



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	(Unaudited)	(Audited)
	As At	As At
	31.12.18	31.12.17
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	238,255	336,735
	<u>238,255</u>	<u>336,735</u>
Current assets		
Inventories	40,096	55,610
Trade receivables	23,284	29,886
Other receivables, deposits and prepayments	2,556	3,613
Current tax assets	249	34
Cash and bank balances	4,255	10,301
	<u>70,440</u>	<u>99,444</u>
TOTAL ASSETS	<u>308,695</u>	<u>436,179</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	111,871	111,868
Retained earnings	92,051	144,425
	<u>203,922</u>	<u>256,293</u>
Non-controlling interests	73,848	132,085
Total equity	<u>277,770</u>	<u>388,378</u>
Non-current liabilities		
Deferred tax liabilities	4,613	13,919
	<u>4,613</u>	<u>13,919</u>
Current liabilities		
Trade payables	4,751	8,710
Other payables	21,143	19,002
Provision	0	4,328
Current tax liabilities	418	1,842
	<u>26,312</u>	<u>33,882</u>
Total liabilities	<u>30,925</u>	<u>47,801</u>
TOTAL EQUITY AND LIABILITIES	<u>308,695</u>	<u>436,179</u>
Net Assets per Share (RM)	0.59	0.74
Net Assets (RM'000)	203,922	256,293

(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 2017)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE TWELVE-MONTHS ENDED 31 DECEMBER 2018**

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.18 RM'000	31.12.17 RM'000	31.12.18 RM'000	31.12.17 RM'000
Revenue	35,645	58,291	184,010	285,716
Cost of sales	(33,461)	(57,139)	(190,423)	(281,606)
Gross profit / (loss)	<u>2,184</u>	<u>1,152</u>	<u>(6,413)</u>	<u>4,110</u>
Other operating income	1,038	60,328	3,250	71,924
Operating expenses	(16,579)	(13,624)	(107,484)	(30,171)
Finance costs	(191)	84	(237)	(357)
(Loss) / Profit before tax	<u>(13,548)</u>	<u>47,940</u>	<u>(110,884)</u>	<u>45,506</u>
Income tax expense	(991)	(6,746)	3,956	(11,282)
(Loss) / Profit for the period	<u>(14,539)</u>	<u>41,194</u>	<u>(106,928)</u>	<u>34,224</u>
Other comprehensive income, net of tax	0	0	0	0
Total comprehensive (loss) / income for the period	<u><u>(14,539)</u></u>	<u><u>41,194</u></u>	<u><u>(106,928)</u></u>	<u><u>34,224</u></u>
(Loss) / Profit for the period attributable to:				
- Equity holders of the Company	(6,565)	19,713	(48,691)	23,287
- Non-controlling interests	<u>(7,974)</u>	<u>21,481</u>	<u>(58,237)</u>	<u>10,937</u>
Total comprehensive (loss) / income for the period attributable to:				
- Equity holders of the Company	(6,565)	19,713	(48,691)	23,287
- Non-controlling interests	<u>(7,974)</u>	<u>21,481</u>	<u>(58,237)</u>	<u>10,937</u>
Earnings per share attributable to equity holders of the Company:				
Basic earnings per share (sen)	<u>(1.89)</u>	<u>5.66</u>	<u>(13.99)</u>	<u>6.69</u>
Diluted earnings per share (sen)	<u>(1.90)</u>	<u>5.39</u>	<u>(13.71)</u>	<u>6.27</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 2017)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE TWELVE-MONTHS ENDED 31 DECEMBER 2018**

