



德成控股有限公司

TEK SENG HOLDINGS BERHAD 200201011909
(579572-M)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020**

	(Unaudited)	(Audited)
	As At	As At
	30.09.20	31.12.19
ASSETS	RM'000	RM'000
Non-current assets		
Property, plant and equipment	106,466	106,165
Right-of-use assets	8,129	8,405
Investment properties	70,108	71,251
	<u>184,703</u>	<u>185,821</u>
Current assets		
Inventories	28,806	31,968
Trade receivables	25,435	23,425
Other receivables, deposits and prepayments	1,239	2,505
Current tax assets	164	416
Cash and bank balances	57,799	36,090
	<u>113,443</u>	<u>94,404</u>
TOTAL ASSETS	<u>298,146</u>	<u>280,225</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	115,002	112,137
Retained earnings	92,058	74,443
	<u>207,060</u>	<u>186,580</u>
Non-controlling interests	41,114	43,858
Total equity	<u>248,174</u>	<u>230,438</u>
LIABILITIES		
Non-current liabilities		
Borrowings	19,970	19,970
Lease liabilities	158	307
Deferred tax liabilities	4,372	4,456
	<u>24,500</u>	<u>24,733</u>
Current liabilities		
Trade payables	6,145	5,940
Other payables	15,083	18,323
Lease liabilities	198	191
Current tax liabilities	4,046	600
	<u>25,472</u>	<u>25,054</u>
Total liabilities	<u>49,972</u>	<u>49,787</u>
TOTAL EQUITY AND LIABILITIES	<u>298,146</u>	<u>280,225</u>
Net Assets per Share (RM)	0.57	0.54
Net Assets (RM'000)	207,060	186,580

(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 2019)



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE-MONTHS ENDED 30 SEPTEMBER 2020

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.20 RM'000	30.09.19 RM'000	30.09.20 RM'000	30.09.19 RM'000
Revenue	49,285	39,955	142,576	130,145
Cost of sales	(37,188)	(38,331)	(109,786)	(119,591)
Gross profit	<u>12,097</u>	<u>1,624</u>	<u>32,790</u>	<u>10,554</u>
Other operating income	4,248	3,314	10,652	8,222
Operating expenses	(5,362)	(5,213)	(17,862)	(30,657)
Finance costs	(169)	(217)	(534)	(277)
Profit / (Loss) before tax	<u>10,814</u>	<u>(492)</u>	<u>25,046</u>	<u>(12,158)</u>
Tax expense	(2,674)	(555)	(6,311)	(2,798)
Profit / (Loss) for the period	<u>8,140</u>	<u>(1,047)</u>	<u>18,735</u>	<u>(14,956)</u>
Other comprehensive income, net of tax	0	0	0	0
Total comprehensive income / (loss) for the period	<u>8,140</u>	<u>(1,047)</u>	<u>18,735</u>	<u>(14,956)</u>
Profit / (Loss) for the period attributable to:				
- Owners of the parent	8,102	191	19,249	(3,318)
- Non-controlling interests	<u>38</u>	<u>(1,238)</u>	<u>(514)</u>	<u>(11,638)</u>
Total comprehensive income / (loss) for the period attributable to:				
- Owners of the parent	8,102	191	19,249	(3,318)
- Non-controlling interests	<u>38</u>	<u>(1,238)</u>	<u>(514)</u>	<u>(11,638)</u>
Earnings / (Loss) per ordinary share attributable equity holders of the Company:				
Basic and diluted earnings / (loss) per share (sen)	<u>2.26</u>	<u>0.05</u>	<u>5.37</u>	<u>(0.95)</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 2019)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE NINE-MONTHS ENDED 30 SEPTEMBER 2020**

