



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

	(Unaudited)	(Audited)
	As At	As At
	30.09.16	31.12.15
ASSETS	RM'000	RM'000
Non-current assets		
Property, plant and equipment	535,016	354,401
	<u>535,016</u>	<u>354,401</u>
Current assets		
Inventories	90,167	52,966
Trade receivables	43,932	40,720
Other receivables, deposits and prepayments	4,683	10,719
Current tax assets	27	12
Cash and bank balances	11,655	18,024
	<u>150,464</u>	<u>122,441</u>
TOTAL ASSETS	<u>685,480</u>	<u>476,842</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	86,663	66,709
Share premium	24,835	0
Retained earnings	135,647	108,401
	<u>247,145</u>	<u>175,110</u>
Non-controlling interests	129,340	112,934
Total equity	<u>376,485</u>	<u>288,044</u>
Non-current liabilities		
Borrowings	176,667	55,611
Other payables	65,235	9,195
Deferred tax liabilities	6,258	4,530
	<u>248,160</u>	<u>69,336</u>
Current liabilities		
Borrowings	5,435	48,820
Trade payables	14,315	22,648
Other payables	35,378	44,233
Government fund	1,000	2,000
Current tax liabilities	4,707	1,761
	<u>60,835</u>	<u>119,462</u>
Total liabilities	<u>308,995</u>	<u>188,798</u>
TOTAL EQUITY AND LIABILITIES	<u>685,480</u>	<u>476,842</u>
Net Assets per Share (RM)	0.71	0.66
Net Assets (RM'000)	247,145	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 NINE-MONTHS ENDED 30 SEPTEMBER 2016**

	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30.09.16	30.09.15	30.09.16	30.09.15
	RM'000	RM'000	RM'000	RM'000
Revenue	82,278	99,331	373,083	237,159
Cost of sales	(72,082)	(81,847)	(309,648)	(201,768)
Gross profit	10,196	17,484	63,435	35,391
Other operating income	8,586	70	20,899	587
Operating expenses	(8,855)	(5,573)	(21,375)	(15,270)
Finance costs	(196)	(1,004)	(867)	(2,470)
Profit before tax	9,731	10,977	62,092	18,238
Income tax expense	(2,407)	(2,161)	(6,946)	(5,673)
Profit for the period	7,324	8,816	55,146	12,565
Other comprehensive income, net of tax	0	0	0	0
Total comprehensive income for the period	7,324	8,816	55,146	12,565
Profit / (Loss) for the period attributable to:				
- Equity holders of the Company	7,434	5,037	38,740	10,859
- Non-controlling interests	(110)	3,779	16,406	1,706
Total comprehensive income / (loss) for the period attributable to:				
- Equity holders of the Company	7,434	5,037	38,740	10,859
- Non-controlling interests	(110)	3,779	16,406	1,706
Earnings per share attributable to equity holders of the Company:				
Basic earnings per share (sen)	2.22	2.01	12.42	4.41
Diluted earnings per share (sen)	2.01	1.69	11.17	3.62

(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 NINE-MONTHS ENDED 30 SEPTEMBER 2016**

	Share Capital RM'000	Distributable		Total Attributable To Owners of The Parent RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
		Share Premium RM'000	Retained Earnings RM'000			
At 1 January 2015	60,000	0	63,109	123,109	38,870	161,979
Profit for the financial period	0	0	10,859	10,859	1,706	12,565
Other comprehensive income, net of tax	0	0	0	0	0	0
Total comprehensive income for the period	0	0	10,859	10,859	1,706	12,565
Transactions with owners						
Redeemable non-cumulative preference shares ("RNCPS") subscribed by non-controlling interests of a subsidiary	0	0	0	0	94,526	94,526
Accretion of interest arising from conversion of RNCPS to ordinary share in a subsidiary	0	0	27,850	27,850	(27,850)	0
Issuance of ordinary shares - exercise of warrants	2,797	0	0	2,797	0	2,797
Dividend	0	0	(2,493)	(2,493)	0	(2,493)
Total transactions with owners	2,797	0	25,357	28,154	66,676	94,830
At 30 September 2015	62,797	0	99,325	162,122	107,252	269,374
At 1 January 2016	66,709	0	108,401	175,110	112,934	288,044
Profit for the financial period	0	0	38,740	38,740	16,406	55,146
Other comprehensive income, net of tax	0	0	0	0	0	0
Total comprehensive income for the period	0	0	38,740	38,740	16,406	55,146
Transactions with owners						
Issuance of ordinary shares - exercise of warrants	12,222	0	0	12,222	0	12,222
- private placement	7,732	24,835	0	32,567	0	32,567
Dividends	0	0	(11,494)	(11,494)	0	(11,494)
Total transactions with owners	19,954	24,835	(11,494)	33,295	0	33,295
At 30 September 2016	86,663	24,835	135,647	247,145	129,340	376,485

