



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	(Unaudited)	(Audited)
	As At	As At
	30.06.19	31.12.18
ASSETS	RM'000	RM'000
Non-current assets		
Property, plant and equipment	218,581	238,255
	<u>218,581</u>	<u>238,255</u>
Current assets		
Inventories	29,531	40,096
Trade receivables	23,040	23,294
Other receivables, deposits and prepayments	1,815	2,590
Current tax assets	1,006	249
Cash and bank balances	36,767	4,255
	<u>92,159</u>	<u>70,484</u>
TOTAL ASSETS	<u>310,740</u>	<u>308,739</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	111,871	111,871
Retained earnings	88,542	92,051
	<u>200,413</u>	<u>203,922</u>
Non-controlling interests	63,448	73,848
Total equity	<u>263,861</u>	<u>277,770</u>
Non-current liabilities		
Borrowings	20,000	0
Deferred tax liabilities	4,498	4,613
Other payables	0	381
	<u>24,498</u>	<u>4,994</u>
Current liabilities		
Trade payables	6,242	4,773
Other payables	15,190	20,784
Current tax liabilities	949	418
	<u>22,381</u>	<u>25,975</u>
Total liabilities	<u>46,879</u>	<u>30,969</u>
TOTAL EQUITY AND LIABILITIES	<u>310,740</u>	<u>308,739</u>
Net Assets per Share (RM)	0.58	0.59
Net Assets (RM'000)	200,413	203,922

(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 2018)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTHS ENDED 30 JUNE 2019**

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.06.19 RM'000	30.06.18 RM'000	30.06.19 RM'000	30.06.18 RM'000
Revenue	46,116	54,043	90,187	104,915
Cost of sales	(39,387)	(57,486)	(81,257)	(110,105)
Gross profit / (loss)	<u>6,729</u>	<u>(3,443)</u>	<u>8,930</u>	<u>(5,190)</u>
Other operating income	2,966	652	4,908	1,449
Operating expenses	(20,718)	(80,283)	(25,444)	(85,751)
Finance costs	(59)	(11)	(60)	(20)
Loss before tax	<u>(11,082)</u>	<u>(83,085)</u>	<u>(11,666)</u>	<u>(89,512)</u>
Tax (expense) / income	(1,554)	7,400	(2,243)	6,211
Loss for the period	<u>(12,636)</u>	<u>(75,685)</u>	<u>(13,909)</u>	<u>(83,301)</u>
Other comprehensive income, net of tax	0	0	0	0
Total comprehensive loss for the period	<u><u>(12,636)</u></u>	<u><u>(75,685)</u></u>	<u><u>(13,909)</u></u>	<u><u>(83,301)</u></u>
Loss for the period attributable to:				
- Owners of the parent	(3,985)	(36,522)	(3,509)	(38,663)
- Non-controlling interests	<u>(8,651)</u>	<u>(39,163)</u>	<u>(10,400)</u>	<u>(44,638)</u>
Total comprehensive loss for the period attributable to:				
- Owners of the parent	(3,985)	(36,522)	(3,509)	(38,663)
- Non-controlling interests	<u>(8,651)</u>	<u>(39,163)</u>	<u>(10,400)</u>	<u>(44,638)</u>
Earnings per share attributable to owners of the parent:				
Basic earnings per share (sen)	<u>(1.14)</u>	<u>(10.49)</u>	<u>(1.00)</u>	<u>(11.11)</u>
Diluted earnings per share (sen)	<u>*</u>	<u>(10.25)</u>	<u>*</u>	<u>(10.74)</u>

Note:

*Diluted profit per ordinary share equal basic profit per share.