	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 2019	111,871	92,051	203,922	73,848	277,770
Loss for the financial period	0	(3,318)	(3,318)	(11,638)	(14,956)
Other comprehensive income, net of tax	0	0	0	0	0
Total comprehensive loss for the period	0	(3,318)	(3,318)	(11,638)	(14,956)
Transactions with owners					
Issuance of ordinary shares - exercise of warrants	13	0	13	0	13
Total transactions with owners	13	0	13	0	13
At 30 September 2019	<u>111,884</u>	<u>88,733</u>	<u>200,617</u>	<u>62,210</u>	<u>262,827</u>
At 1 January 2020	112,137	74,443	186,580	43,858	230,438
Profit / (Loss) for the financial period	0	19,249	19,249	(514)	18,735
Other comprehensive income, net of tax	0	0	0	0	0
Total comprehensive income / (loss) for the period	0	19,249	19,249	(514)	18,735
Transaction with owners					
Issuance of ordinary shares - exercise of warrants	2,865	0	2,865	0	2,865
Acquisition of shares from non-controlling interests	0	(1,634)	(1,634)	(2,230)	(3,864)
Total transaction with owners	2,865	(1,634)	1,231	(2,230)	(999)
At 30 September 2020	<u>115,002</u>	<u>92,058</u>	<u>207,060</u>	<u>41,114</u>	<u>248,174</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 2019)



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTHS ENDED 30 SEPTEMBER 2020

	9 months ended	
	30.09.20	30.09.19
	RM'000	RM'000
Cash flows from operating activities		
Profit / (Loss) before tax	25,046	(12,158)
Adjustments for :		
Reversal of impairment losses on receivables	0	(98)
Impairment losses on receivables	240	0
Depreciation of property, plant and equipment	4,390	10,422
Depreciation of investment properties	1,143	0
Depreciation of right-of-use assets	276	45
Interest expense	534	277
Interest income	(794)	(369)
Net unrealised gain on foreign exchange	(205)	(27)
Inventories written down	0	(301)
Impairment losses on property, plant and equipment	552	13,966
Gain on disposal of property, plant and equipment	(371)	(40)
Operating profit before working capital changes	30,811	11,717
Decrease in inventories	3,162	9,277
(Increase) / Decrease in trade and other receivables	(971)	8,171
Decrease in trade and other payables	(3,078)	(6,480)
Cash generated from operations	29,924	22,685
Interest paid	(8)	(277)
Interest received	794	369
Tax paid	(2,697)	(3,969)
Net cash from operating activities	28,013	18,808
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	645	81
Purchase of property, plant and equipment	(5,517)	(3,012)
Acquisition of shares from non-controlling interests	(3,864)	0
Net cash used in investing activities	(8,736)	(2,931)
Cash flows from financing activities		
Drawdown of term loans	0	20,000
Repayments of term loans	(510)	0
Repayments of lease liabilities	(158)	(26)
Proceeds from issuance of shares pursuant to exercise of warrants	2,865	13
Net cash from financing activities	2,197	19,987
Net increase in cash and cash equivalents	21,474	35,864
Effect of exchange rate changes on cash and cash equivalents	235	(35)
Cash and cash equivalents at beginning of the financial period	36,090	4,255
Cash and cash equivalents at end of the financial period	57,799	40,084



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTHS ENDED 30 SEPTEMBER 2020 (Continued)**

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

	As at 30.09.20 RM'000	As at 30.09.19 RM'000
Cash and bank balances	<u>57,799</u>	<u>40,084</u>
	<u>57,799</u>	<u>40,084</u>

Reconciliation of liabilities arising from financing activities

	Lease liabilities RM'000	Term loans RM'000
At 1 January 2020	498	19,970
Cash flows - repayments	(158)	(510)
Non-cash flows - unwinding of interest	16	510
At 30 September 2020	<u>356</u>	<u>19,970</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 2019)



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 2019.

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 2019.

The Group had adopted the following Amendments to Standards, with a date of initial application of 1 January 2020.

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*

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

Amendments to MFRS 16 *Covid-19-Related Rent Concessions*

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 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 101 *Classification of Liabilities as Current or Non-current*

Annual Improvements to MFRS Standards 2018 - 2020

Amendments to MFRS 3 *Reference to the Conceptual Framework*

Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*

Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*

Amendments to MFRS 4 *Extension of the Temporary Exemption from Applying MFRS 9*

Amendments to MFRS 17 *Insurance Contracts*

A2. Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2019 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.

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

- Issuance of 11,458,275 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 RM2,864,569.

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

A7. Dividend paid

There was no dividend paid during the current quarter.