(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 NINE-MONTHS ENDED 30 SEPTEMBER 2016**

	9 months ended	
	30.09.16	30.09.15
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	62,092	18,238
Adjustments for :		
Depreciation	25,325	18,188
Interest expense	867	2,470
Interest income	(61)	(10)
Unrealised gain on foreign exchange	(1,268)	(221)
Gain on disposal of property, plant and equipment	(76)	(3)
Operating profit before working capital changes	<u>86,879</u>	<u>38,662</u>
Increase in inventories	(37,201)	(13,677)
Increase in trade and other receivables	771	(33,844)
Increase / (Decrease) in trade and other payables	41,919	(25,377)
Cash generated from / (used in) operations	<u>92,368</u>	<u>(34,236)</u>
Interest paid	(867)	(2,470)
Interest received	61	10
Tax paid	(2,287)	(2,405)
Net cash from / (used in) operating activities	<u>89,275</u>	<u>(39,101)</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	92	3
Purchase of property, plant and equipment	(205,956)	(85,346)
Net cash used in investing activities	<u>(205,864)</u>	<u>(85,343)</u>
Cash flows from financing activities		
Dividends paid	(11,494)	(2,493)
Proceeds from short term bank borrowings	121,859	115,542
Repayments of short term bank borrowings	(26,111)	(110,881)
Repayments of term loans	(2,830)	(2,829)
Subscribed by non-controlling interests of a subsidiary company		
- RNCPS	0	94,526
Proceeds from issuance of shares pursuant to exercise of warrants	12,222	2,797
Proceeds from issuance of shares pursuant to private placement	32,567	0
Repayment of Government fund	(1,000)	0
Net cash from financing activities	<u>125,213</u>	<u>96,662</u>
Net changes in cash and cash equivalents	8,624	(27,782)
Effect of exchange rate changes on cash and cash equivalents	148	323
Cash and cash equivalents at beginning of the financial period	<u>415</u>	<u>11,594</u>
Cash and cash equivalents at end of the financial period	<u>9,187</u>	<u>(15,865)</u>
Cash and cash equivalents at the end of the financial period comprise of the following :		
	As at	As at
	30.09.16	30.09.15
	RM'000	RM'000
Cash and bank balances	11,655	2,450
Bank overdrafts	(2,468)	(18,315)
	<u>9,187</u>	<u>(15,865)</u>

(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 2 *Classification and Measurement of Share-based Payment Transactions*

Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*

Clarifications to MFRS 15 *Revenue from Contracts with Customers*

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 48,888,350 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 RM12,222,087.50.

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



NOTES TO THE INTERIM FINANCIAL REPORT

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 first interim dividend of 1.0 sen per ordinary share for the financial year ending 31 December 2016 was paid on 31 May 2016. A single tier second interim dividend of 1.0 sen per ordinary share for the financial year ending 31 December 2016 was paid on 09 September 2016.

A8. Other Operating Income

	Current Quarter 30.09.2016 RM'000	9 months Cumulative 30.09.2016 RM'000
Interest income	31	61
Gain on disposal of property, plant and equipment	76	76
Income from TNB	0	212
Foreign exchange gain	0	6,992
Compensation received from a supplier	8,448	13,423
Other income	31	135
Total other operating income	8,586	20,899

A9. Operating Expenses

	Current Quarter 30.09.2016 RM'000	9 months Cumulative 30.09.2016 RM'000
Advertisement	7	32
Depreciation	211	541
Rental	15	39
Salaries, allowances and bonus	2,540	7,390
Transportation	1,444	5,132
Water and electricity	19	63
General repairs and maintenance	324	935
Others	4,295	7,243
Total operating expenses	8,855	21,375

A10. Finance costs

	Current Quarter 30.09.2016 RM'000	9 months Cumulative 30.09.2016 RM'000
Interest on bank overdraft	0	191
Interest on bankers' acceptance	0	9
Interest on term loan	185	597
Interest on revolving credit	3	11
Others	8	59
Total finance costs	196	867