(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 2018)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTHS ENDED 30 JUNE 2019**

	Share Capital RM'000	Distributable Retained Earnings RM'000	Total Attributable To Owners of The Parent RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
At 1 January 2018	111,868	144,425	256,293	132,085	388,378
Adjustment on initial application of MFRS 9	0	(202)	(202)	0	(202)
Loss for the financial period	0	(38,663)	(38,663)	(44,638)	(83,301)
Other comprehensive income, net of tax	0	0	0	0	0
Total comprehensive loss for the period	0	(38,663)	(38,663)	(44,638)	(83,301)
Transactions with owners					
Dividend	0	(3,481)	(3,481)	0	(3,481)
Total transactions with owners	0	(3,481)	(3,481)	0	(3,481)
At 30 June 2018	<u>111,868</u>	<u>102,079</u>	<u>213,947</u>	<u>87,447</u>	<u>301,394</u>
At 1 January 2019	111,871	92,051	203,922	73,848	277,770
Loss for the financial period	0	(3,509)	(3,509)	(10,400)	(13,909)
Other comprehensive income, net of tax	0	0	0	0	0
Total comprehensive loss for the period	0	(3,509)	(3,509)	(10,400)	(13,909)
At 30 June 2019	<u>111,871</u>	<u>88,542</u>	<u>200,413</u>	<u>63,448</u>	<u>263,861</u>

(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 2018)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTHS ENDED 30 JUNE 2019**

	6 months ended	
	30.06.19	30.06.18
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(11,666)	(89,512)
Adjustments for :		
Reversal of impairment losses on receivables	(138)	0
Impairment losses on receivables	0	285
Depreciation	7,452	15,330
Interest expense	60	20
Interest income	(131)	(11)
Inventories written back	(301)	0
Unrealised (gain) / loss on foreign exchange	(37)	58
Impairment loss on property, plant and equipment	13,966	74,446
Gain on disposal of property, plant and equipment	(30)	(1)
Operating profit before working capital changes	<u>9,175</u>	<u>615</u>
Decrease in inventories	10,865	132
Decrease / (Increase) in trade and other receivables	1,232	(3,500)
Decrease in trade and other payables	<u>(4,509)</u>	<u>(60)</u>
Cash generated from / (used in) operations	16,763	(2,813)
Interest paid	(60)	(20)
Interest received	131	11
Tax paid	<u>(2,584)</u>	<u>(2,852)</u>
Net cash from / (used in) operating activities	<u>14,250</u>	<u>(5,674)</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	71	30
Purchase of property, plant and equipment	<u>(1,784)</u>	<u>(1,132)</u>
Net cash used in investing activities	<u>(1,713)</u>	<u>(1,102)</u>
Cash flows from financing activities		
Proceeds from short term bank borrowings	0	2,051
Repayments of short term bank borrowings	0	(2,051)
Drawdown of term loans	<u>20,000</u>	<u>0</u>
Net cash from financing activities	<u>20,000</u>	<u>0</u>
Net increase / (decrease) in cash and cash equivalents	32,537	(6,776)
Effect of exchange rate changes on cash and cash equivalents	(25)	(352)
Cash and cash equivalents at beginning of the financial period	<u>4,255</u>	<u>10,301</u>
Cash and cash equivalents at end of the financial period	<u>36,767</u>	<u>3,173</u>

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

	As at	As at
	30.06.19	30.06.18
	RM'000	RM'000
Cash and bank balances	<u>36,767</u>	<u>3,173</u>
	<u>36,767</u>	<u>3,173</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 2018)



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 2018.

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 2018.

The Group had adopted the following Amendments to Standards, with a date of initial application of 1 January 2019.

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 11 Annual Improvements to MFRS Standards 2015-2017 Cycle

Amendments to MFRS 112 Annual Improvements to MFRS Standards 2015-2017 Cycle

Amendments to MFRS 119 Plan Amendment, Curtailment or Settlement

Amendments to MFRS 123 Annual Improvements to MFRS Standards 2015-2017 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:

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3 Definition of a Business

Amendments to MFRS 101 and MFRS 108 Definition of Material

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 2018 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, save for the disclosure below:

The Group has carried out impairment review on property, plant and equipment. An impairment loss of RM13,966,018 has been recognised in the profit or loss. The recoverable amounts were based on fair value less cost to sell method. The fair value less cost to sell was determined based on Directors' estimation by reference to independent supplier's valuation, estimated based on depreciated replacement method.

