



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 2021**

	(Unaudited)	(Audited)
	As At	As At
	30.09.21	31.12.20
ASSETS	RM'000	RM'000
Non-current assets		
Property, plant and equipment	81,543	59,066
Right-of-use assets	5,716	5,765
Investment properties	115,897	118,306
	<u>203,156</u>	<u>183,137</u>
Current assets		
Inventories	33,222	29,065
Trade receivables	23,876	30,524
Other receivables, deposits and prepayments	1,545	1,550
Current tax assets	733	140
Cash and bank balances	50,860	63,322
	<u>110,236</u>	<u>124,601</u>
TOTAL ASSETS	<u>313,392</u>	<u>307,738</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	115,002	115,002
Retained earnings	103,960	100,222
	<u>218,962</u>	<u>215,224</u>
Non-controlling interests	40,202	41,132
Total equity	<u>259,164</u>	<u>256,356</u>
LIABILITIES		
Non-current liabilities		
Borrowings	19,875	19,970
Lease liabilities	237	91
Deferred tax liabilities	4,172	4,662
	<u>24,284</u>	<u>24,723</u>
Current liabilities		
Trade payables	7,192	4,648
Other payables	15,255	19,644
Borrowings	4,292	0
Lease liabilities	77	176
Current tax liabilities	3,128	2,191
	<u>29,944</u>	<u>26,659</u>
Total liabilities	<u>54,228</u>	<u>51,382</u>
TOTAL EQUITY AND LIABILITIES	<u>313,392</u>	<u>307,738</u>
Net Assets per Share (RM)	0.61	0.60
Net Assets (RM'000)	218,962	215,224

(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 2020)



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE-MONTHS ENDED 30 SEPTEMBER 2021

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.21 RM'000	30.09.20 RM'000	30.09.21 RM'000	30.09.20 RM'000
Revenue	40,664	49,285	135,299	142,576
Cost of sales	(33,233)	(37,188)	(106,554)	(109,786)
Gross profit	<u>7,431</u>	<u>12,097</u>	<u>28,745</u>	<u>32,790</u>
Other operating income	3,578	4,248	10,666	10,652
Operating expenses	(7,480)	(5,362)	(20,684)	(17,862)
Finance costs	(40)	(169)	(359)	(534)
Profit before tax	<u>3,489</u>	<u>10,814</u>	<u>18,368</u>	<u>25,046</u>
Tax expense	(734)	(2,674)	(4,443)	(6,311)
Profit for the period	<u>2,755</u>	<u>8,140</u>	<u>13,925</u>	<u>18,735</u>
Other comprehensive income, net of tax	0	0	0	0
Total comprehensive income for the period	<u>2,755</u>	<u>8,140</u>	<u>13,925</u>	<u>18,735</u>
Profit / (Loss) for the period attributable to:				
- Owners of the parent	2,503	8,102	13,647	19,249
- Non-controlling interests	<u>252</u>	<u>38</u>	<u>278</u>	<u>(514)</u>
Total comprehensive income / (loss) for the period attributable to:				
- Owners of the parent	2,503	8,102	13,647	19,249
- Non-controlling interests	<u>252</u>	<u>38</u>	<u>278</u>	<u>(514)</u>
Earnings per ordinary share attributable equity holders of the Company:				
Basic and diluted earnings per share (sen)	<u>0.70</u>	<u>2.26</u>	<u>3.81</u>	<u>5.37</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 2020)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE NINE-MONTHS ENDED 30 SEPTEMBER 2021**

	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
As 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
Transactions 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 transactions with owners	2,865	(1,634)	1,231	(2,230)	(999)
As at 30 September 2020	<u>115,002</u>	<u>92,058</u>	<u>207,060</u>	<u>41,114</u>	<u>248,174</u>
As at 1 January 2021	115,002	100,222	215,224	41,132	256,356
Profit for the financial period	0	13,647	13,647	278	13,925
Other comprehensive income, net of tax	0	0	0	0	0
Total comprehensive income for the period	0	13,647	13,647	278	13,925
Transactions with owners					
Acquisition of shares from non-controlling interests	0	(892)	(892)	(1,208)	(2,100)
Dividends	0	(9,017)	(9,017)	0	(9,017)
Total transactions with owners	0	(9,909)	(9,909)	(1,208)	(11,117)
As at 30 September 2021	<u>115,002</u>	<u>103,960</u>	<u>218,962</u>	<u>40,202</u>	<u>259,164</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 2020)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTHS ENDED 30 SEPTEMBER 2021**

