issuance of ordinary shares - exercise of warrants	7,176	0	0	7,176	0	7,176
- private placement	7,732	24,835	0	32,567	0	32,567
Dividends	0	0	(8,103)	(8,103)	0	(8,103)
Total transactions with owners	14,908	24,835	(8,103)	31,640	0	31,640
At 30 June 2016	81,617	24,835	131,604	238,056	129,450	367,506

(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 2015)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTHS ENDED 30 JUNE 2016**

	6 months ended	
	30.06.16	30.06.15
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	52,361	7,261
Adjustments for :		
Depreciation	16,370	10,985
Interest expense	671	1,466
Interest income	(30)	(5)
Unrealised gain on foreign exchange	6,502	267
Gain on disposal of property, plant and equipment	0	(3)
Operating profit before working capital changes	75,874	19,971
Increase in inventories	(38,188)	(8,780)
Decrease / (Increase) in trade and other receivables	8,851	(25,006)
Increase / (Decrease) in trade and other payables	29,488	(24,442)
Cash generated from / (used in) operations	76,025	(38,257)
Interest paid	(671)	(1,466)
Interest received	30	5
Tax paid	(1,260)	(1,219)
Net cash from / (used in) operating activities	74,124	(40,937)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	0	3
Purchase of property, plant and equipment	(50,218)	(81,180)
Net cash used in investing activities	(50,218)	(81,177)
Cash flows from financing activities		
Dividends paid	(8,103)	0
Proceeds from short term bank borrowings	863	69,881
Repayments of short term bank borrowings	(29,237)	(67,959)
Repayments of term loans	(1,887)	(1,887)
Subscribed by non-controlling interests of a subsidiary company		
- RNCPS	0	94,526
Proceeds from issuance of shares pursuant to exercise of warrants	7,176	2,329
Proceeds from issuance of shares pursuant to private placement	32,567	0
Repayment of Government fund	(1,000)	0
Net cash from financing activities	379	96,890
Net changes in cash and cash equivalents	24,285	(25,224)
Effect of exchange rate changes on cash and cash equivalents	1,091	215
Cash and cash equivalents at beginning of the financial period	415	11,594
Cash and cash equivalents at end of the financial period	25,791	(13,415)

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

	As at	As at
	30.06.16	30.06.15
	RM'000	RM'000
Cash and bank balances	28,016	4,205
Bank overdrafts	(2,225)	(17,620)
	25,791	(13,415)

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015)



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 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 2015.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited consolidated financial statements of the Group for the financial year ended 31 December 2015.

The Group had adopted the following Amendments to Standards, with a date of initial application of 1 January 2016.

MFRS 14 *Regulatory Deferral Accounts*
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*
Amendments to MFRS 101 *Disclosure Initiative*
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*
Amendments to MFRS 116 and MFRS 141 *Agriculture : Bearer Plants*
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*
Amendments to MFRSs *Annual Improvements to 2012-2014 Cycle*

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 15 *Revenue from Contracts with Customers*
MFRS 16 *Leases*
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*
Amendments to MFRS 107 *Disclosure Initiative*
Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*

A2. Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2015 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

For the financial period to date, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities, save for the disclosure below:

- i) Issuance of 28,702,750 new ordinary shares of RM0.25 each pursuant to the exercise of warrants at RM0.25 per share. The total cash proceeds arising from the exercise of warrants during the current financial period amounted to RM7,175,687.50.
- ii) Issuance of 27,301,600 new ordinary shares of RM0.25 each pursuant to private placement at RM1.06 per share. The total cash proceeds arising from the private placement on 03 March 2016 amounted to RM28,939,696.00
- iii) Issuance of 3,627,500 new ordinary shares of RM0.25 each pursuant to private placement at RM1.00 per share. The total cash proceeds arising from the private placement on 26 April 2016 amounted to RM3,627,500.00

A7. Dividends paid

An interim single tier dividend of 0.5 sen per ordinary share for the financial year ended 31 December 2015 was paid on 28 January 2016. A single tier final dividend of 1.5 sen per ordinary share for the financial year ended 31 December 2015 was paid on 11 July 2016.

