



德成控股有限公司

TEK SENG HOLDINGS BERHAD 200201011909
(579572-M)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	(Unaudited)	(Audited)
	As At	As At
	31.12.19	31.12.18
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	106,165	238,255
Right of use assets	8,405	0
Investment property	71,251	0
	<u>185,821</u>	<u>238,255</u>
Current assets		
Inventories	31,968	40,096
Trade receivables	23,425	23,294
Other receivables, deposits and prepayments	2,505	2,590
Current tax assets	416	249
Cash and bank balances	36,090	4,255
	<u>94,404</u>	<u>70,484</u>
TOTAL ASSETS	<u>280,225</u>	<u>308,739</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	112,137	111,871
Retained earnings	74,443	92,051
	<u>186,580</u>	<u>203,922</u>
Non-controlling interests	43,858	73,848
Total equity	<u>230,438</u>	<u>277,770</u>
LIABILITIES		
Non-current liabilities		
Borrowings	19,970	0
Lease liabilities	307	0
Deferred tax liabilities	4,456	4,613
Other payables	0	381
	<u>24,733</u>	<u>4,994</u>
Current liabilities		
Trade payables	5,940	4,773
Other payables	18,323	20,784
Lease liabilities	191	0
Current tax liabilities	600	418
	<u>25,054</u>	<u>25,975</u>
Total liabilities	<u>49,787</u>	<u>30,969</u>
TOTAL EQUITY AND LIABILITIES	<u>280,225</u>	<u>308,739</u>
Net Assets per Share (RM)	0.54	0.59
Net Assets (RM'000)	186,580	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 TWELVE-MONTHS ENDED 31 DECEMBER 2019

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.19 RM'000	31.12.18 RM'000	31.12.19 RM'000	31.12.18 RM'000
Revenue	42,458	35,645	172,603	184,010
Cost of sales	(36,256)	(33,461)	(155,847)	(199,174)
Gross profit / (loss)	<u>6,202</u>	<u>2,184</u>	<u>16,756</u>	<u>(15,164)</u>
Other operating income	4,221	1,038	12,443	3,250
Operating expenses	(36,771)	(16,579)	(67,428)	(98,733)
Finance costs	(183)	(191)	(460)	(237)
Loss before tax	<u>(26,531)</u>	<u>(13,548)</u>	<u>(38,689)</u>	<u>(110,884)</u>
Taxation	(1,239)	(991)	(4,037)	3,956
Loss for the period	<u>(27,770)</u>	<u>(14,539)</u>	<u>(42,726)</u>	<u>(106,928)</u>
Other comprehensive income, net of tax	0	0	0	0
Total comprehensive loss for the period	<u><u>(27,770)</u></u>	<u><u>(14,539)</u></u>	<u><u>(42,726)</u></u>	<u><u>(106,928)</u></u>
Loss for the period attributable to:				
- Owners of the parent	(12,935)	(6,565)	(16,253)	(48,691)
- Non-controlling interests	<u>(14,835)</u>	<u>(7,974)</u>	<u>(26,473)</u>	<u>(58,237)</u>
Total comprehensive loss for the period attributable to:				
- Owners of the parent	(12,935)	(6,565)	(16,253)	(48,691)
- Non-controlling interests	<u>(14,835)</u>	<u>(7,974)</u>	<u>(26,473)</u>	<u>(58,237)</u>
Loss per share attributable to owners of the parent:				
Basic loss per share (sen)	<u>(3.71)</u>	<u>(1.89)</u>	<u>(4.67)</u>	<u>(13.99)</u>
Diluted loss per share (sen)	<u>*</u>	<u>(1.90)</u>	<u>*</u>	<u>(13.71)</u>

Note:

*Diluted earnings per ordinary share equal basic earnings 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 TWELVE-MONTHS ENDED 31 DECEMBER 2019