A8. Other Operating Income

	Current Quarter	9 months
	30.09.2020	Cumulative
	RM'000	30.09.2020
		RM'000
Interest income	240	794
Gain on disposal of property, plant and equipment	373	371
Income from sale of solar energy	456	1,510
Foreign exchange gain	29	301
Rental income	880	2,640
Other income	2,270	5,036
Total other operating income	<u>4,248</u>	<u>10,652</u>



NOTES TO THE INTERIM FINANCIAL REPORT

A9. Operating Expenses

	Current Quarter 30.09.2020 RM'000	9 months Cumulative 30.09.2020 RM'000
Depreciation of property, plant and equipment	364	1,089
Depreciation of investment properties	381	1,143
Salaries, allowances and bonus	2,204	6,367
Transportation	1,252	4,973
Water and electricity	21	64
General repairs and maintenance	210	568
Impairment of property, plant and equipment*	0	552
Depreciation of right-of-use assets	57	171
Others	873	2,935
Total operating expenses	<u>5,362</u>	<u>17,862</u>

*The Group has carried out impairment review on property, plant and equipment. An impairment loss of RM551,759 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 30.09.2020 RM'000	9 months Cumulative 30.09.2020 RM'000
Interest on term loans	162	510
Interest on lease liabilities	5	16
Others	2	8
Total finance costs	<u>169</u>	<u>534</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, PP Transparent and Translucent Sheet, 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 July 2020 to 30 September 2020			
Revenue			
Total revenue	62,196	148	62,344
Elimination	(13,059)	0	(13,059)
Revenue from external customers	<u>49,137</u>	<u>148</u>	<u>49,285</u>
Results			
Segment results	8,099	(1,364)	6,735
Other operating income	2,518	1,730	4,248
Finance costs	(7)	(162)	(169)
Profit before tax	<u>10,610</u>	<u>204</u>	<u>10,814</u>
Income tax expense	(2,674)	0	(2,674)
Profit for the period	<u>7,936</u>	<u>204</u>	<u>8,140</u>
1 July 2019 to 30 September 2019			
Revenue			
Total revenue	48,830	24	48,854
Elimination	(8,899)	0	(8,899)
Revenue from external customers	<u>39,931</u>	<u>0</u>	<u>39,955</u>
Results			
Segment results	698	(4,287)	(3,589)
Other operating income	1,327	1,987	3,314
Finance costs	(8)	(209)	(217)
Profit / (Loss) before tax	<u>2,017</u>	<u>(2,509)</u>	<u>(492)</u>
Income tax expense	(555)	0	(555)
Profit / (Loss) for the period	<u>1,462</u>	<u>(2,509)</u>	<u>(1,047)</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 2020 to 30 September 2020			
Revenue			
Total revenue	177,737	148	177,885
Elimination	(35,309)	0	(35,309)
Revenue from external customers	<u>142,428</u>	<u>148</u>	<u>142,576</u>
Results			
Segment results	20,136	(5,208)	14,928
Other operating income	5,922	4,730	10,652
Finance costs	(24)	(510)	(534)
Profit / (Loss) before tax	<u>26,034</u>	<u>(988)</u>	<u>25,046</u>
Income tax expense	(6,311)	0	(6,311)
Profit / (Loss) for the period	<u>19,723</u>	<u>(988)</u>	<u>18,735</u>
Assets	<u>164,546</u>	<u>133,600</u>	<u>298,146</u>
Liabilities	<u>25,419</u>	<u>24,553</u>	<u>49,972</u>
1 January 2019 to 30 September 2019			
Revenue			
Total revenue	155,646	3,655	159,301
Elimination	(29,156)	0	(29,156)
Revenue from external customers	<u>126,490</u>	<u>3,655</u>	<u>130,145</u>
Results			
Segment results	6,771	(26,874)	(20,103)
Other operating income	4,264	3,958	8,222
Finance costs	(12)	(265)	(277)
Profit / (Loss) before tax	<u>11,023</u>	<u>(23,181)</u>	<u>(12,158)</u>
Income tax expense	(2,798)	0	(2,798)
Profit / (Loss) for the period	<u>8,225</u>	<u>(23,181)</u>	<u>(14,956)</u>
Assets	<u>138,541</u>	<u>169,602</u>	<u>308,143</u>
Liabilities	<u>21,785</u>	<u>23,531</u>	<u>45,316</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 2019.

