



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016**

	(Unaudited)	(Audited)
	As At	As At
	31.12.16	31.12.15
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	409,621	354,401
	<u>409,621</u>	<u>354,401</u>
<b>Current assets</b>		
Inventories	75,175	52,966
Trade receivables	41,006	40,720
Other receivables, deposits and prepayments	2,064	10,719
Current tax assets	3	12
Cash and bank balances	5,061	18,024
	<u>123,309</u>	<u>122,441</u>
<b>TOTAL ASSETS</b>	<u>532,930</u>	<u>476,842</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	87,032	66,709
Share premium	24,835	0
Retained earnings	124,620	108,401
	<u>236,487</u>	<u>175,110</u>
Non-controlling interests	121,148	112,934
<b>Total equity</b>	<u>357,635</u>	<u>288,044</u>
<b>Non-current liabilities</b>		
Borrowings	49,823	55,611
Other payables	0	9,195
Deferred tax liabilities	9,151	4,530
	<u>58,974</u>	<u>69,336</u>
<b>Current liabilities</b>		
Borrowings	8,776	48,820
Trade payables	7,887	22,648
Other payables	97,228	44,233
Government fund	0	2,000
Current tax liabilities	2,430	1,761
	<u>116,321</u>	<u>119,462</u>
<b>Total liabilities</b>	<u>175,295</u>	<u>188,798</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>532,930</u>	<u>476,842</u>
Net Assets per Share (RM)	0.68	0.66
Net Assets (RM'000)	236,487	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 TWELVE-MONTHS ENDED 31 DECEMBER 2016**

	Current Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.16	31.12.15	31.12.16	31.12.15
	RM'000	RM'000	RM'000	RM'000
Revenue	64,303	122,358	437,386	359,517
Cost of sales	(72,065)	(100,883)	(381,713)	(302,651)
<b>Gross (loss) / profit</b>	<u>(7,762)</u>	<u>21,475</u>	<u>55,673</u>	<u>56,866</u>
Other operating income	3,148	57	24,047	644
Operating expenses	(8,698)	(4,299)	(30,073)	(19,569)
Finance costs	(521)	(798)	(1,388)	(3,268)
<b>(Loss) / Profit before tax</b>	<u>(13,833)</u>	<u>16,435</u>	<u>48,259</u>	<u>34,673</u>
Income tax expense	(1,905)	(343)	(8,851)	(6,016)
<b>(Loss) / Profit for the period</b>	<u>(15,738)</u>	<u>16,092</u>	<u>39,408</u>	<u>28,657</u>
<b>Other comprehensive income, net of tax</b>	0	0	0	0
<b>Total comprehensive (loss) / income for the period</b>	<u>(15,738)</u>	<u>16,092</u>	<u>39,408</u>	<u>28,657</u>
<b>(Loss) / Profit for the period attributable to:</b>				
- Equity holders of the Company	(7,546)	10,410	31,194	21,269
- Non-controlling interests	<u>(8,192)</u>	<u>5,682</u>	<u>8,214</u>	<u>7,388</u>
Total comprehensive (loss) / income for the period attributable to:				
- Equity holders of the Company	(7,546)	10,410	31,194	21,269
- Non-controlling interests	<u>(8,192)</u>	<u>5,682</u>	<u>8,214</u>	<u>7,388</u>
<b>Earnings per share attributable to equity holders of the Company:</b>				
Basic earnings per share (sen)	<u>(2.17)</u>	<u>4.02</u>	<u>9.72</u>	<u>8.51</u>
Diluted earnings per share (sen)	<u>(2.00)</u>	<u>3.22</u>	<u>8.82</u>	<u>7.01</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 TWELVE-MONTHS ENDED 31 DECEMBER 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	21,269	21,269	7,388	28,657
Other comprehensive income, net of tax	0	0	0	0	0	0
Total comprehensive income for the period	0	0	21,269	21,269	7,388	28,657
<b>Transactions with owners</b>						
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	6,709	0	0	6,709	0	6,709
Dividend	0	0	(3,827)	(3,827)	0	(3,827)
Total transactions with owners	6,709	0	24,023	30,732	66,676	97,408
At 31 December 2015	66,709	0	108,401	175,110	112,934	288,044
At 1 January 2016	66,709	0	108,401	175,110	112,934	288,044
Profit for the financial period	0	0	31,194	31,194	8,214	39,408
Other comprehensive income, net of tax	0	0	0	0	0	0
Total comprehensive income for the period	0	0	31,194	31,194	8,214	39,408
<b>Transactions with owners</b>						
Issuance of ordinary shares - exercise of warrants	12,591	0	0	12,591	0	12,591
- private placement	7,732	24,835	0	32,567	0	32,567
Dividends	0	0	(14,975)	(14,975)	0	(14,975)
Total transactions with owners	20,323	24,835	(14,975)	30,183	0	30,183
At 31 December 2016	87,032	24,835	124,620	236,487	121,148	357,635