	Share Capital RM'000	Non- Distributable Share Premium RM'000	Distributable Retained Earnings RM'000	Total Attributable To Owners of The Parent RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
At 1 January 2017	87,032	24,835	124,619	236,486	121,148	357,634
Profit for the financial year	0	0	23,287	23,287	10,937	34,224
Other comprehensive income, net of tax	0	0	0	0	0	0
Total comprehensive income for the year	0	0	23,287	23,287	10,937	34,224
Transactions with owners						
Issuance of ordinary shares - exercise of warrants	1	0	0	1	0	1
Dividend	0	0	(3,481)	(3,481)	0	(3,481)
Total transactions with owners	1	0	(3,481)	(3,480)	0	(3,480)
Transfer pursuant to Companies Act, 2016	24,835	(24,835)	0	0	0	0
At 31 December 2017	111,868	0	144,425	256,293	132,085	388,378
At 1 January 2018	111,868	0	144,425	256,293	132,085	388,378
Adjustment on initial application of MFRS 9	0	0	(202)	(202)	0	(202)
Loss for the financial year	0	0	(48,691)	(48,691)	(58,237)	(106,928)
Other comprehensive income, net of tax	0	0	0	0	0	0
Total comprehensive loss for the year	0	0	(48,691)	(48,691)	(58,237)	(106,928)
Transactions with owners						
Issuance of ordinary shares - exercise of warrants	3	0	0	3	0	3
Dividend	0	0	(3,481)	(3,481)	0	(3,481)
Total transactions with owners	3	0	(3,481)	(3,478)	0	(3,478)
At 31 December 2018	111,871	0	92,051	203,922	73,848	277,770

(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 2017)



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE TWELVE-MONTHS ENDED 31 DECEMBER 2018

	12 months ended	
	31.12.18	31.12.17
	RM'000	RM'000
Cash flows from operating activities		
(Loss) / Profit before tax	(110,884)	45,507
Adjustments for :		
Impairment loss on receivables	1,114	0
Depreciation	24,072	33,300
Interest expense	237	357
Interest income	(26)	(25)
Unrealised loss on foreign exchange	74	1,126
Inventories written down	0	2,984
Provision for slow moving stock	8,751	0
Provision of material litigation	0	4,328
Impairment for Property, plant and equipment	76,610	4,068
Gain on disposal of property, plant and equipment	(122)	(7,197)
Operating (loss) / profit before working capital changes	(174)	84,448
Decrease in inventories	6,763	16,581
Decrease in trade and other receivables	6,853	20,391
Decrease in trade and other payables	(6,390)	(88,498)
Cash generated from operations	7,052	32,922
Interest paid	(237)	(357)
Interest received	26	25
Tax refunded	0	53
Tax paid	(6,989)	(7,186)
Net cash (used in) / from operating activities	(148)	25,457
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	165	16
Purchase of property, plant and equipment	(2,245)	(4,343)
Net cash used in investing activities	(2,080)	(4,327)
Cash flows from financing activities		
Dividend paid	(3,481)	(3,481)
Proceeds from short term bank borrowings	7,236	10,030
Repayments of short term bank borrowings	(7,236)	(10,030)
Repayments of term loans	0	(11,306)
Proceeds from issuance of shares pursuant to exercise of warrants	3	1
Net cash used in financing activities	(3,478)	(14,786)
Net changes in cash and cash equivalents	(5,706)	6,344
Effect of exchange rate changes on cash and cash equivalents	(340)	(853)
Cash and cash equivalents at beginning of the financial year	10,301	4,810
Cash and cash equivalents at end of the financial year	4,255	10,301

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

	As at	As at
	31.12.18	31.12.17
	RM'000	RM'000
Cash and bank balances	4,255	10,301
	<u>4,255</u>	<u>10,301</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 2017)



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 2017.

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 2017.

The Group had adopted the following Amendments to Standards, with a date of initial application of 1 January 2018.

Amendments to MFRS 1 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*
MFRS 15 *Revenue from Contracts with Customers*
Clarification to MFRS 15
Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*
Amendments to MFRS 128 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*
Amendments to MFRS 140 *Transfers of Investment Property*
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*
Amendments to MFRS 4 *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*

The adoption of the above pronouncements has no material financial impact to the Group other than as set out below:

i. MFRS 9 Financial Instruments

The Group adopted MFRS 9 Financial Instruments on 1 January 2018. MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

MFRS 9 contains three principal classifications categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The standard eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.

MFRS 9 also replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss ("ECL") model. Under MFRS 9, loss allowances will be measured on either 12 month ECLs or Lifetime ECLs. As allowed by the transitional provision of MFRS 9, the Group elected not to restate the comparatives.

Effects arising from the initial application of the new impairment model are as follows:

	Impact of adoption of MFRS 9 to opening balance at 1 January 2018
	RM'000
Decrease in retained earnings	202
Decrease in trade and other receivables	202

ii. MFRS 15 Revenue from Contract with Customers

MFRS 15 replaces the guidance in MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue – Barter Transactions Involving Advertising Services. MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations.

The application of MFRS 15 does not have a material effect on the Group's financial statements.