	Share Capital RM'000	<u>Distributable</u> 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, as previously reported	111,868	144,425	256,293	132,085	388,378
Adjustment on initial application of MFRS 9	0	(202)	(202)	0	(202)
At 1 January 2018, as restated	111,868	144,223	256,091	132,085	388,176
Loss for the financial period	0	(48,691)	(48,691)	(58,237)	(106,928)
Other comprehensive income, net of tax	0	0	0	0	0
Total comprehensive loss for the period	0	(48,691)	(48,691)	(58,237)	(106,928)
Transactions with owners					
Issuance of ordinary shares - exercise of warrants	3	0	3	0	3
Dividend	0	(3,481)	(3,481)	0	(3,481)
Total transactions with owners	3	(3,481)	(3,478)	0	(3,478)
At 31 December 2018	111,871	92,051	203,922	73,848	277,770
At 1 January 2019	111,871	92,051	203,922	73,848	277,770
Loss for the financial period	0	(16,253)	(16,253)	(26,473)	(42,726)
Other comprehensive income, net of tax	0	0	0	0	0
Total comprehensive loss for the period	0	(16,253)	(16,253)	(26,473)	(42,726)
Transactions with owners					
Issuance of ordinary shares - exercise of warrants	266	0	266	0	266
Acquisition of shares from non-controlling interests	0	(1,355)	(1,355)	(3,517)	(4,872)
Total transactions with owners	266	(1,355)	(1,089)	(3,517)	(4,606)
At 31 December 2019	112,137	74,443	186,580	43,858	230,438

(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 TWELVE-MONTHS ENDED 31 DECEMBER 2019**

	12 months ended	
	31.12.19	31.12.18
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(38,689)	(110,884)
Adjustments for :		
Bad debts written off	470	0
Reversal of impairment losses on receivables	(355)	(15)
Impairment losses on receivables	0	1,129
Depreciation	13,052	24,072
Depreciation of right of use asset	287	0
Interest expense	460	237
Interest income	(613)	(26)
Inventories written back	(301)	0
Net unrealised loss on foreign exchange	102	74
Inventories written down	299	22,580
Impairment loss on property, plant and equipment	44,131	76,610
Gain on disposal of property, plant and equipment	(54)	(122)
Operating profit before working capital changes	<u>18,789</u>	<u>13,655</u>
Decrease / (Increase) in inventories	8,130	(7,066)
(Increase) / Decrease in trade and other receivables	(116)	6,809
Decrease in trade and other payables	<u>(1,646)</u>	<u>(6,346)</u>
Cash generated from operations	25,157	7,052
Interest paid	(447)	(237)
Interest received	613	26
Tax refunded	568	3
Tax paid	<u>(4,747)</u>	<u>(6,992)</u>
Net cash from / (used in) operating activities	<u>21,144</u>	<u>(148)</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	95	165
Purchase of property, plant and equipment	(4,506)	(2,245)
Acquisition of shares from non-controlling interests	<u>(4,872)</u>	<u>0</u>
Net cash used in investing activities	<u>(9,283)</u>	<u>(2,080)</u>
Cash flows from financing activities		
Dividend paid	0	(3,481)
Proceeds from short term bank borrowings	0	7,236
Repayments of short term bank borrowings	0	(7,236)
Drawdown of term loans	20,000	0
Repayments of term loan	(30)	0
Repayments of lease liabilities	(86)	0
Proceeds from issuance of shares pursuant to exercise of warrants	266	3
Net cash from / (used in) financing activities	<u>20,150</u>	<u>(3,478)</u>
Net increase / (decrease) in cash and cash equivalents	32,011	(5,706)
Effect of exchange rate changes on cash and cash equivalents	(176)	(340)
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><u>36,090</u></u>	<u><u>4,255</u></u>



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE TWELVE-MONTHS ENDED 31 DECEMBER 2019 (Continued)**

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

	As at 31.12.19 RM'000	As at 31.12.18 RM'000
Cash and bank balances	<u>36,090</u>	<u>4,255</u>
	<u>36,090</u>	<u>4,255</u>

Reconciliation of liabilities arising from financing activities

	Lease liabilities RM'000	Term loans RM'000
At 1 January 2019	0	0
Cash flows	(86)	19,970
Non-cash flows	584	0
As 31 December 2019	<u><u>498</u></u>	<u><u>19,970</u></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

Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform

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 will be peaks 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 RM44,131,445 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.

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 1,065,900 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 RM266,475.

A7. Dividend paid

There was no dividend paid during the current quarter.

A8. Other Operating Income

	Current Quarter 31.12.2019 RM'000	12 months Cumulative 31.12.2019 RM'000
Interest income	244	613
Gain on disposal of property, plant and equipment	14	54
Income from sale of solar energy	466	1,705
Foreign exchange gain	3	65
Rental income	880	2,552
Reversal of impairment loss on trade receivables	355	355
Other income	2,259	7,099
Total other operating income	<u>4,221</u>	<u>12,443</u>



NOTES TO THE INTERIM FINANCIAL REPORT

A9. Operating Expenses

	Current Quarter 31.12.2019 RM'000	12 months Cumulative 31.12.2019 RM'000
Depreciation	1,474	2,409
Rental	6	46
Salaries, allowances and bonus	2,157	8,433
Transportation	1,464	5,766
Water and electricity	22	86
General repairs and maintenance	176	764
Impairment of property, plant and equipment*	30,165	44,131
Depreciation of right of use asset	87	132
Others	1,220	5,661
Total operating expenses	36,771	67,428

*The Group has carried out impairment review on property, plant and equipment. An impairment loss of RM44,131,445 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.