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.

A7. Dividend paid

There was no dividend paid during the current quarter.

A8. Other Operating Income

	Current Quarter 30.06.2019 RM'000	6months Cumulative 30.06.2019 RM'000
Interest income	110	131
Gain on disposal of property, plant and equipment	0	30
Income from sale of solar energy	391	812
Foreign exchange gain	15	110
Rental income	792	792
Other income	<u>1,658</u>	<u>3,033</u>
Total other operating income	<u>2,966</u>	<u>4,908</u>



NOTES TO THE INTERIM FINANCIAL REPORT

A9. Operating Expenses

	Current Quarter 30.06.2019 RM'000	6months Cumulative 30.06.2019 RM'000
Depreciation	318	617
Rental	6	12
Salaries, allowances and bonus	2,137	4,164
Transportation	1,678	2,872
Water and electricity	21	42
General repairs and maintenance	213	406
Impairment of property, plant and equipment*	13,966	13,966
Others	2,379	3,365
Total operating expenses	<u>20,718</u>	<u>25,444</u>

*The Group has carried out impairment review on property, plant and equipment. An impairment loss of RM13,966,018 has been recognised in the profit or loss. The recoverable amounts were based on fair value less cost to sell method. The fair value less cost to sell was determined based on Directors' estimation by reference to independent supplier's valuation, estimated based on depreciated replacement method.

A10. Finance costs

	Current Quarter 30.06.2019 RM'000	6months Cumulative 30.06.2019 RM'000
Interest on term loan	56	56
Others	3	4
Total finance costs	<u>59</u>	<u>60</u>

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 April 2019 to 30 June 2019	PVC RM'000	Solar RM'000	Group RM'000
Revenue			
Total revenue	58,135	0	58,135
Elimination	(12,019)	0	(12,019)
Revenue from external customers	<u>46,116</u>	<u>0</u>	<u>46,116</u>
Results			
Segment results	4,822	(18,811)	(13,989)
Other operating income	1,645	1,321	2,966
Finance costs	(2)	(57)	(59)
Profit / (Loss) before tax	<u>6,465</u>	<u>(17,547)</u>	<u>(11,082)</u>
Income tax expense	(1,554)	0	(1,554)
Profit / (Loss) for the period	<u>4,911</u>	<u>(17,547)</u>	<u>(12,636)</u>

1 April 2018 to 30 June 2018	PVC RM'000	Solar RM'000	Group RM'000
Revenue			
Total revenue	55,453	5,212	60,665
Elimination	(6,622)	0	(6,622)
Revenue from external customers	<u>48,831</u>	<u>5,212</u>	<u>54,043</u>
Results			
Segment results	4,943	(88,669)	(83,726)
Other operating income	17	635	652
Finance costs	(11)	0	(11)
Profit / (Loss) before tax	<u>4,949</u>	<u>(88,034)</u>	<u>(83,085)</u>
Income tax expense	(1,214)	8,614	7,400
Profit / (Loss) for the period	<u>3,735</u>	<u>(79,420)</u>	<u>(75,685)</u>



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 2019 to 30 June 2019			
Revenue			
Total revenue	106,817	3,631	110,448
Elimination	(20,258)	(3)	(20,261)
Revenue from external customers	<u>86,559</u>	<u>3,628</u>	<u>90,187</u>
Results			
Segment results	6,494	(23,008)	(16,514)
Other operating income	2,937	1,971	4,908
Finance costs	(3)	(57)	(60)
Profit / (Loss) before tax	<u>9,428</u>	<u>(21,094)</u>	<u>(11,666)</u>
Income tax expense	(2,243)	0	(2,243)
Profit / (Loss) for the period	<u>7,185</u>	<u>(21,094)</u>	<u>(13,909)</u>
Assets	<u>129,113</u>	<u>181,627</u>	<u>310,740</u>
Liabilities	<u>23,988</u>	<u>22,891</u>	<u>46,879</u>
1 January 2018 to 30 June 2018			
Revenue			
Total revenue	106,900	9,331	116,231
Elimination	(11,316)	0	(11,316)
Revenue from external customers	<u>95,584</u>	<u>9,331</u>	<u>104,915</u>
Results			
Segment results	9,624	(100,565)	(90,941)
Other operating income	37	1,412	1,449
Finance costs	(20)	0	(20)
Profit / (Loss) before tax	<u>9,641</u>	<u>(99,153)</u>	<u>(89,512)</u>
Income tax expense	(2,403)	8,614	6,211
Profit / (Loss) for the period	<u>7,238</u>	<u>(90,539)</u>	<u>(83,301)</u>
Assets	<u>119,564</u>	<u>224,357</u>	<u>343,921</u>
Liabilities	<u>37,314</u>	<u>5,213</u>	<u>42,527</u>