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 16 *Leases*
IC Interpretation 23 *Uncertainty over Income Tax Treatments*
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*
Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015–2017 Cycle*
Amendments to MFRS 3 *Definition of a Business*
Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015–2017 Cycle*
Amendments to MFRS 101 and MFRS 108 *Definition of Material*
Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015–2017 Cycle*
Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015–2017 Cycle*
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*
Amendments to References to the Conceptual Framework in MFRS Standards
MFRS 17 *Insurance Contracts*
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

A2. Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2017 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.



NOTES TO THE INTERIM FINANCIAL REPORT

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, save for the disclosure below:

The Group has carried out impairment review of property, plant and equipment. An impairment loss of RM76,610,411 has been recognised in the profit or loss. The recoverable amount was based on the use of external independent suppliers.

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 was no issuances, cancellations, repurchases, resale and repayments of debt and equity securities, save for the disclosure below:

- Issuance of 13,000 new ordinary shares 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 RM3,250.

A7. Dividend paid

A single tier final dividend of 1.0 sen per ordinary share for the financial year ended 31 December 2017 has been paid on 20 July 2018.

A8. Other Operating Income

	Current Quarter 31.12.2018 RM'000	12 months Cumulative 31.12.2018 RM'000
Interest income	9	26
Gain on disposal of property, plant and equipment	121	122
Income from sale of solar energy	319	1,876
Compensation received from a customer	0	360
Other income	589	866
Total other operating income	<u>1,038</u>	<u>3,250</u>

A9. Operating Expenses

	Current Quarter 31.12.2018 RM'000	12 months Cumulative 31.12.2018 RM'000
Depreciation	277	1,151
Rental	0	11
Salaries, allowances and bonus	2,108	8,894
Transportation	918	5,426
Water and electricity	21	87
General repairs and maintenance	188	706
Foreign exchange loss	66	292
Impairment loss	555	1,114
Impairment of property, plant and equipment*	2,164	76,610
Provision for slow moving stock	8,751	8,751
Others	1,531	4,442
Total operating expenses	<u>16,579</u>	<u>107,484</u>

*the Group has carried out impairment review of property, plant and equipment. An impairment loss of RM76,610,411 has been recognised in the profit or loss. The recoverable amount was based on the use of external independent suppliers.

A10. Finance costs

	Current Quarter 31.12.2018 RM'000	12 months Cumulative 31.12.2018 RM'000
Interest on bank overdraft	180	180
Interest on bankers' acceptance	8	38
Interest on revolving credit	0	9
Others	3	10
Total finance costs	<u>191</u>	<u>237</u>



NOTES TO THE INTERIM FINANCIAL REPORT

A11. Segmental Reporting

The Group is principally involved in investment holding and its subsidiaries are principally engaged in manufacturing and trading of Polyvinyl Chloride ('PVC') related products and Polypropylene ('PP') Non-Woven, manufacturing and trading of Solar Cell products.

The Group has arrived at two (2) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies.

The reportable segments are summarised as follows:

- (i) PVC
Manufacturing and trading of PVC Sheeting, PP Non-Woven, PVC Leather related products for industrial and consumer use.
- (ii) Solar
Manufacturing and trading of Solar related products.

1 October 2018 to 31 December 2018

	PVC RM'000	Solar RM'000	Group RM'000
Revenue			
Total revenue	39,223	2,659	41,882
Elimination	(5,968)	(269)	(6,237)
Revenue from external customers	<u>33,255</u>	<u>2,390</u>	<u>35,645</u>
Results			
Segment results	2,100	(16,495)	(14,395)
Other operating income	714	324	1,038
Finance costs	(191)	0	(191)
Profit / (Loss) before tax	2,623	(16,171)	(13,548)
Income tax expense	(991)	0	(991)
Profit / (Loss) for the period	<u>1,632</u>	<u>(16,171)</u>	<u>(14,539)</u>

1 October 2017 to 31 December 2017

	PVC RM'000	Solar RM'000	Group RM'000
Revenue			
Total revenue	37,400	24,682	62,082
Elimination	(3,790)	(1)	(3,791)
Revenue from external customers	<u>33,610</u>	<u>24,681</u>	<u>58,291</u>
Results			
Segment results	(1,231)	(11,241)	(12,472)
Other operating income	0	60,328	60,328
Finance costs	84	0	84
(Loss) / Profit before tax	(1,147)	49,087	47,940
Income tax expense	(1,098)	(5,648)	(6,746)
(Loss) / Profit for the period	<u>(2,245)</u>	<u>43,439</u>	<u>41,194</u>