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 July 2016 to 30 September 2016						
Revenue						
External Revenue	38,534	1,809	1,437	5,439	39,507	86,726
Inter segment elimination	(4,057)	(36)	0	0	(355)	(4,448)
	34,477	1,773	1,437	5,439	39,152	82,278
Results						
Segment results	4,065	209	169	641	(3,743)	1,341
Other operating income	3,843	198	160	606	3,779	8,586
Finance costs	(157)	(8)	(6)	(25)	0	(196)
Profit before tax	7,751	399	323	1,222	36	9,731
Income tax expense	(1,914)	(98)	(80)	(302)	(13)	(2,407)
Profit for the period	5,837	301	243	920	23	7,324



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 July 2015 to 30 September 2015						
Revenue						
External Revenue	39,221	2,497	1,230	6,033	55,812	104,793
Inter segment elimination	(5,063)	(58)	0	(302)	(39)	(5,462)
	34,158	2,439	1,230	5,731	55,773	99,331
Results						
Segment results	3,159	225	114	530	7,883	11,911
Other operating income	10	1	0	1	58	70
Finance costs	(463)	(33)	(17)	(77)	(414)	(1,004)
Profit before tax	2,706	193	97	454	7,527	10,977
Income tax expense	(1,694)	(121)	(61)	(284)	(1)	(2,161)
Profit for the period	1,012	72	36	170	7,526	8,816

	<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 September 2016						
Revenue						
External Revenue	121,904	7,194	4,911	26,942	228,802	389,753
Inter segment elimination	(15,573)	(158)	(4)	(845)	(90)	(16,670)
	106,331	7,036	4,907	26,097	228,712	373,083
Results						
Segment results	17,217	1,139	794	4,226	18,684	42,060
Other operating income	4,083	270	189	1,002	15,355	20,899
Finance costs	(205)	(14)	(9)	(50)	(589)	(867)
Profit before tax	21,095	1,395	974	5,178	33,450	62,092
Income tax expense	(5,084)	(336)	(235)	(1,248)	(43)	(6,946)
Profit for the period	16,011	1,059	739	3,930	33,407	55,146

	<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 September 2015						
Revenue						
External Revenue	119,919	9,576	4,250	22,460	102,191	258,396
Inter segment elimination	(18,550)	(1,363)	0	(1,272)	(52)	(21,237)
	101,369	8,213	4,250	21,188	102,139	237,159
Results						
Segment results	13,546	1,097	568	2,831	2,079	20,121
Other operating income	90	7	4	19	467	587
Finance costs	(1,340)	(109)	(56)	(280)	(685)	(2,470)
Profit before tax	12,296	995	516	2,570	1,861	18,238
Income tax expense	(4,149)	(336)	(174)	(867)	(147)	(5,673)
Profit for the period	8,147	659	342	1,703	1,714	12,565

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.



NOTES TO THE INTERIM FINANCIAL REPORT

A15. Contingent Liabilities

	RM'000
Secured corporate guarantees given to licensed banks for facilities granted to subsidiaries	123,143
Unsecured corporate guarantees given to suppliers of subsidiaries	5,804
	<u>128,947</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 September 2016 is as follows :-

	RM'000
Contracted but not provided for	<u>6,698</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 September 2016, the Group recorded a revenue of RM373.1 million while profit before tax was recorded at RM62.1 million. As compared to corresponding period of 30 September 2015, the revenue has increased by RM135.9 million and the Group's profit before tax has increased by RM43.9 million as a result of higher revenue and other operating income.

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

- 1) Sheeting - The increase in profit before tax by RM8.8 million to RM21.1 million was mainly due to higher sales volume, realised forex gain and lower of finance costs.
- 2) PP Non Woven - The increase in profit before tax by RM0.4 million to RM1.4 million was mainly due to realised forex gain and lower of finance costs.
- 3) PVC Leather - The increase in profit before tax by RM458,000 to RM974,000 was mainly due to higher sales volume and realised forex gain.
- 4) Others - The increase in profit before tax by RM2.6 million to RM5.2 million was mainly due to higher sales volume, realised forex gain and lower of finance costs.
- 5) Solar - The increase in profit before tax by RM31.6 million to RM33.5 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 RM82.3 million while profit before tax was recorded at RM9.7 million. The major contributor of the Group's revenue was from Solar, which contributed approximately 47.58% towards the current quarter. As compared to corresponding quarter of 30 September 2015, the revenue has decreased by RM17 million and the Group's profit before tax has decreased by RM1.2 million as a result of lower revenue and unrealised forex loss.