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

As at 09 September 2020, TS Solartech Sdn Bhd ("TS Solartech"), was a 53.69%-owned subsidiary of TSHB. On 10 September 2020, pursuant to the ordinary shares purchased from non-controlling interest of TS Solartech, TSHB's equity interest in TS Solartech had been increased to 56.07% and whereas non-controlling shareholders' shareholdings had been reduced from 46.31% to 43.93%. TS Solartech does not have any subsidiary or associate company.

A15. Contingent Liabilities

Secured corporate guarantees given to licensed banks for facilities granted to subsidiaries	32,660
Unsecured corporate guarantees given to suppliers of subsidiaries	4,159
	<u>36,819</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 30 September 2020.



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 period to date

	Current Quarter 3 months ended		Changes + / -		Cumulative Quarter 9 months ended		Changes + / -	
	30.09.20 RM'000	30.09.19 RM'000			30.09.20 RM'000	30.09.19 RM'000		
			RM'000	%			RM'000	%
Revenue	49,285	39,955	9,330	23.35	142,576	130,145	12,431	9.55
Gross profit	12,097	1,624	10,473	644.89	32,790	10,554	22,236	210.69
Profit / (Loss) before interest and tax	10,743	(513)	11,256	2,194.15	24,786	(12,250)	37,036	302.33
Profit / (Loss) before tax	10,814	(492)	11,306	2,297.97	25,046	(12,158)	37,204	306.00
Profit / (Loss) for the period	8,140	(1,047)	9,187	877.46	18,735	(14,956)	33,691	225.27
Profit / (Loss) attributable to owners of the parent	8,102	191	7,911	4,141.88	19,249	(3,318)	22,567	680.14

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

For the period ended 30 September 2020, the Group recorded a revenue of RM142.6 million while profit before tax was recorded at RM25.0 million. The major contributor of the Group's revenue was from PVC segment for the period ended 30 September 2020. When compared to corresponding period of 30 September 2019, the revenue was recorded at RM130.1 million while loss before tax was recorded RM12.2 million.

Performance of the respective operating business segments for the period ended 30 September 2020 as compared to the previous year corresponding period is analysed as follows:-

1) PVC - The increase in profit before tax by RM15.0 million from RM11.0 million to RM26.0 million was mainly due to :

- i) Continuous increasing demand for PP Non-Woven products, especially Personal Protective Equipments such as face masks and gowns as well as furniture industry.
- ii) Higher contribution from PVC segment especially PVC products for household and furniture uses.
- iii) Higher selling price for the PVC segment, mainly PP Non-Woven products.

2) Solar - The decrease in loss before tax by RM22.2 million from RM23.2 million to RM1.0 million was mainly due to higher other operating income including rental and solar energy generation, lower overhead expenses and minimum impairment loss by property, plant and equipment for the Solar segment.

b) Current Quarter vs. Previous Year Corresponding Quarter

For the current quarter, the Group recorded a revenue of RM49.3 million while profit before tax was recorded at RM10.8 million. When compared to corresponding quarter of 30 September 2019, the revenue was recorded at RM40.0 million while loss before tax was recorded at RM0.5 million.

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 RM8.6 million from RM2.0 million to RM10.6 million was mainly due to :

- i) Continuous increasing demand for PP Non-Woven products, especially Personal Protective Equipments such as face masks and gowns as well as furniture industry.
- ii) Higher contribution from PVC segment especially PVC products for household and furniture uses.
- iii) Higher selling price for the PVC segment, mainly PP Non-Woven products.

2) Solar - The decrease in loss before tax by RM2.7 million from RM2.5 million to profit before tax RM0.2 million was mainly due to higher other operating income including rental and solar energy generation and lower overhead expenses for the Solar segment.