1 January 2018 to 31 December 2018

	PVC RM'000	Solar RM'000	Group RM'000
Revenue			
Total revenue	196,585	15,064	211,649
Elimination	(27,639)	0	(27,639)
Revenue from external customers	<u>168,946</u>	<u>15,064</u>	<u>184,010</u>
Results			
Segment results	15,320	(129,217)	(113,897)
Other operating income	771	2,479	3,250
Finance costs	(237)	0	(237)
Profit / (Loss) before tax	15,854	(126,738)	(110,884)
Income tax expense	(4,658)	8,614	3,956
Profit / (Loss) for the period	<u>11,196</u>	<u>(118,124)</u>	<u>(106,928)</u>
Assets	114,228	194,467	308,695
Liabilities	28,156	2,769	30,925



NOTES TO THE INTERIM FINANCIAL REPORT

A11. Segmental Reporting (Continued)

	<u>PVC</u> RM'000	<u>Solar</u> RM'000	<u>Group</u> RM'000
1 January 2017 to 31 December 2017			
Revenue			
Total revenue	186,460	117,998	304,458
Elimination	(18,741)	(1)	(18,742)
Revenue from external customers	167,719	117,997	285,716
Results			
Segment results	18,486	(44,547)	(26,061)
Other operating income	0	71,924	71,924
Finance costs	(356)	(1)	(357)
Profit before tax	18,130	27,376	45,506
Income tax expense	(5,634)	(5,648)	(11,282)
Profit for the period	12,496	21,728	34,224
Assets	116,678	319,501	436,179
Liabilities	28,969	18,832	47,801

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 2017.

A13. Subsequent Events

On 18 July 2018, Tek Seng was announced that TS Solartech Sdn. Bhd. ("TSST"), a 50.69% owned subsidiary of the Company, has decided to temporary stop its entire production activities in the 3rd quarter of the financial year ended 31 December 2018. On 17 September 2018, TSST had ceased the production activities.

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
Unsecured corporate guarantees given to suppliers of subsidiaries

RM'000
56,212
4,138
60,350

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 2018 is as follows :-

Contracted but not provided for

RM'000
0

PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B1. Review of Performance

Table 1 : Financial Review for current quarter and financial year to date

	Current Quarter 3 months ended		Changes + / -		Cumulative Quarter 12 months ended		Changes + / -	
	31.12.18 RM'000	31.12.17 RM'000			31.12.18 RM'000	31.12.17 RM'000		
			RM'000	%	RM'000	%		
Revenue	35,645	58,291	(22,646)	(38.85)	184,010	285,716	(101,706)	(35.60)
Gross profit / (loss)	2,184	1,152	1,032	89.58	(6,413)	4,110	(10,523)	(256.03)
(Loss) / Profit before interest and tax	(13,357)	47,856	(61,213)	(127.91)	(110,647)	45,863	(156,510)	(341.26)
(Loss) / Profit before tax	(13,548)	47,940	(61,488)	(128.26)	(110,884)	45,506	(156,390)	(343.67)
(Loss) / Profit for the period	(14,539)	41,194	(55,733)	(135.29)	(106,928)	34,224	(141,152)	(412.44)
(Loss) / Profit attributable to ordinary equity holders of the parent	(6,565)	19,713	(26,278)	(133.30)	(48,691)	23,287	(71,978)	(309.09)



NOTES TO THE INTERIM FINANCIAL REPORT

B1. Review of Performance (Continued)

a) Current Year-to date vs. Previous Year-to-date

For the financial year ended 31 December 2018, the Group recorded a revenue of RM184 million while loss before tax was recorded at RM110.9 million. When compared to corresponding period of 31 December 2017, the revenue has decreased by RM101.7 million and the Group's loss before tax has increased by RM156.4 million as a result of lower revenue, other operating income and higher impairment loss of property, plant and equipment recorded by the Solar segment.

Performance of the respective operating business segments for the year ended 31 December 2018 as compared to the previous year corresponding period is analysed as follows:-

1) PVC - The decrease in profit before tax by RM2.3 million to RM15.8 million was mainly due to higher operating costs.