A single tier interim dividend of 1.0 sen per ordinary share for the financial year ending 31 December 2016 was paid on 31 May 2016.



NOTES TO THE INTERIM FINANCIAL REPORT

A8. Other Operating Income

	Current Quarter 30.06.2016 RM'000	6 months Cumulative 30.06.2016 RM'000
Interest income	27	30
Income from TNB	172	212
Foreign exchange gain	314	6,992
Compensation received from a supplier	2,879	4,975
Other income	74	104
Total other operating income	<u>3,466</u>	<u>12,313</u>

A9. Operating Expenses

	Current Quarter 30.06.2016 RM'000	6 months Cumulative 30.06.2016 RM'000
Advertisement	13	25
Depreciation	166	330
Rental	12	24
Salaries, allowances and bonus	2,462	4,850
Transportation	2,324	3,688
Water and electricity	22	44
General repairs and maintenance	313	611
Others	1,472	2,948
Total operating expenses	<u>6,784</u>	<u>12,520</u>

A10. Finance costs

	Current Quarter 30.06.2016 RM'000	6 months Cumulative 30.06.2016 RM'000
Interest on bank overdraft	64	191
Interest on bankers' acceptance	0	9
Interest on term loan	199	412
Interest on revolving credit	5	8
Others	18	51
Total finance costs	<u>286</u>	<u>671</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 April 2016 to 30 June 2016						
Revenue						
External Revenue	48,608	2,792	1,764	13,479	100,635	167,278
Inter segment elimination	(7,124)	(56)	0	(522)	(50)	(7,752)
	<u>41,484</u>	<u>2,736</u>	<u>1,764</u>	<u>12,957</u>	<u>100,585</u>	<u>159,526</u>
Results						
Segment results	8,669	572	368	2,708	10,282	22,599
Other operating income	180	12	8	56	3,210	3,466
Finance costs	(43)	(3)	(2)	(14)	(224)	(286)
Profit before tax	8,806	581	374	2,750	13,268	25,779
Income tax expense	(2,115)	(140)	(90)	(660)	0	(3,005)
Profit for the period	<u>6,691</u>	<u>441</u>	<u>284</u>	<u>2,090</u>	<u>13,268</u>	<u>22,774</u>

	PVC Sheeting RM'000	PP Non- Woven RM'000	PVC Leather RM'000	Others RM'000	Solar RM'000	Group RM'000
1 April 2015 to 30 June 2015						
Revenue						
External Revenue	43,743	2,847	1,714	7,870	29,603	85,777
Inter segment elimination	(6,186)	(55)	0	(665)	0	(6,906)
	<u>37,557</u>	<u>2,792</u>	<u>1,714</u>	<u>7,205</u>	<u>29,603</u>	<u>78,871</u>
Results						
Segment results	6,587	489	301	1,264	(3,448)	5,193
Other operating income	82	6	4	16	45	153
Finance costs	(421)	(31)	(20)	(81)	(252)	(805)
Profit/(Loss) before tax	6,248	464	285	1,199	(3,655)	4,541
Income tax expense	(1,515)	(113)	(69)	(291)	0	(1,988)
Profit/(Loss) for the period	<u>4,733</u>	<u>351</u>	<u>216</u>	<u>908</u>	<u>(3,655)</u>	<u>2,553</u>



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 January 2016 to 30 June 2016						
Revenue						
External Revenue	83,370	5,384	3,475	21,503	189,650	303,382
Inter segment elimination	(11,516)	(121)	(4)	(845)	(91)	(12,577)
	71,854	5,263	3,471	20,658	189,559	290,805
Results						
Segment results	12,983	951	627	3,732	22,426	40,719
Other operating income	522	38	26	150	11,577	12,313
Finance costs	(203)	(15)	(10)	(58)	(385)	(671)
Profit before tax	13,302	974	643	3,824	33,618	52,361
Income tax expense	(3,200)	(234)	(155)	(920)	(30)	(4,539)
Profit for the period	10,102	740	488	2,904	33,588	47,822