	9 months ended	
	30.09.21	30.09.20
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	18,368	25,046
Adjustments for :		
Impairment losses on receivables	524	240
Depreciation of property, plant and equipment	6,003	4,390
Depreciation of investment properties	1,986	1,143
Depreciation of right-of-use assets	314	276
Interest expense	359	534
Interest income	(733)	(794)
Net unrealised gain on foreign exchange	(24)	(205)
Impairment losses on property, plant and equipment	0	552
Loss on disposal of investment properties	186	0
Gain on disposal of property, plant and equipment	(51)	(371)
Operating profit before working capital changes	26,932	30,811
(Increase) / Decrease in inventories	(4,157)	3,162
Decrease / (Increase) in trade and other receivables	6,166	(971)
Decrease in trade and other payables	(1,930)	(3,078)
Cash generated from operations	27,011	29,924
Interest paid	(18)	(8)
Interest received	733	794
Tax paid	(4,589)	(2,697)
Net cash from operating activities	23,137	28,013
Cash flows from investing activities		
Proceeds from disposal of investment properties	237	0
Proceeds from disposal of property, plant and equipment	51	645
Purchase of property, plant and equipment	(28,480)	(5,517)
Accretion of interests in a subsidiary	(2,100)	(3,864)
Net cash used in investing activities	(30,292)	(8,736)
Cash flows from financing activities		
Dividends paid	(9,017)	0
Proceeds from short term bank borrowings	4,292	0
Repayments of interest on term loans	(424)	(510)
Repayments of lease liabilities	(230)	(158)
Proceeds from issuance of shares pursuant to exercise of warrants	0	2,865
Net cash (used in) / from financing activities	(5,379)	2,197
Net (decrease) / increase in cash and cash equivalents	(12,534)	21,474
Effect of exchange rate changes on cash and cash equivalents	72	235
Cash and cash equivalents at beginning of the financial period	63,322	36,090
Cash and cash equivalents at end of the financial period	50,860	57,799



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTHS ENDED 30 SEPTEMBER 2021 (Continued)**

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

	As at 30.09.21 RM'000	As at 30.09.20 RM'000
Cash and bank balances	2,566	3,779
Deposits with a licensed bank	48,294	54,020
	<u>50,860</u>	<u>57,799</u>

Reconciliation of liabilities arising from financing activities

	Lease liabilities RM'000	Term loans RM'000	Short term bank borrowings RM'000
As at 1 January 2021	267	19,970	0
Cash flows			
- (repayments) / drawdown	(230)	(424)	4,292
Non-cash flows			
- addition of lease liabilities	265	0	0
- unwinding of interest	12	329	0
As at 30 September 2021	<u>314</u>	<u>19,875</u>	<u>4,292</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 2020)



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 2020.

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 2020.

The Group had adopted the following Amendments to Standards, with a date of initial application of 1 January 2021.

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest rate Benchmark Reform - Phase 2*

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:

Amendment to MFRS 16 *Leases Covid-19-Related Rent Concessions beyond 30 June 2021*
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 17 *Insurance Contracts*
Amendments to MFRS 101 *Presentation of Financial Statements*
Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
Amendments to MFRS 112 *Income Taxes*

A2. Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2020 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.

A7. Dividends paid

A single tier interim dividend of 1.0 sen per ordinary share for the financial year ending 31 December 2021 has been paid on 15 April 2021.

A single tier second interim dividend of 1.0 sen per ordinary share for the financial year ending 31 December 2021 and interim dividend of 0.5 sen per ordinary share for the financial year ended 31 December 2020 has been paid on 06 August 2021.

A8. Other Operating Income

	Current Quarter 30.09.2021 RM'000	9 months Cumulative 30.09.2021 RM'000
Interest income	278	733
Gain on disposal of property, plant and equipment	51	51
Foreign exchange gain	0	279
Rental income	1,703	5,023
Other income	1,546	4,580
Total other operating income	<u>3,578</u>	<u>10,666</u>



NOTES TO THE INTERIM FINANCIAL REPORT

A9. Operating Expenses

	Current Quarter 30.09.2021 RM'000	9 months Cumulative 30.09.2021 RM'000
Depreciation of property, plant and equipment	540	1,320
Depreciation of investment properties	661	1,986
Salaries, allowances and bonus	2,126	6,254
Transportation	2,407	6,242
Water and electricity	294	337
General repairs and maintenance	254	1,129
Loss on disposal of investment properties	0	186
Depreciation of right-of-use assets	85	242
Others	1,113	2,988
Total operating expenses	7,480	20,684

A10. Finance costs

	Current Quarter 30.09.2021 RM'000	9 months Cumulative 30.09.2021 RM'000
Interest on term loans	21	329
Interest on lease liabilities	4	12
Interest on bank overdraft	13	13
Others	2	5
Total finance costs	40	359

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, trading of Solar Cell products and generate and supply the renewable energy.