2) Solar - The increase in loss before tax by RM154.1 million to RM126.7 million was mainly due to lower sales volume, other operating income and higher impairment loss of property, plant and equipment. The impairment loss of property, plant and equipment is due to the cessation of production activities in the third quarter of the financial year ended 31 December 2018.

b) Current Quarter vs. Previous Year Corresponding Quarter

For the current quarter, the Group recorded a revenue of RM35.6 million while loss before tax was recorded at RM13.5 million. The major contributor of the Group's revenue was from PVC segment, which contributed approximately 93.3% in the current quarter. As compared to corresponding quarter of 31 December 2017, the revenue has decreased by RM22.6 million and the Group's loss before tax has increased by RM61.5 million. This was mainly due to significant lower revenue, other operating income and higher impairment loss of property, plant and equipment recorded by the Solar segment.

Performance of the respective operating business segments for the current quarter ended 31 December 2018 as compared to the previous year's corresponding quarter is analysed as follows:-

1) PVC - The increase in profit before tax by RM3.7 million from loss before tax RM1.1 million to profit before tax RM2.6 million was mainly due to provision for material litigation was provided in previous year corresponding quarter.

2) Solar - The decrease in profit before tax by RM65.3 million from RM49.1 million to loss before tax RM16.2 million was mainly due to lower other operating income, sales volume and impairment loss of property, plant and equipment.

B2. Variation of Results Against Preceding Quarter

Table 2 : Financial Review for current quarter and compared with immediate preceding quarter

	Current Quarter 01.10.18-31.12.18 RM'000	Preceding Quarter 01.07.18-30.09.18 RM'000	Changes	
			RM'000	%
Revenue	35,645	43,450	(7,805)	(17.96)
Gross profit / (loss)	2,184	(3,407)	5,591	(164.10)
Loss before interest and tax	(13,357)	(7,798)	(5,559)	71.29
Loss before tax	(13,548)	(7,824)	(5,724)	73.16
Total comprehensive loss for the period	(14,539)	(9,088)	(5,451)	59.98
Loss attributable to ordinary equity holders of the parent	(6,565)	(3,463)	(3,102)	89.58

The Group recorded lower revenue of RM35.6 million in the current quarter, representing 18% decrease from RM43.5 million in the preceding quarter due to lower revenue contributed by the PVC segments.

The Group's loss before tax for the current quarter is RM13.5 million which has decreased by RM5.7 million from RM7.8 million loss before tax as recorded in the preceding quarter. This was mainly due to impairment loss of property, plant and equipment by Solar segment after ceased production in 3rd quarter.

B3. Prospects

The Board of Directors foresees the performance of the Group for 2019 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 fluctuation in foreign currency. 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.

After the cessation of the solar production activities, the Company intends to rent out the factory building. However, the provision of the activities regarding 1.1766MW feed-in tariff solar segment still remain because this segment is not related to the production business.

B4. Variance of Actual and Forecast Revenue

Not applicable.

B5. Income Tax Expense

	Current Quarter 31.12.18 RM'000	12 months Cumulative 31.12.18 RM'000
Current tax expense		
- current	1,084	5,125
- prior years	0	224
Deferred tax expense		
- Origination and reversal of temporary differences	(93)	(9,305)
Total tax expense	<u>991</u>	<u>(3,956)</u>

The Group's effective tax rate for the current period was higher than the statutory tax rate of 24% due to certain expenses which are not deductible for tax purposes and losses suffered by a subsidiary.



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

There were no corporate proposals announced as at the date of issue of this interim financial report.

B8. Trade Receivables

	At end of current financial quarter 31.12.2018 RM'000	At end of previous financial year 31.12.2017 RM'000
Trade receivables	24,600	29,886
Less : Impairment loss	<u>(1,316)</u>	<u>0</u>
	<u>23,284</u>	<u>29,886</u>

The trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 120 days terms.

a) Ageing analysis of trade receivables of the Group is as follows:

	At end of current financial quarter 31.12.2018 RM'000	At end of previous financial year 31.12.2017 RM'000
Neither past due nor impaired	13,854	16,760
Past due, but not impaired		
1 to 30 days	7,385	5,587
31 to 60 days	2,014	4,888
61 to 90 days	649	138
More than 91 days	698	2,513
	<u>10,746</u>	<u>13,126</u>
	24,600	29,886
Impaired	<u>(1,316)</u>	<u>0</u>
	<u>23,284</u>	<u>29,886</u>

b) The Group assess the impairment on trade receivable base on expected credit loss ("ECL") model.