B2. Variation of Results Against Preceding Quarter

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

	Current Quarter 01.07.20-30.09.20 RM'000	Preceding Quarter 01.04.20-30.06.20 RM'000	Changes	
			RM'000	%
Revenue	49,285	41,286	7,999	19.37
Gross profit	12,097	11,271	826	7.33
Profit before interest and tax	10,743	8,128	2,615	32.17
Profit before tax	10,814	8,240	2,574	31.24
Profit for the period	8,140	6,129	2,011	32.81
Profit attributable to owners of the parent	8,102	6,536	1,566	23.96

The Group revenue increased by RM8.0 million in the current quarter, representing 19.4% increase from RM41.3 million in the preceding quarter due to higher revenue contributed by the PVC segments.

The Group's profit before tax for the current quarter is RM10.8 million compared to profit before tax RM8.2 million as recorded in the preceding quarter. This was mainly due to improved sales mix in third quarter of 2020.



NOTES TO THE INTERIM FINANCIAL REPORT

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 due to COVID-19 pandemic and the impact from the fluctuation in foreign currency. Moving forward, the Group will focus on producing PP Non Woven materials to cater for medical appliances. Our newly invested PP Non-Woven machine will commence full production by mid November 2020, more than double of our current capacity. Our PP Non-Woven demand is expected to be fully filled up until end of 2020. The ISO 13485 : 2016 and 9001 : 2015 that was obtained for PP Non-Woven division enables us to further expand into hygiene products and further enhance our sales stream.

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, the second factory buildings of TS Solartech Sdn. Bhd. has been rented out from 01 October 2020 onwards and the Company continues to generate income from the 1.18 MW solar energy arising from the solar panel installed.

B4. Variance of Actual and Forecast Revenue

Not applicable.

B5. Income Tax Expense

	Current Quarter 30.09.20 RM'000	9 months Cumulative 30.09.20 RM'000
Current tax expense		
- current	2,720	6,396
Deferred tax expense		
- Origination and reversal of temporary differences	(46)	(85)
Total tax expense	<u>2,674</u>	<u>6,311</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 30.09.2020 RM'000	At end of previous financial year 31.12.2019 RM'000
Trade receivables	26,636	24,386
Less : Impairment losses	(1,201)	(961)
	<u>25,435</u>	<u>23,425</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 30.09.2020 RM'000	At end of previous financial year 31.12.2019 RM'000
Neither past due nor impaired	18,840	14,068
Past due, but not impaired		
1 to 30 days	4,255	6,630
31 to 60 days	1,592	1,903
61 to 90 days	798	1,004
More than 91 days	1,151	781
	<u>7,796</u>	<u>10,318</u>
Impaired	26,636	24,386
	(1,201)	(961)
	<u>25,435</u>	<u>23,425</u>

b) The Group assesses the impairment on trade receivable based on expected credit loss model.

B9. Related party disclosures

i) Identity of related party
- The Company has controlling related party relationship with its direct subsidiaries.

ii) The Group had no transaction with related party during the financial period.



NOTES TO THE INTERIM FINANCIAL REPORT

B10. Group Borrowings

The Group's borrowings as at the end of the reporting quarter were as follows:

	As at 30.09.2020		
	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>

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 30.09.20	9 Months Cumulative To Date 30.09.20
Profit for the period attributable to ordinary equity holders of the Company (RM'000)	<u>8,102</u>	<u>19,249</u>
Weighted average number of ordinary shares in issue ('000)	<u>358,450</u>	<u>358,450</u>
Basic Earnings Per Share based on weighted average number of ordinary shares in issue (sen)	<u><u>2.26</u></u>	<u><u>5.37</u></u>

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

	Individual Current Quarter 30.09.20 '000	9 Months Cumulative To Date 30.09.20 '000
Number of ordinary shares at beginning of the period	349,210	349,210
Effect of shares issued pursuant to exercise of warrants	<u>9,240</u>	<u>9,240</u>
Weighted average number of ordinary shares	<u><u>358,450</u></u>	<u><u>358,450</u></u>

(b) Diluted Earnings Per Share

The diluted earnings per share of the Group is equal to the basic earnings per share as the Group does not have any potential dilutive ordinary shares in issue.

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 third quarter ended 30 September 2020 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 : 30 October 2020