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
Trading of Solar Cell products and Generate and supply the renewable energy.

	PVC RM'000	Solar RM'000	Group RM'000
1 July 2021 to 30 September 2021			
Revenue			
Total revenue	49,827	454	50,281
Elimination	(9,617)	0	(9,617)
Revenue from external customers	<u>40,210</u>	<u>454</u>	<u>40,664</u>
Results			
Segment results	1,111	(1,160)	(49)
Other operating income	1,805	1,773	3,578
Finance costs	(19)	(21)	(40)
Profit before tax	2,897	592	3,489
Income tax expense	(734)	0	(734)
Profit for the period	<u>2,163</u>	<u>592</u>	<u>2,755</u>
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	10,610	204	10,814
Income tax expense	(2,674)	0	(2,674)
Profit for the period	<u>7,936</u>	<u>204</u>	<u>8,140</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 2021 to 30 September 2021			
Revenue			
Total revenue	166,587	1,414	168,001
Elimination	(32,702)	0	(32,702)
Revenue from external customers	<u>133,885</u>	<u>1,414</u>	<u>135,299</u>
Results			
Segment results	12,063	(4,002)	8,061
Other operating income	5,682	4,984	10,666
Finance costs	(30)	(329)	(359)
Profit before tax	<u>17,715</u>	<u>653</u>	<u>18,368</u>
Income tax expense	(4,443)	0	(4,443)
Profit for the period	<u>13,272</u>	<u>653</u>	<u>13,925</u>
Assets	<u>182,967</u>	<u>130,425</u>	<u>313,392</u>
Liabilities	<u>29,461</u>	<u>24,767</u>	<u>54,228</u>
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>

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 2020.

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 04 January 2021, TS Solartech, was a 56.07% owned subsidiary of TSHB. On 05 January 2021, pursuant to the ordinary shares purchased from non-controlling interest of TS Solartech, TSHB's equity interest in TS Solartech had been increased to 57.36% and whereas non-controlling shareholders' shareholdings had been reduced from 43.93% to 42.64%. TS Solartech does not have any subsidiary or associate company.

A15. Contingent Liabilities

	30.09.2021 RM'000
Secured corporate guarantees given to licensed banks for facilities granted to subsidiaries	32,660
Unsecured corporate guarantees given to suppliers of subsidiaries	4,188
	<u>36,848</u>

A16. Capital Commitments

There were no material capital commitments in respect of property, plant and equipment for the interim financial statements as at 30 September 2021.



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 + / -	
	30.09.21	30.09.20			30.09.21	30.09.20		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	40,664	49,285	(8,621)	(17.49)	135,299	142,576	(7,277)	(5.10)
Gross profit	7,431	12,097	(4,666)	(38.57)	28,745	32,790	(4,045)	(12.34)
Profit before interest and tax	3,251	10,743	(7,492)	(69.74)	17,994	24,786	(6,792)	(27.40)
Profit before tax	3,489	10,814	(7,325)	(67.74)	18,368	25,046	(6,678)	(26.66)
Profit for the period	2,755	8,140	(5,385)	(66.15)	13,925	18,735	(4,810)	(25.67)
Profit attributable to owners of the parent	2,503	8,102	(5,599)	(69.11)	13,647	19,249	(5,602)	(29.10)

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

For the period ended 30 September 2021, the Group recorded a revenue of RM135.3 million while profit before tax was recorded at RM18.4 million. The major contributor of the Group's revenue was from PVC segment for the period ended 30 September 2021. When compared to corresponding period of 30 September 2020, the revenue was recorded at RM142.6 million while profit before tax was recorded at RM25.0 million.