A10. Finance costs

	Current Quarter 31.12.2019 RM'000	12 months Cumulative 31.12.2019 RM'000
Interest on term loan	164	429
Interest on lease liabilities	7	13
Others	12	18
Total finance costs	183	460

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.

	PVC RM'000	Solar RM'000	Group RM'000
1 October 2019 to 31 December 2019			
Revenue			
Total revenue	52,142	11	52,153
Elimination	(9,685)	(10)	(9,695)
Revenue from external customers	42,457	1	42,458
Results			
Segment results	3,491	(34,060)	(30,569)
Other operating income	1,750	2,471	4,221
Finance costs	(19)	(164)	(183)
Profit / (Loss) before tax	5,222	(31,753)	(26,531)
Income tax expense	(1,239)	0	(1,239)
Profit / (Loss) for the period	3,983	(31,753)	(27,770)
1 October 2018 to 31 December 2018			
Revenue			
Total revenue	39,223	2,659	41,882
Elimination	(5,968)	(269)	(6,237)
Revenue from external customers	33,255	2,390	35,645
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	1,632	(16,171)	(14,539)



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 31 December 2019			
Revenue			
Total revenue	207,789	3,666	211,455
Elimination	(38,842)	(10)	(38,852)
Revenue from external customers	<u>168,947</u>	<u>3,656</u>	<u>172,603</u>
Results			
Segment results	10,683	(61,355)	(50,672)
Other operating income	6,014	6,429	12,443
Finance costs	(31)	(429)	(460)
Profit / (Loss) before tax	<u>16,666</u>	<u>(55,355)</u>	<u>(38,689)</u>
Income tax expense	(4,037)	0	(4,037)
Profit / (Loss) for the period	<u>12,629</u>	<u>(55,355)</u>	<u>(42,726)</u>
Assets	<u>142,394</u>	<u>137,831</u>	<u>280,225</u>
Liabilities	<u>26,379</u>	<u>23,408</u>	<u>49,787</u>
1 January 2018 to 31 December 2018			
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	<u>15,854</u>	<u>(126,738)</u>	<u>(110,884)</u>
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	<u>114,268</u>	<u>194,471</u>	<u>308,739</u>
Liabilities	<u>28,199</u>	<u>2,770</u>	<u>30,969</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

On 30 January 2020, Tek Seng warrants had expired and removed from the official list of Bursa Securities.

A14. Changes In The Composition of The Group

As at 16 December 2019, TS Solartech Sdn Bhd ("TS Solartech"), was a 50.69%-owned subsidiary of TSHB. Pursuant to the ordinary shares purchased from non-controlling interest of TS Solartech, TSHB's equity interest in TS Solartech had been increased to 53.69% and whereas non-controlling shareholders' shareholdings had been reduced from 49.31% to 46.31%. TS Solartech does not have any subsidiary or associate company.

A15. Contingent Liabilities

	31.12.2019 RM'000
Secured corporate guarantees given to licensed banks for facilities granted to subsidiaries	38,210
Unsecured corporate guarantees given to suppliers of subsidiaries	4,093
	<u>42,303</u>

A16. Capital Commitments

There were no material capital commitments in respect of property, plant and equipment for in the interim financial statements as at 31 December 2019.



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 12 months ended		Changes + / -	
	31.12.19	31.12.18			31.12.19	31.12.18		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	42,458	35,645	6,813	19.11	172,603	184,010	(11,407)	(6.20)
Gross profit / (loss)	6,202	2,184	4,018	183.97	16,756	(15,164)	31,920	210.50
Loss before interest and tax	(26,592)	(13,366)	(13,226)	(98.95)	(38,842)	(110,673)	71,831	64.90
Loss before tax	(26,531)	(13,548)	(12,983)	(95.83)	(38,689)	(110,884)	72,195	65.11
Loss for the period	(27,770)	(14,539)	(13,231)	(91.00)	(42,726)	(106,928)	64,202	60.04
Loss attributable to ordinary equity holders of the parent	(12,935)	(6,565)	(6,370)	(97.03)	(16,253)	(48,691)	32,438	66.62

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

For the period ended 31 December 2019, the Group recorded a revenue of RM172.6 million while loss before tax was recorded at RM38.7 million. The major contributor of the Group's revenue was from PVC segment, which contributed approximately 97.9% for the period ended 31 December 2019. When compared to corresponding period of 31 December 2018, the revenue has decreased by RM11.4 million and the Group's loss before tax has decreased by RM72.2 million. This was mainly due to higher other income, lower impairment loss of property, plant and equipment and lower production overhead recorded by the Solar segment.