(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 TWELVE-MONTHS ENDED 31 DECEMBER 2016**

	<b>12 months ended</b>	
	<b>31.12.16</b>	<b>31.12.15</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	48,259	34,673
Adjustments for :		
Amortisation of intangible asset	0	1
Depreciation	34,373	25,355
Interest expense	1,388	3,268
Interest income	(68)	(12)
Unrealised loss / (gain) on foreign exchange	2,767	(553)
Property, plant and equipment written off	0	20
Gain on disposal of property, plant and equipment	(81)	(24)
Government fund waiver	(1,000)	0
Operating profit before working capital changes	<u>85,638</u>	<u>62,728</u>
Increase in inventories	(22,209)	(12,810)
Decrease / (Increase) in trade and other receivables	6,809	(15,515)
Increase / (Decrease) in trade and other payables	<u>28,349</u>	<u>(5,562)</u>
Cash generated from operations	98,587	28,841
Interest paid	(1,388)	(3,268)
Interest received	68	12
Tax paid	<u>(3,552)</u>	<u>(3,251)</u>
<b>Net cash from operating activities</b>	<u>93,715</u>	<u>22,334</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	100	25
Purchase of property, plant and equipment	<u>(89,612)</u>	<u>(162,484)</u>
<b>Net cash used in investing activities</b>	<u>(89,512)</u>	<u>(162,459)</u>
<b>Cash flows from financing activities</b>		
Dividends paid	(14,975)	(3,827)
Proceeds from short term bank borrowings	1,514	184,462
Repayments of short term bank borrowings	(26,112)	(149,440)
Repayments of term loans	(3,770)	(3,768)
Subscribed by non-controlling interests of a subsidiary company		
- RNCPS	0	94,526
Proceeds from issuance of shares pursuant to exercise of warrants	12,591	6,709
Proceeds from issuance of shares pursuant to private placement	32,567	0
Repayment of Government fund	<u>(1,000)</u>	<u>0</u>
<b>Net cash from financing activities</b>	<u>815</u>	<u>128,662</u>
<b>Net changes in cash and cash equivalents</b>	5,018	(11,463)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(623)	284
<b>Cash and cash equivalents at beginning of the financial period</b>	<u>415</u>	<u>11,594</u>
<b>Cash and cash equivalents at end of the financial period</b>	<u>4,810</u>	<u>415</u>

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

	<b>As at</b>	<b>As at</b>
	<b>31.12.16</b>	<b>31.12.15</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	5,061	18,024
Bank overdrafts	<u>(251)</u>	<u>(17,609)</u>
	<u>4,810</u>	<u>415</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*

Annual Improvements 2014 - 2016 Cycle

Amendments to MFRS 4 *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*

Amendments to MFRS 140 *Transfers of Investment Property*

IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

#### 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 50,365,350 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 RM12,591,337.50.

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 and a single tier third interim dividend of 1.0 sen per ordinary share for the financial year ending 31 December 2016 was paid on 21 December 2016.