B9. Related party disclosures

i) Identity of related party

- The Company has controlling related party relationship with its direct subsidiaries TS Solartech Sdn Bhd.

ii) The transactions detailed elsewhere in the interim financial statements, the Group had the following transactions with related party during the financial period:

	31.12.2018 RM'000	31.12.2017 RM'000
Shareholder of a subsidiary:		
Purchase of goods	13	5,894
Sale of goods	<u>1,988</u>	<u>49,319</u>

iii) The Company has controlling related party relationship with TS Solartech Sdn Bhd - Solartech Energy Corporation ("SEC") was dissolved after the merger on 01 October 2018, and this was resulted in transfer of shares to the acquiring company, Neo Solar Power Copr ("NSP"), which was renamed as United Renewable Energy Co. Ltd ("UREC").

B10. Group Borrowings

The Group has no borrowings as at 31 December 2018.

B11. 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).

B12. Material Litigation

Tenaga Nasional Berhad ("TNB") had in previous years instituted legal proceedings against Wangsaga Industries Sdn Bhd ("WISB"), a wholly-owned subsidiary of Tek Seng Holdings Berhad ("The Group") claiming for the electricity consumption in arrears for the period from 23 April 2006 to 13 April 2012.

The solicitors of WISB were of the opinion that the claim against WISB were unilaterally contrived and the claim intimates were frivolous and vexatious, that should be contested and defended up to the end of reporting period. Based on this legal opinion, the management of WISB were of the view that the possibility of an outflow of economic benefits were remote.

On 22 March 2018, WISB received a decision of the High Court in favour of TNB of a claim against WISB for the electricity consumption in arrears amounting to RM4,327,777. As at 22 March 2018, WISB has yet to receive the sealed copy of the judgement.

WISB had filed the application on 11 April 2018 to appeal against the decision of the High Court. The solicitor of WISB is of the opinion that the appeal is principally predicated on the dispute by WISB that the amount adjudged to be paid to TNB is inappropriate.

Notwithstanding the outcome of the appeal, the management of WISB recognised a provision for the sum of RM4,327,777 in the financial year ended 31 December 2017 based on the recent decision of the High Court. This is in compliance with Malaysian Financial Reporting Standards ("MFRS") 137 *Provisions, Contingent Liabilities and Contingent Assets*.

The Case Management was fixed on 25 June 2018, 31 July 2018 at the Court of Appeal at Putrajaya.

Further to the Announcements, the matter had adjourned by the Court of Appeal on 05 November 2018 to 03 December 2018 for case management. On 03 December 2018, the Court of Appeal at conclusion that our Appeal had no merit, had emphasised that as long as such estimate of the losses or revenue is not shown to be unreasonable or wrong. Therefore, the Appeal was dismissed with costs of RM10,000.



NOTES TO THE INTERIM FINANCIAL REPORT

B13. Earning 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 31.12.18	12 Months Cumulative To Date 31.12.18
Loss for the period attributable to ordinary equity holders of the Company (RM'000)	(6,565)	(48,691)
Weighted average number of ordinary shares in issue ('000)	348,144	348,135
Basic Earnings Per Share based on weighted average number of ordinary shares in issue (sen)	(1.89)	(13.99)

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

	Individual Current Quarter 31.12.18 '000	12 Months Cumulative To Date 31.12.18 '000
Number of ordinary shares at beginning of the period	348,131	348,131
Effect of shares issued pursuant to exercise of warrants	13	4
Weighted average number of ordinary shares	348,144	348,135

(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 31.12.18	12 Months Cumulative To Date 31.12.18
Loss for the period attributable to ordinary equity holders of the Company (RM'000)	(6,565)	(48,691)
Weighted average number of ordinary shares in issue ('000)	346,050	355,117
Diluted Earnings Per Share based on weighted average number of ordinary shares in issue (sen)	(1.90)	(13.71)

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

	Individual Current Quarter 31.12.18 '000	12 Months Cumulative To Date 31.12.18 '000
Weighted average number of ordinary shares as per basic earnings per share	348,144	348,135
Effect of potential exercise of warrants	(2,094)	6,982
Weighted average number of ordinary shares	346,050	355,117

B14. Provision of Financial Assistance

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

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 fourth quarter ended 31 December 2018 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 : 28 February 2019