Throughout the implementation of the FMCO (Full Movement Control Order) and NRP (National Recovery Plan) nationwide since 01 June 2021, all economic sectors were not allowed to operate with the exception of essential economic and service sectors. For non essential PVC products, we did not get the MITI approval to operate during FMCO and NRP Phase 1 and 2. However, we had the MITI approval to operate for the PP Non-Woven products for Personal Protective Equipments such as face masks and gowns which had helped to cushion some of top and bottom line for the financial period.

On 15 August 2021, MITI announced that operations for companies from both the essential and non-essential manufacturing sectors will be allowed, based on the vaccination rate of its workers. Under Phases 1, 2 and 3 of the NRP, companies where 40%-59% of workers are fully vaccinated would be allowed to operate at 60% capacity; 60%-79% of workers (80% capacity); and 80%-100% of workers (100% capacity). The Group declared to MITI that 80% of our employees were fully-vaccinated and subsequently the Group obtained the approval letter on 01 September 2021 to operate at 100% capacity.

As mass vaccination across the country continues to roll out, more states will transition to Phase 3 & Phase 4 of the National Recovery Plan. Malaysia is expected to open all economic sectors by the end of 2021 and it is anticipated that the economy will gradually recover.

Performance of the respective operating business segments for the period ended 30 september 2021 as compared to the previous year corresponding period is analysed as follows:-

1) PVC - The decrease in profit before tax by RM8.3 million from RM26 million to RM17.7 million was mainly due to lower revenue resulted from implementation of the FMCO and NRP Phase 1 and 2, we were not allowed to operate for non essential products. But, as vaccinations and recovery took place, PVC sheets demand had been steadily increasing during the financial period of 2021. PVC segment had contributed significantly especially from the household, furniture as well as the stationery supplies industry. PVC segment had endured a strong rebound since the turn of the year due to the reopening of economics sectors globally. PP Non-woven demand had been steady and consistent, mainly by Personal Protective Equipments sector followed by household industrial products.

2) Solar - The increase in profit before tax by RM1.6 million from loss before tax RM1.0 million to profit before tax RM0.6 million was mainly due to increase of revenue and other operating income and lower impairment loss of property, plant and equipment during the financial period.

b) Current Quarter vs. Previous Year Corresponding Quarter

For the current quarter, the Group recorded a revenue of RM40.7 million while profit before tax was recorded at RM3.5 million. When compared to corresponding quarter of 30 September 2020, the revenue was recorded at RM49.3 million while profit before tax was recorded at RM10.8 million.

Throughout the implementation of the FMCO and NRP nationwide since 01 June 2021, all economic sectors are not allowed to operate with the exception of essential economic and service sectors. For non essential PVC products, we did not get the MITI approval to operate during FMCO and NRP Phase 1 and 2. However, we had the MITI approval to operate for the PP Non-Woven products for Personal Protective Equipments such as face masks and gowns which had helped to cushion some of top and bottom line for 3rd Quarter 2021. With only 80% of workforce allowed, the Group had practiced optimum efficiency in terms of productions and safety at workplace throughout the duration.

On 15 August 2021, MITI announced that operations for companies from both the essential and non-essential manufacturing sectors will be allowed, based on the vaccination rate of its workers. Under Phases 1, 2 and 3 of the NRP, companies where 40%-59% of workers are fully vaccinated would be allowed to operate at 60% capacity; 60%-79% of workers (80% capacity); and 80%-100% of workers (100% capacity). The Group declared to MITI that 80% of our employees were fully-vaccinated and subsequently the Group obtained the approval letter on 01 September 2021 to operate at 100% capacity.

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 decrease in profit before tax by RM7.7 million from RM10.6 million to RM2.9 million was mainly due to lower revenue resulted from implementation of the FMCO and NRP Phase 1 and 2, we were not allowed to operate for non essential products. Only 80% of workforce were allowed to work based on the percentage of employees fully vaccinated for PP Non-woven throughout the FMCO and NRP Phase 2, thus impacting on our production and financial performance. PVC was deemed non essential and thus was unable to tap on the growing demand worldwide. After obtaining approval letter to operate at 100% capacity for non essential sector on 1 September 2021, the revenue and profit before tax improved.

(2) Solar - The increase in profit before tax by RM0.4 million from RM0.2 million to profit before tax RM0.6 million was mainly due to increase of revenue and other operating income.