### A8. Other Operating Income

	<b>Current Quarter</b> <b>31.12.2016</b> <b>RM'000</b>	<b>12 months</b> <b>Cumulative</b> <b>31.12.2016</b> <b>RM'000</b>
Interest income	7	68
Gain on disposal of property, plant and equipment	5	81
Income from sell of solar energy	164	376
Foreign exchange gain	0	6,992
Compensation received from a customer	1,981	15,404
Other income	991	1,126
Total other operating income	<u>3,148</u>	<u>24,047</u>

### A9. Operating Expenses

	<b>Current Quarter</b> <b>31.12.2016</b> <b>RM'000</b>	<b>12 months</b> <b>Cumulative</b> <b>31.12.2016</b> <b>RM'000</b>
Advertisement	7	39
Depreciation	213	754
Rental	5	44
Salaries, allowances and bonus	2,176	9,566
Transportation	1,256	6,388
Water and electricity	19	82
General repairs and maintenance	190	1,125
Foreign exchange loss	3,816	7,311
Others	1,016	4,764
Total operating expenses	<u>8,698</u>	<u>30,073</u>

### A10. Finance costs

	<b>Current Quarter</b> <b>31.12.2016</b> <b>RM'000</b>	<b>12 months</b> <b>Cumulative</b> <b>31.12.2016</b> <b>RM'000</b>
Interest on bank overdraft	0	191
Interest on bankers' acceptance	0	9
Interest on term loan	171	768
Interest on revolving credit	4	15
Interest on hire purchase	344	344
Others	2	61
Total finance costs	<u>521</u>	<u>1,388</u>



NOTES TO THE INTERIM FINANCIAL REPORT

A11. Segmental Reporting

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

	<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
<b>1 October 2016 to 31 December 2016</b>						
<b>Revenue</b>						
External Revenue	31,947	2,512	1,142	6,637	25,776	68,014
Inter segment elimination	(3,472)	(63)	0	(176)	0	(3,711)
	28,475	2,449	1,142	6,461	25,776	64,303
<b>Results</b>						
Segment results	(6)	(1)	(1)	(1)	(16,451)	(16,460)
Other operating income	0	0	0	0	3,148	3,148
Finance costs	(131)	(11)	(5)	(30)	(344)	(521)
Loss before tax	(137)	(12)	(6)	(31)	(13,647)	(13,833)
Income tax expense	785	67	32	178	(2,967)	(1,905)
Profit / (Loss) for the period	648	55	26	147	(16,614)	(15,738)

	<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
<b>1 October 2015 to 31 December 2015</b>						
<b>Revenue</b>						
External Revenue	33,343	2,723	1,555	5,669	83,058	126,348
Inter segment elimination	(3,784)	(50)	(1)	(152)	(3)	(3,990)
	29,559	2,673	1,554	5,517	83,055	122,358
<b>Results</b>						
Segment results	4,066	368	214	759	11,769	17,176
Other operating income	28	3	1	5	20	57
Finance costs	(383)	(35)	(20)	(71)	(289)	(798)
Profit before tax	3,711	336	195	693	11,500	16,435
Income tax expense	(203)	(18)	(11)	(38)	(73)	(343)
Profit for the period	3,508	318	184	655	11,427	16,092

	<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
<b>1 January 2016 to 31 December 2016</b>						
<b>Revenue</b>						
External Revenue	153,851	9,706	6,054	33,580	254,577	457,768
Inter segment elimination	(19,045)	(221)	(4)	(1,021)	(91)	(20,382)
	134,806	9,485	6,050	32,559	254,486	437,386
<b>Results</b>						
Segment results	16,332	1,149	733	3,945	3,441	25,600
Other operating income	5,242	369	235	1,266	16,935	24,047
Finance costs	(600)	(42)	(27)	(145)	(574)	(1,388)
Profit before tax	20,974	1,476	941	5,066	19,802	48,259
Income tax expense	(4,306)	(303)	(193)	(1,040)	(3,009)	(8,851)
Profit for the period	16,668	1,173	748	4,026	16,793	39,408