	<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 2015 to 30 June 2015						
Revenue						
External Revenue	80,698	7,079	3,020	16,427	46,378	153,602
Inter segment elimination	(13,487)	(1,305)	0	(970)	(12)	(15,774)
	67,211	5,774	3,020	15,457	46,366	137,828
Results						
Segment results	10,298	885	463	2,368	(5,804)	8,210
Other operating income	79	7	4	18	409	517
Finance costs	(877)	(75)	(40)	(202)	(272)	(1,466)
Profit/(Loss) before tax	9,500	817	427	2,184	(5,667)	7,261
Income tax expense	(2,473)	(213)	(111)	(569)	(146)	(3,512)
Profit/(Loss) for the period	7,027	604	316	1,615	(5,813)	3,749

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 2015.

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

Secured corporate guarantees given to licensed banks for facilities granted to subsidiaries	RM'000
Unsecured corporate guarantees given to suppliers of subsidiaries	144,418
	9,252
	<u>153,670</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 2016 is as follows :-

Contracted but not provided for	RM'000
	155,870



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 2016, the Group recorded a revenue of RM290.8 million while profit before tax was recorded at RM52.4 million. As compared to corresponding period of 30 June 2015, the revenue has increased by RM153 million and the Group's profit before tax has increased by RM45.1 million as a result of higher revenue and other operating income.

Performance of the respective operating business segments for the period ended 30 June 2016 as compared to the previous year is analysed as follows:-

- 1) Sheeting - The increase in profit before tax by RM3.8 million to RM13.3 million was mainly due to higher sales volume and realised forex gain .
- 2) PP Non Woven - The increase in profit before tax by RM157,000 to RM1 million was mainly due to realised forex gain.
- 3) PVC Leather - The increase in profit before tax by RM216,000 to RM643,000 was mainly due to higher sales volume and realised forex gain.
- 4) Others - The increase in profit before tax by RM1.6 million to RM3.8 million was mainly due to higher sales volume and realised forex gain.
- 5) Solar - The increase in profit before tax by RM39.3 million to RM33.6 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 RM159.5 million while profit before tax was recorded at RM25.8 million. The major contributor of the Group's revenue was from Solar, which contributed approximately 63.05% towards the current quarter. As compared to corresponding quarter of 30 June 2015, the revenue has increased by RM80.6 million and the Group's profit before tax has increased by RM21.2 million as a result of higher revenue and other operating income.

Performance of the respective operating business segments for the current quarter ended 30 June 2016 as compared to the previous corresponding quarter is analysed as follows:-

- 1) Sheeting - The increase in profit before tax by RM2.6 million to RM8.8 million was mainly due to higher sales volume and lower of finance costs.
- 2) PP Non Woven - The increase in profit before tax by RM117,000 to RM581,000 was mainly due to realised forex gain and lower of finance costs.
- 3) PVC Leather - The increase in profit before tax by RM89,000 to RM374,000 was mainly due to higher sales volume and realised forex gain.
- 4) Others - The increase in profit before tax by RM1.5 million to RM2.7 million was mainly due to higher sales volume and realised forex gain.
- 5) Solar - The increase in profit before tax by RM16.9 million to RM13.3 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 01.04.16-30.06.16 RM'000	Preceding Quarter 01.01.16-31.03.16 RM'000
Profit before tax	25,779	26,582
Total comprehensive income for the period	22,774	25,048

The Group's profit before tax for the current quarter is RM25.8 million which has decreased by RM0.8 million from profit before tax RM26.6 million as recorded in the preceding quarter. This was mainly due to decrease in solar segment's unrealised forex gain to the Group.