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

- 1) Sheeting - The increase in profit before tax by RM5 million to RM7.7 million was mainly due to higher sales volume, unrealised forex gain and lower of finance costs.
- 2) PP Non Woven - The increase in profit before tax by RM206,000 to RM399,000 was mainly due to realised forex gain and lower of finance costs.
- 3) PVC Leather - The increase in profit before tax by RM226,000 to RM323,000 was mainly due to higher sales volume.
- 4) Others - The increase in profit before tax by RM0.8 million to RM1.2 million was mainly due to unrealised forex gain and lower of finance costs.
- 5) Solar - The decrease in profit before tax by RM7.5 million to RM36,000 was mainly due to lower sales volume and unrealised forex loss.

B2. Variation of Results Against Preceding Quarter

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

	Current Quarter 01.07.16-30.09.16 RM'000	Preceding Quarter 01.04.16-30.06.16 RM'000
Profit before tax	9,731	25,779
Total comprehensive income for the period	7,324	22,774

The Group's profit before tax for the current quarter is RM9.7 million which has decreased by RM16 million from profit before tax RM25.8 million as recorded in the preceding quarter. This was mainly due to decrease in solar segment's revenue and unrealised forex loss to the Group.



NOTES TO THE INTERIM FINANCIAL REPORT

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 30.09.16 RM'000	9 months Cumulative 30.09.16 RM'000
Current tax expense		
- current	2,726	5,092
- prior years	126	126
Deferred tax expense		
Origination and reversal of temporary differences		
- current	(445)	1,728
Total tax expense	<u>2,407</u>	<u>6,946</u>

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.

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.



NOTES TO THE INTERIM FINANCIAL REPORT

B8. Group Borrowings

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

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term			
Bank overdrafts	2,468	0	2,468
Term loan	1,308	0	1,308
Hire purchase payable	1,659	0	1,659
	<u>5,435</u>	<u>0</u>	<u>5,435</u>
Long term			
Hire purchase payable	165,730	0	165,730
Term loan	10,937	0	10,937
	<u>176,667</u>	<u>0</u>	<u>176,667</u>
Total borrowings	<u>182,102</u>	<u>0</u>	<u>182,102</u>
Borrowings denominated in foreign currency:			
	USD'000		RM'000 Equivalent
Hire purchase payable	<u>40,378</u>		<u>167,389</u>

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 third interim dividend of 1.0 sen per ordinary share for the financial year ending 31 December 2016 was declared on 26 October 2016 and will be paid on 21 December 2016.

B13. Breakdown of Realised and Unrealised Profits of the Group

	At end of current financial quarter 30.09.2016 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	173,053	126,655
- Unrealised	(4,989)	(2,290)
	<u>168,064</u>	<u>124,365</u>
Less : Consolidation adjustments	(32,417)	(15,964)
Total Group retained earnings as per consolidated accounts	<u>135,647</u>	<u>108,401</u>



NOTES TO THE INTERIM FINANCIAL REPORT

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 30.09.16	9 Months Cumulative To Date 30.09.16
Profit for the period attributable to ordinary equity holders of the Company (RM'000)	7,434	38,740
Weighted average number of ordinary shares of RM0.25 each in issue ('000)	334,960	311,887
Basic Earnings Per Share based on weighted average number of ordinary shares of RM0.25 each in issue (sen)	2.22	12.42

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

	Individual Current Quarter 30.09.16 '000	9 Months Cumulative To Date 30.09.16 '000
Number of ordinary shares at beginning of the period	266,836	266,836
Effect of shares issued pursuant to exercise of warrants	37,195	22,347
Effect of shares issued pursuant to private placement	30,929	22,704
Weighted average number of ordinary shares	334,960	311,887

(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 30.09.16	9 Months Cumulative To Date 30.09.16
Profit for the period attributable to ordinary equity holders of the Company (RM'000)	7,434	38,740
Weighted average number of ordinary shares of RM0.25 each in issue ('000)	370,037	346,747
Diluted Earnings Per Share based on weighted average number of ordinary shares of RM0.25 each in issue (sen)	2.01	11.17

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

	Individual Current Quarter 30.09.16 '000	9 Months Cumulative To Date 30.09.16 '000
Weighted average number of ordinary shares as per basic earnings per share	334,960	311,887
Effect of potential exercise of warrants	35,077	34,860
Weighted average number of ordinary shares	370,037	346,747

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.	400
There was no financial impact on the Group arising from the financial assistance provided.	(equivalent to approximately RM1.6 million at exchange rate of RM4.1455)



NOTES TO THE INTERIM FINANCIAL REPORT

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 third quarter ended 30 September 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 : 29 November 2016