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
<b>1 January 2015 to 31 December 2015</b>						
<b>Revenue</b>						
External Revenue	153,262	12,299	5,805	28,130	185,249	384,745
Inter segment elimination	(22,334)	(1,413)	(1)	(1,425)	(55)	(25,228)
	130,928	10,886	5,804	26,705	185,194	359,517
<b>Results</b>						
Segment results	17,611	1,464	781	3,592	13,849	37,297
Other operating income	118	10	6	23	487	644
Finance costs	(1,722)	(143)	(77)	(351)	(975)	(3,268)
Profit before tax	16,007	1,331	710	3,264	13,361	34,673
Income tax expense	(4,353)	(362)	(193)	(888)	(220)	(6,016)
Profit for the period	11,654	969	517	2,376	13,141	28,657

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
	124,624
Unsecured corporate guarantees given to suppliers of subsidiaries	6,280
	<u>130,904</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 2016 is as follows :-

Contracted but not provided for	RM'000
	4,382

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 2016, the Group recorded a revenue of RM437.4 million while profit before tax was recorded at RM48.3 million. As compared to corresponding period of 31 December 2015, the revenue has increased by RM77.9 million and the Group's profit before tax has increased by RM13.6 million as a result of higher revenue and other operating income.

Performance of the respective operating business segments for the period ended 31 December 2016 as compared to the previous year is analysed as follows:-

- 1) Sheeting - The increase in profit before tax by RM5 million to RM21 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 RM145,000 to RM1.5 million was mainly due to realised forex gain and lower of finance costs.
- 3) PVC Leather - The increase in profit before tax by RM231,000 to RM941,000 was mainly due to higher sales volume and realised forex gain.
- 4) Others - The increase in profit before tax by RM1.8 million to RM5.1 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 RM6.4 million to RM19.8 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 RM64.3 million while loss before tax was recorded at RM13.8 million. The major contributor of the Group's revenue was from PVC sheeting segment, which contributed approximately 44.28% towards the current quarter. As compared to corresponding quarter of 31 December 2015, the revenue has decreased by RM58.1 million and the Group's profit before tax has decreased by RM30.3 million as a result of lower revenue and unrealised forex loss.

Performance of the respective operating business segments for the current quarter ended 31 December 2016 as compared to the previous corresponding quarter is analysed as follows:-

- 1) Sheeting - The decrease in profit before tax by RM3.8 million to loss before tax of RM137,000 million was mainly due to lower sales volume and unrealised forex loss.
- 2) PP Non Woven - The decrease in profit before tax by RM348,000 to loss before tax of RM12,000 was mainly due to lower sales volume and unrealised forex loss.
- 3) PVC Leather - The decrease in profit before tax by RM200,000 to loss before tax of RM5,000 was mainly due to lower sales volume.
- 4) Others - The decrease in profit before tax by RM0.7 million to loss before tax of RM32,000 was mainly due to unrealised forex loss.
- 5) Solar - The decrease in profit before tax by RM25.1 million to loss before tax of RM13.6 million 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:

	<b>Current Quarter 01.10.16-31.12.16 RM'000</b>	<b>Preceding Quarter 01.07.16-30.09.16 RM'000</b>
(Loss) / Profit before tax	(13,833)	9,731
Total comprehensive (loss) / income for the period	(15,738)	7,324

The Group's loss before tax for the current quarter is RM13.8 million which has decreased by RM23.6 million from profit before tax of RM9.7 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.

**B3. Prospects**

The Board of Directors foresees the performance of the Group for 2017 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. However, the Group will be taking cautious approaches 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 as well as monitoring financial aspect more closely. The Group will also look into exploring new market share globally.

In addition, the Group is looking into a more stable and recovering 2017 for solar segments. Due to slower demand mainly contributed by new and various revised government policies worldwide, the demand for solar segment has decreased. The Group is taking initiatives into producing higher efficiencies of solar products to improve its performance.