B3. Prospects

The Board of Directors foresees the performance of the Group for 2016 to remain stable for its PVC business although it may be affected by fluctuation in the price of raw materials as a result of the market uncertainty and the impact from the weakening Ringgit. TS Solartech Sdn. Bhd. has started to contribute significantly to the revenue and profit of the Group. However, the Group will be taking cautious approach to mitigate the exposure by improving its operational efficiency, product quality and product innovation as a positive step forward to sustain the Group's business growth and success. 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 30.06.16 RM'000	6 months Cumulative 30.06.16 RM'000
Current tax expense		
- current	1,543	2,366
Deferred tax expense		
Origination and reversal of temporary differences		
- current	1,462	2,173
Total tax expense	3,005	4,539

The Group's effective tax rate for the current period was lower than the statutory tax rate of 24% due to double deduction claimed on certain eligible expenditure, claims on reinvestment allowances and others tax allowances by subsidiary companies.



NOTES TO THE INTERIM FINANCIAL REPORT

B6. Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investments and/or properties for the current quarter and financial year to date.

B7. Status of Corporate Proposal

Private Placement

On 29 January 2016, the Company proposes to undertake a private placement of up to ten percent (10%) of the issued and paid-up share capital of the Company.

On 05 February 2016, the application pursuant to the Proposed Private Placement has been submitted to Bursa Malaysia Securities Berhad.

On 15 February 2016, Bursa Malaysia Securities Berhad had vide its letter dated 15 February 2016, resolved to approve the listing of and quotation for up to 36,000,000 new ordinary shares of RM0.25 each in the Company to be issued pursuant to the Private Placement subject to the following conditions:-

- i. The Company and its adviser must fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the Private Placement;
- ii. The Company and its adviser to inform Bursa Securities upon the completion of the Private Placement; and
- iii. The Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Private Placement is completed.

On 25 February 2016, the Company had fixed the issue price for the placement of up to 27,301,600 Placement Shares, representing up to 10% of the issued and paid-up share capital of the Company at RM1.06 per Placement Share.

The issued price of RM1.06 per Placement Share represents a discount of approximately 9.89% to the five (5)-day weighted average market price of the Company Shares up to and including 24 February 2016, being the last market day immediately preceding the Price-Fixing Date, of RM1.1763 per the Company Share.

On 18 April 2016, the Company had fixed the issue price for the placement of 3,627,500 Placement Shares at RM1.00 per Placement Share.

The issued price of RM1.00 per Placement Share represents a discount of approximately 8.97% to the five (5)-day weighted average market price of the Company Shares up to and including 15 April 2016, being the last market day immediately preceding the Price-Fixing Date, of RM1.0985 per the Company Share.

On 12 August 2016, the Company does not intend to place out the remaining Placement Shares, thus marking the completion of the Private Placement.

B8. Group Borrowings

The Group's borrowings as at 30 June 2016 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term			
Bank overdrafts	2,225	0	2,225
Term loan	2,252	0	2,252
Hire purchase payable	1,609	0	1,609
	<u>6,086</u>	<u>0</u>	<u>6,086</u>
Long term			
Hire purchase payable	41,869	0	41,869
Term loan	10,937	0	10,937
	<u>52,806</u>	<u>0</u>	<u>52,806</u>
Total borrowings	<u>58,892</u>	<u>0</u>	<u>58,892</u>
Borrowings denominated in foreign currency:			
		USD'000	RM'000 Equivalent
Hire purchase payable		10,809	43,478

B9. Government Fund

The Government fund of RM1,000,000 was obtained from the Northern Corridor Implementation Authority, Malaysia as a soft loan. It is unsecured, interest free and repayable 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. Proposed and Payable Dividend

A single tier interim dividend of 1.0 sen per ordinary share for the financial year ending 31 December 2016 has been declared on 12 August 2016 and will be paid on 09 September 2016.