Performance of the respective operating business segments for the period ended 31 December 2019 as compared to the previous year corresponding period is analysed as follows:-

- 1) PVC - The increase in profit before tax by RM0.8 million from RM15.9 million to RM16.7 million was mainly due to higher other income.
- 2) Solar - The decrease in loss before tax by RM71.3 million from RM126.7 million to RM55.4 million was mainly due to higher other income, lower impairment loss of property, plant and equipment and lower production overhead.

b) Current Quarter vs. Previous Year Corresponding Quarter

For the current quarter, the Group recorded a revenue of RM42.5 million while loss before tax was recorded at RM26.5 million. When compared to corresponding quarter of 31 December 2018, the revenue has increased by RM6.8 million but the Group's loss before tax has increased by RM13.0 million. This was mainly due to higher 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 RM2.6 million from RM2.6 million to RM5.2 million was mainly due to higher revenue and other income.
- 2) Solar - The increase in loss before tax by RM15.6 million from RM16.2 million to RM31.8 million was mainly due to 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 01.10.19-31.12.19	Preceding Quarter 01.07.19-30.09.19	Changes	
	RM'000	RM'000	RM'000	%
Revenue	42,458	39,955	2,503	6.26
Gross profit	6,202	1,624	4,578	281.90
Loss before interest and tax	(26,592)	(513)	(26,079)	(5,083.63)
Loss before tax	(26,531)	(492)	(26,039)	(5,292.48)
Loss for the period	(27,770)	(1,047)	(26,723)	(2,552.34)
(Loss) / Profit attributable to ordinary equity holders of the parent	(12,935)	191	(13,126)	(6,872.25)

The Group recorded higher revenue of RM2.5 million in the current quarter, representing 6.3% increase from RM40 million in the preceding quarter due to higher revenue contributed by the PVC segments.

The Group's loss before tax for the current quarter is RM26.5 million which has increased by RM26.0 million from RM0.5 million 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 2020 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, TS Solartech Sdn. Bhd. had been rented out the second factory building 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 31.12.19 RM'000	12 months Cumulative 31.12.19 RM'000
Current tax expense		
- current	1,272	4,137
- prior years	0	56
Deferred tax expense		
- Origination and reversal of temporary differences	(33)	(156)
Total tax expense	<u>1,239</u>	<u>4,037</u>

The Group's effective tax rate for the current period differs from the statutory tax rate 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 31.12.2019 RM'000	At end of previous financial year 31.12.2018 RM'000
Trade receivables	24,386	24,610
Less : Impairment loss	(961)	(1,316)
	<u>23,425</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 31.12.2019 RM'000	At end of previous financial year 31.12.2018 RM'000
Neither past due nor impaired	14,068	13,852
Past due, but not impaired		
1 to 30 days	6,631	7,385
31 to 60 days	1,902	1,406
61 to 90 days	1,004	1,257
More than 91 days	781	710
	<u>10,318</u>	<u>10,758</u>
Impaired	24,386	24,610
	(961)	(1,316)
	<u>23,425</u>	<u>23,294</u>

b) The Group assesses the impairment on trade receivable based 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:

	31.12.2019 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 31.12.2019		
	Short term RM'000	Long term RM'000	Total RM'000
Secured			
Term loans	0	19,970	19,970
	<u>0</u>	<u>19,970</u>	<u>19,970</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

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).

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 31.12.19	12 Months Cumulative To Date 31.12.19
Loss for the period attributable to ordinary equity holders of the Company (RM'000)	<u>(12,935)</u>	<u>(16,253)</u>
Weighted average number of ordinary shares in issue ('000)	<u>348,322</u>	<u>348,197</u>
Loss Per Share based on weighted average number of ordinary shares in issue (sen)	<u>(3.71)</u>	<u>(4.67)</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 31.12.19 '000	12 Months Cumulative To Date 31.12.19 '000
Number of ordinary shares at beginning of the period	348,144	348,144
Effect of shares issued pursuant to exercise of warrants	<u>178</u>	<u>53</u>
Weighted average number of ordinary shares	<u>348,322</u>	<u>348,197</u>

(b) Diluted Earnings Per Share

The diluted 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 forth quarter ended 31 December 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 : 27 February 2020