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 2018.

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	56,228
Unsecured corporate guarantees given to suppliers of subsidiaries	4,142
	<u>60,370</u>

A16. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 June 2019 is as follows :-

Contracted but not provided for	0
---------------------------------	---



NOTES TO THE INTERIM FINANCIAL REPORT

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 6 months ended		Changes + / -	
	30.06.19 RM'000	30.06.18 RM'000			30.06.19 RM'000	30.06.18 RM'000		
			RM'000	%	RM'000	RM'000	RM'000	%
Revenue	46,116	54,043	(7,927)	(14.67)	90,187	104,915	(14,728)	(14.04)
Gross profit / (loss)	6,729	(3,443)	10,172	295.44	8,930	(5,190)	14,120	272.06
Loss before interest and tax	(11,023)	(83,074)	72,051	86.73	(11,606)	(89,492)	77,886	87.03
Loss before tax	(11,082)	(83,085)	72,003	86.66	(11,666)	(89,512)	77,846	86.97
Loss for the period	(12,636)	(75,685)	63,049	83.30	(13,909)	(83,301)	69,392	83.30
Loss attributable to ordinary equity holders of the parent	(3,985)	(36,522)	32,537	89.09	(3,509)	(38,663)	35,154	90.92

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

For the period ended 30 June 2019, the Group recorded a revenue of RM90.2 million while loss before tax was recorded at RM11.7 million. The major contributor of the Group's revenue was from PVC segment, which contributed approximately 96% for the period ended 30 June 2019. When compared to corresponding period of 30 June 2018, the revenue has decreased by RM14.7 million and the Group's loss before tax has decreased by RM77.8 million. This was mainly due to lower impairment loss of property, plant and equipment recorded by the Solar segment.

Performance of the respective operating business segments for the period ended 30 June 2019 as compared to the previous year corresponding period is analysed as follows:-

- 1) PVC - A slightly decrease in profit before tax by RM0.2 million from RM9.6 million to RM9.4 million was mainly due to lower revenue.
- 2) Solar - The decrease in loss before tax by RM78.1 million from RM99.2 million to loss before tax RM21.1 million was mainly due to lower impairment loss of property, plant and equipment.

b) Current Quarter vs. Previous Year Corresponding Quarter

For the current quarter, the Group recorded a revenue of RM46.1 million while loss before tax was recorded at RM11.1 million. When compared to corresponding quarter of 30 June 2018, the revenue has decreased by RM7.9 million but the Group's loss before tax has decreased by RM72 million as a result of lower impairment loss of property, plant and equipment recorded by the Solar segment.

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

- 1) PVC - The increase in profit before tax by RM1.5 million to RM6.5 million was mainly due to lower production costs.
- 2) Solar - The decrease in loss before tax by RM70.5 million to RM17.5 million was mainly due to lower production overhead and impairment loss on 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 01.04.19-30.06.19 RM'000	Preceding Quarter 01.01.19-31.03.19 RM'000	Changes	
			RM'000	%
Revenue	46,116	44,071	2,045	4.64
Gross profit	6,729	2,201	4,528	205.72
Loss before interest and tax	(11,023)	(583)	(10,440)	1,790.74
Loss before tax	(11,082)	(584)	(10,498)	1,797.60
Total comprehensive loss for the period	(12,636)	(1,273)	(11,363)	892.62
(Loss) / Income attributable to ordinary equity holders of the parent	(3,985)	476	(4,461)	(937.18)

The Group recorded higher revenue of RM46.1 million in the current quarter, representing 4.6% increase from RM44.1 million in the preceding quarter due to higher revenue contributed by the PVC segments before major festival such as Hari Raya.