NOTES TO THE INTERIM FINANCIAL REPORT

B13. Breakdown of Realised and Unrealised Profits of the Group

	At end of current financial quarter 30.06.2016 RM'000	At end of previous financial year 31.12.2015 RM'000
Total retained earnings of Tek Seng Holdings Berhad and its subsidiaries :		
- Realised	164,285	126,655
- Unrealised	<u>(201)</u>	<u>(2,290)</u>
	164,084	124,365
Less : Consolidation adjustments	<u>(32,480)</u>	<u>(15,964)</u>
Total Group retained earnings as per consolidated accounts	<u><u>131,604</u></u>	<u><u>108,401</u></u>

B14. Earnings Per Share

(a) Basic Earnings Per Share

The basic earnings per share for the current financial quarter and current financial year-to-date had been calculated by dividing the Group's profit for the period attributable to equity holders of the Company by the weighted average number of shares in issue.

	Individual Current Quarter 30.06.16	6 Months Cumulative To Date 30.06.16
Profit for the period attributable to ordinary equity holders of the Company (RM'000)	<u>16,232</u>	<u>31,306</u>
Weighted average number of ordinary shares of RM0.25 each in issue ('000)	<u>331,938</u>	<u>307,633</u>
Basic Earnings Per Share based on weighted average number of ordinary shares of RM0.25 each in issue (sen)	<u><u>4.89</u></u>	<u><u>10.18</u></u>

The weighted average number of ordinary shares used in the denominator in calculating basic earnings per share was determined as follows:

	Individual Current Quarter 30.06.16 '000	6 Months Cumulative To Date 30.06.16 '000
Number of ordinary shares at beginning of the period	266,836	266,836
Effect of shares issued pursuant to exercise of warrants	28,009	22,251
Effect of shares issued pursuant to private placement	<u>37,093</u>	<u>18,546</u>
Weighted average number of ordinary shares	<u><u>331,938</u></u>	<u><u>307,633</u></u>

(b) Diluted Earnings per share

The diluted earnings per share had been calculated by dividing the Group's profit for the period attributable to the equity holders of the Company by the weighted average number of shares that would have been in issue upon full exercise of the remaining options under the warrants, adjusted for the number of such shares that would have been issued at fair value, calculated as follows:

	Individual Current Quarter 30.06.16	6 Months Cumulative To Date 30.06.16
Profit for the period attributable to ordinary equity holders of the Company (RM'000)	<u>16,232</u>	<u>31,306</u>
Weighted average number of ordinary shares of RM0.25 each in issue ('000)	<u>383,190</u>	<u>358,222</u>
Diluted Earnings Per Share based on weighted average number of ordinary shares of RM0.25 each in issue (sen)	<u><u>4.24</u></u>	<u><u>8.74</u></u>

The weighted average number of ordinary shares used in the denominator in calculating diluted earnings per share was determined as follows:

	Individual Current Quarter 30.06.16 '000	6 Months Cumulative To Date 30.06.16 '000
Weighted average number of ordinary shares as per basic earnings per share	331,938	307,633
Effect of potential exercise of warrants	<u>51,252</u>	<u>50,589</u>
Weighted average number of ordinary shares	<u><u>383,190</u></u>	<u><u>358,222</u></u>



NOTES TO THE INTERIM FINANCIAL REPORT

B15. Provision of Financial Assistance

(a) There has been no additional financial assistance provided pursuant to Paragraph 8.23 of the Main Market Listing Requirement during the current quarter.

(b) The aggregate amount of financial assistance provided during the previous year was as follows:

<u>Type of Financial Assistance</u>	Limit of Amount USD'000
Corporate Guarantee for ordinary course of business of a 50.69% owned Subsidiary.	<u>1,300</u>
There was no financial impact on the Group arising from the financial assistance provided.	(equivalent to approximately RM5.2 million at exchange rate of RM4.0225)

B16. 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 2016 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 presented fairly, 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 : 12 August 2016