NOTES TO THE INTERIM FINANCIAL REPORT

B2. Variation of Results Against Preceding Quarter

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

	Current Quarter	Preceding Quarter	Changes	
	01.07.21-30.09.21 RM'000	01.04.21-30.06.21 RM'000	RM'000	%
Revenue	40,664	40,203	461	1.15
Gross profit	7,431	9,578	(2,147)	(22.42)
Profit before interest and tax	3,251	6,326	(3,075)	(48.61)
Profit before tax	3,489	6,401	(2,912)	(45.49)
Profit for the period	2,755	4,913	(2,158)	(43.92)
Profit attributable to owners of the parent	2,503	4,776	(2,273)	(47.59)

The Group revenue increased by RM0.5 million in the current quarter, representing 1.2% increase from RM40.2 million in the preceding quarter due to higher revenue contributed by the PVC segments as the Group allowed to operate at 100% capacity on September 2021.

The Group's profit before tax for the current quarter is RM3.5 million compared to profit before tax RM6.4 million as recorded in the preceding quarter. This was mainly due to increase in production costs in the 3rd quarter of 2021.

B3. Prospects

The Board of Directors foresees the performance of the Group for 2021 will be very challenging for its PVC business due to fluctuation in the price of raw materials, unexpected rise of shipping cost as a result of the market uncertainty due to COVID-19 pandemic and the impact from the fluctuation in foreign currency. The shortage of various raw material has driven the cost of manufacturing to a new high. This unprecedented situation has impacted the global supply chain as the Group purchases are mainly from Taiwan, China and Singapore.

However, the Group will be more cautious in managing our incoming supplies for 2021 and 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.

Due to 100% utilization of the current plant, the Group had acquired a 468,875 square feet industrial land to expand our current PVC segment. The Group is looking to set up a new warehouse, factory and a worker's dormitory. The Group is also looking to restructure our current manufacturing facilities in order to provide leaner and more efficient way of operation.

The Group remains cautious for 2021 on the domestic market as pandemic has hit a toil on. Forward looking, the Group will be focusing on expanding the business base for PP Non-woven sector. The Group has added new facilities which are mainly catered for medical lines. Currently, the Group has coating facilities in which our non-woven can be used in inner layer of face mask for water absorption purposes as well as for outer layer for water repellent purposes. The new machines can also produce specifications for diapers. The group is consistently looking for new product developments for different market, and as cleanliness and awareness have increased overall, the Group is likely to expand this division.

As for solar segment, the factory buildings of TS Solartech Sdn. Bhd. had been rented out 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 30.09.21 RM'000	9 months Cumulative 30.09.21 RM'000
Current tax expense		
- current	761	4,933
Deferred tax expense		
- Origination and reversal of temporary differences	(27)	(490)
Total tax expense	<u>734</u>	<u>4,443</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.

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.



NOTES TO THE INTERIM FINANCIAL REPORT

B8. Trade Receivables

	At end of current financial quarter 30.09.2021 RM'000	At end of previous financial year 31.12.2020 RM'000
Trade receivables	24,998	31,122
Less : Impairment losses	<u>(1,122)</u>	<u>(598)</u>
	<u>23,876</u>	<u>30,524</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 30.09.2021 RM'000	At end of previous financial year 31.12.2020 RM'000
Not past due	12,415	21,664
Past due		
1 to 30 days	6,040	6,702
31 to 60 days	2,805	1,591
61 to 90 days	2,280	896
More than 91 days	<u>1,458</u>	<u>269</u>
	12,583	9,458
	24,998	31,122
Impairment	<u>(1,122)</u>	<u>(598)</u>
	<u>23,876</u>	<u>30,524</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.

B10. Group Borrowings

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

	As at 30.09.2021		
	Short term RM'000	Long term RM'000	Total RM'000
Secured			
Term loans	0	19,875	19,875
	<u>0</u>	<u>19,875</u>	<u>19,875</u>
Unsecured			
Foreign currency trust receipt	4,292	0	4,292
	<u>4,292</u>	<u>0</u>	<u>4,292</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 30.09.21	9 Months Cumulative To Date 30.09.21
Profit for the period attributable to ordinary equity holders of the Company (RM'000)	<u>2,503</u>	<u>13,647</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>0.70</u>	<u>3.81</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.



NOTES TO THE INTERIM FINANCIAL REPORT

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. Payable Dividend

A single tier 3rd interim dividend of 1.0 sen per ordinary share for the financial year ending 31 December 2021 has been declared on 19 November 2021 and will be paid on 27 December 2021.

B16. 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 2021 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 : 19 November 2021