The Group's loss before tax for the current quarter is RM11.1 million which has increased by RM10.5 million from RM0.6 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.

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 as well as monitoring financial aspect more closely. The Group will also look into exploring new market share globally.

As for solar segment, one of the factory buildings of TS Solartech Sdn. Bhd. has been rented out and the Company continues to generate income from solar energy arising from the solar panel installed.

B4. Variance of Actual and Forecast Revenue

Not applicable.



NOTES TO THE INTERIM FINANCIAL REPORT

B5. Income Tax Expense

	Current Quarter 30.06.19 RM'000	6 months Cumulative 30.06.19 RM'000
Current tax expense		
- current	1,611	2,358
Deferred tax expense		
- Origination and reversal of temporary differences	(57)	(115)
Total tax expense	<u>1,554</u>	<u>2,243</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.

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 30.06.2019 RM'000	At end of previous financial year 31.12.2018 RM'000
Trade receivables	24,218	24,610
Less : Impairment loss	(1,178)	(1,316)
	<u>23,040</u>	<u>23,294</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 30.06.2019 RM'000	At end of previous financial year 31.12.2018 RM'000
Neither past due nor impaired	14,846	13,852
Past due, but not impaired		
1 to 30 days	6,073	7,385
31 to 60 days	2,202	1,406
61 to 90 days	788	1,257
More than 91 days	309	710
	<u>9,372</u>	<u>10,758</u>
Impaired	<u>24,218</u>	<u>24,610</u>
	<u>(1,178)</u>	<u>(1,316)</u>
	<u>23,040</u>	<u>23,294</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.

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

	30.06.2019 RM'000	31.12.2018 RM'000
Shareholder of a subsidiary:		
Purchase of goods	0	13
Sale of goods	0	1,988
	<u>0</u>	<u>1,988</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 has resulted in transmission 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's borrowings as at the end of the reporting quarter were as follows:

	As at 30.06.2019		
	Short term RM'000	Long term RM'000	Total RM'000
Secured			
Term loans	0	20,000	20,000
	<u>0</u>	<u>20,000</u>	<u>20,000</u>
Unsecured			
	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>



NOTES TO THE INTERIM FINANCIAL REPORT

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

i) On 18 March 2019, the Company announced that TS Solartech Sdn Bhd ("TSST"), a 50.69% owned subsidiary of Tek Seng had been served with a Notice of Mention of Case in the matter of Industrial Court Case No: 18/4-359/19 between Lee Kar Wuei ("LKW") and TSST dated 12 March 2019.

LKW was an employee of TSST. Due to downturn of the Solar Market, TSST decided to temporary cease its entire production by the 3rd quarter of 2018. As such, the affected employees were notified 2 months' in advance of the Mutual Separation Scheme (MSS).

The affected employees were informed on 18 July 2018 and individual discussions with the affected employees were conducted. LKW had agreed with the terms and condition of the MSS and signed the acceptance on 25 July 2018 with monetary compensation approximately 2 months of his salary.

Additionally, TSST had also arranged job for the affected employees with a Multi-National Company (MNC). However, LKW had rejected the job offered. As scheduled, TSST temporary ceased its operation on 17 September 2018. LKW subsequently went to file a report at Jabatan Perhubungan Perusahaan Pulau Pinang. LKW had requested for 6 months compensation.

TSST was unable to reinstate LKW as employee since it had temporary ceased operation and was unable to provide further compensations due to the financial condition of TSST. Nevertheless, TSST is planning to recommend LKW for other job offers out of good gesture.