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

Not applicable.

**B5. Income Tax Expense**

	<b>Current Quarter 31.12.16 RM'000</b>	<b>12 months Cumulative 31.12.16 RM'000</b>
<b>Current tax expense</b>		
- current	232	5,324
- prior years	(1,220)	(1,094)
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences		
- current	2,893	4,621
Total tax expense	<u>1,905</u>	<u>8,851</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.



NOTES TO THE INTERIM FINANCIAL REPORT

**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 31 December 2016 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Short term</b>			
Bank overdrafts	251	0	251
Term loan	4,119	0	4,119
Hire purchase payable	4,406	0	4,406
	<u>8,776</u>	<u>0</u>	<u>8,776</u>
<b>Long term</b>			
Hire purchase payable	42,636	0	42,636
Term loan	7,187	0	7,187
	<u>49,823</u>	<u>0</u>	<u>49,823</u>
<b>Total borrowings</b>	<u>58,599</u>	<u>0</u>	<u>58,599</u>
Borrowings denominated in foreign currency:			
		USD'000	RM'000 Equivalent
Hire purchase payable		<u>10,486</u>	<u>47,042</u>

**B9. Government Fund**

The Government fund of RM1,000,000 was waived from the Northern Corridor Implementation Authority, Malaysia on November 2016.

**B10. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at the date of this report (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

**B11. Material Litigation**

The Group is not engaged in any material litigation as at the date of this report (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).



NOTES TO THE INTERIM FINANCIAL REPORT

**B12. Breakdown of Realised and Unrealised Profits of the Group**

	At end of current financial quarter 31.12.2016 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	160,763	126,655
- Unrealised	(11,918)	(2,290)
	<u>148,845</u>	<u>124,365</u>
Less : Consolidation adjustments	(24,225)	(15,964)
Total Group retained earnings as per consolidated accounts	<u><u>124,620</u></u>	<u><u>108,401</u></u>

**B13. 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 31.12.16	12 Months Cumulative To Date 31.12.16
Profit for the period attributable to ordinary equity holders of the Company (RM'000)	(7,546)	31,194
Weighted average number of ordinary shares of RM0.25 each in issue ('000)	347,522	320,844
<b>Basic Earnings Per Share based on weighted average number of ordinary shares of RM0.25 each in issue (sen)</b>	<u><u>(2.17)</u></u>	<u><u>9.72</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 31.12.16 '000	12 Months Cumulative To Date 31.12.16 '000
Number of ordinary shares at beginning of the period	266,836	266,836
Effect of shares issued pursuant to exercise of warrants	49,757	29,236
Effect of shares issued pursuant to private placement	30,929	24,772
Weighted average number of ordinary shares	<u><u>347,522</u></u>	<u><u>320,844</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 31.12.16	12 Months Cumulative To Date 31.12.16
Profit for the period attributable to ordinary equity holders of the Company (RM'000)	(7,546)	31,194
Weighted average number of ordinary shares of RM0.25 each in issue ('000)	376,890	353,743
<b>Diluted Earnings Per Share based on weighted average number of ordinary shares of RM0.25 each in issue (sen)</b>	<u><u>(2.00)</u></u>	<u><u>8.82</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 31.12.16 '000	12 Months Cumulative To Date 31.12.16 '000
Weighted average number of ordinary shares as per basic earnings per share	347,522	320,844
Effect of potential exercise of warrants	29,368	32,899
Weighted average number of ordinary shares	<u><u>376,890</u></u>	<u><u>353,743</u></u>



NOTES TO THE INTERIM FINANCIAL REPORT

**B14. 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>	<b>Limit of Amount USD'000</b>
Corporate Guarantee for ordinary course of business of a 50.69% owned Subsidiary.	<u>400</u>
There was no financial impact on the Group arising from the financial assistance provided.	(equivalent to approximately RM1.8 million at exchange rate of RM4.486)

**B15. 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 forth quarter ended 31 December 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 : 24 February 2017**