This case was mentioned before the President at the premises of the Court 18 (Jalan Bagan Luar, 12000 Butterworth, Pulau Pinang) on Tuesday, 2 April, 2019 at 8.30am.

Further to the Announcement, the Company was informed that LKW ("claimant") was absent on the hearing on 2 April 2019. Nevertheless, LKW has agreed to withdraw the case. The Industrial Relation had fixed 23 May 2019 for claimant to withdraw the case.

On 23 May 2019, the Company was informed that the Claimant, LKW has agreed to withdraw the case against TSST with no liberty to file afresh today.

The duly executed consent award by both parties has been received and the case was completed on 13 June 2019.

ii) On 16 May 2019, the Company announced that TSST (or "Defendant"), had been served with a Sealed Originating Summons dated 3 May 2019 and original copy of United Renewable Energy Co., Ltd.'s ("Plaintiff") Affidavit in Support affirmed by Timothy Haosen Wan on 8 May 2019; a copy of the "Notis untuk Menghadiri Pengurusan Kes"; and an original copy of Plaintiff's Supplementary Affidavit affirmed by Eddie Chih Wei Chan on 7 May 2019 through a firm of lawyers acting on behalf of the Plaintiff.

The Plaintiff had applied for the following orders and/or reliefs:

- 1) a declaration that the merger between Neo Solar Power Energy Corp., Solartech Energy Corp. and Gintech Energy Corporation on 1 October 2018 had carried into effect a transmission of the 97,700,693 ordinary shares in the Defendant ("Company") currently held in the name of Solartech Energy Corp. ("TS Shares") to the Plaintiff by operation of law;
- 2) an Order that the Company shall rectify its register of members within thirty (30) days from the service of this Order by the deletion of the name of Solartech Energy Corp. and the insertion of the name of the Plaintiff as the registered owner of the ownership of the TS Shares with effective date of 1 October 2018;
- 3) an Order that the Company shall cancel the share certificate in the name of Solartech Energy Corp. in respect of the TS Shares, and issue and deliver a new share certificate in the name of the Plaintiff in respect of the TS Shares within 30 days from the service of this Order;
- 4) an Order that the Plaintiff be given liberty to apply, including liberty to apply for any further directions on service or consequential relief;
- 5) costs of this application to be borne by the Company; and/or.
- 6) such further and/or other relief as the Honourable Court deems fit.

That the matter has been fixed for Case Management at the Kuala Lumpur High Court on 17 May 2019.

Further to the Announcement, the Company was informed that the Court has fixed the Hearing date on 05 August 2019.

The case will not have any financial or operational impact on Group. However, TSST is exposed to the legal expenses as TSST will be appointing a firm of lawyers to act on its behalf.

Further to the Announcements, the Board of Tek Seng wishes to inform that the movement of shares from Solartech Energy Corp. to URE is regarded as a "transmission" and there is no order as to costs on the announcement dated on 07 August 2019.

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 30.06.19	6 Months Cumulative To Date 30.06.19
Loss for the period attributable to ordinary equity holders of the Company (RM'000)	(3,985)	(3,509)
Weighted average number of ordinary shares in issue ('000)	348,144	348,144
Basic Loss Per Share based on weighted average number of ordinary shares in issue (sen)	(1.14)	(1.00)



NOTES TO THE INTERIM FINANCIAL REPORT

B13. Earning Per Share (continued)

(a) Basic Earnings Per Share (continued)

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

	Individual Current Quarter 30.06.19 '000	6 Months Cumulative To Date 30.06.19 '000
Number of ordinary shares at beginning of the period	348,144	348,144
Effect of shares issued pursuant to exercise of warrants	0	0
Weighted average number of ordinary shares	<u>348,144</u>	<u>348,144</u>

(b) Diluted Earnings per share

The diluted loss per share equals the basic loss per share due to the anti-dilutive effect of the Warrants which has been ignored in calculating the diluted loss per share.

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 second quarter ended 30 June 2019 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 : 23 August 2019