

**TSM Global Berhad (Co. No. 73170-V)**

**Condensed Consolidated Statement of Financial Position**  
**As at 31 July 2010 - unaudited**

	As at end of Current Quarter 31 July 2010  RM'000	As at Preceding Year Ended 31 January 2010 Restated RM'000
<b>ASSETS</b>		
<b>Non - Current Assets</b>		
Property, Plant and Equipment	129,410	61,708
Investment in Associated Companies	12,344	12,039
Other Investments	2,724	395
	144,478	74,142
<b>Current Assets</b>		
Inventories	43,753	32,654
Trade and other receivables	92,746	53,051
Short-term investment	41,651	52,145
Cash and bank balances	65,783	75,321
	243,933	213,171
<b>TOTAL ASSETS</b>	<b>388,411</b>	<b>287,313</b>
<b>Equity attributable to equity holders of the parent</b>		
Share Capital	62,646	55,211
Reserves	114,467	91,432
Treasury shares	(1)	(1)
<b>Equity attributable to shareholders of the Company</b>	177,112	146,642
<b>Minority interests</b>	93,502	95,528
<b>Total Equity</b>	270,614	242,170
<b>Non Current Liabilities</b>		
Bank Borrowings	9,661	4,682
Other payables	3,947	-
Deferred taxation	4,215	1,830
	17,823	6,512
<b>Current Liabilities</b>		
Trade and other payables	65,788	32,028
Bank Borrowings	25,851	1,338
Provision for Taxation	8,335	5,264
	99,974	38,630
<b>Total Liabilities</b>	117,797	45,142
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>388,411</b>	<b>287,313</b>
Net assets per share attributable to ordinary shareholders of the Company (RM)	2.83	2.65

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 January 2010 and the accompanying explanatory notes attached to the interim financial statements.

**TSM Global Berhad (Co. No. 73170-V)**

**Condensed Consolidated Statement of Comprehensive Income**  
**For the six months ended 31 July 2010 - unaudited**

	Current Quarter		Cumulative Quarter	
	3 months ended 31 July		6 months ended 31 July	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue	109,852	62,517	183,736	119,912
<b>Profit from Operations</b>	15,442	14,514	28,183	22,680
Other income	2,008	572	4,603	1,117
Finance Cost	(635)	(136)	(643)	(258)
Share of profit of associated companies	668	286	1,052	403
<b>Profit before tax</b>	17,484	15,236	33,194	23,942
Income tax	(4,726)	(3,908)	(7,706)	(6,202)
<b>Profit for the period</b>	12,758	11,328	25,488	17,740
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation differences for foreign operation	81	(157)	(747)	(295)
<b>Total comprehensive income for the period</b>	12,839	11,171	24,741	17,445
<b>Profit attributable to :</b>				
Shareholders of the Company	6,390	6,693	14,904	10,411
Minority interest	6,368	4,635	10,584	7,329
<b>Profit for the period</b>	12,758	11,328	25,488	17,740
<b>Total comprehensive income attributable to :</b>				
Shareholders of the Company	6,439	6,599	14,456	10,234
Minority interest	6,400	4,572	10,285	7,211
<b>Total comprehensive income for the period</b>	12,839	11,171	24,741	17,445
<b>Earnings per share attributable to shareholders of the Company :</b>				
- Basic (sen)	11.35	12.52	26.47	19.48
- Diluted (sen)	11.21	12.24	26.14	19.04

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial report for the year ended 31 January 2010 and the accompanying explanatory notes attached to the interim financial statements.

**TSM Global Berhad (Co. No. 73170-V)**

Condensed Consolidated Statements of Changes in Equity  
For the six months period ended 31 July 2010 - unaudited

	Attributable to Shareholders of the Company							Total Equity (RM'000)	
	Share Capital (RM'000)	Treasury Shares (RM'000)	Share Premium (RM'000)	Exchange Reserves (RM'000)	Non Distributable Revaluation Reserve (RM'000)	Capital Reserve (RM'000)	Distributable Retained Earnings (RM'000)		Minority Interest (RM'000)
<b>Six months ended 31 July 2009</b>									
Balance at 1 February 2009	53,466	-	3,715	1,452	377	1,693	62,661	86,360	209,724
Total comprehensive income for the period	-	-	-	(177)	-	-	10,411	7,211	17,445
Purchase of treasury shares	-	(1)	-	-	-	-	-	(1)	(1)
Issuance of shares	380	-	-	-	-	-	-	380	380
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(2,000)	(2,000)
Balance at 31 July 2009	53,846	(1)	3,715	1,275	377	1,693	73,073	91,571	225,549
<b>Six months ended 31 July 2010</b>									
Balance at 1 February 2010, as previously stated	55,211	(1)	3,715	1,082	377	2,239	83,944	95,479	242,047
Effect of adopting FRS 139	-	-	-	-	-	-	74	49	123
Balance at 1 February 2010, as restated	55,211	(1)	3,715	1,082	377	2,239	84,018	95,528	242,170
Total comprehensive income for the period	-	-	-	(448)	-	-	14,904	10,285	24,741
Issuance of shares	935	-	-	-	-	-	-	-	935
Acquisition of a subsidiary - Kencana (M) Sdn Bhd	6,500	-	8,580	-	-	-	-	(311)	14,769
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(12,000)	(12,000)
Balance at 31 July 2010	62,646	(1)	12,295	634	377	2,239	98,922	93,502	270,614

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 January 2010 and the accompanying explanatory notes attached to the interim financial statements.

## TSM Global Berhad (Co. No. 73170-V)

### Condensed Consolidated Statement of Cash Flows for the six months ended 31 July 2010 - unaudited

	6 months ended 31 July 2010 RM'000	Year ended 31 January 2010 RM'000
Net Profit before tax	33,194	54,746
Adjustment for non-cash flow items:		
Depreciation of property, plant and equipment	8,117	10,411
PPE written off	-	20
Goodwill on acquisition of subsidiary written off (net)	2,777	-
Diminution in value of investment in associated company	-	700
Interest expense	643	416
Gain on disposal of property, plant and equipment	(29)	(49)
Fair value gain on quoted investments	(2,329)	-
Share of profit of associated company	(1,052)	(2,105)
Interest income	(1,283)	(1,782)
Operating profit before changes in working capital	40,038	62,358
Changes in working capital :		
Decrease/(Increase) in inventories	(5,609)	(4,367)
Decrease/(Increase) in trade and other receivables	(15,338)	(4,345)
(Decrease)/Increase in trade and other payables	2,310	9,660
Cash generated from operating activities	21,401	63,306
Interest paid	(643)	(416)
Taxation paid	(5,083)	(10,447)
Net cash generated from operating activities	15,675	52,443
Investing Activities		
Purchase of debts	(7,897)	-
Dividend received from an associated company	-	1,181
Purchase of minority interest shares	-	(100)
Purchase of property, plant and equipment	(9,262)	(6,170)
Proceeds from disposal of property, plant and equipment	82	80
Interest received	1,283	1,782
Net cash used in investing activities	(15,794)	(3,228)
Financing Activities		
Proceeds from issuance of shares	935	1,745
Net drawdown of term borrowings	3,291	-
Net drawdown of hire purchases payables	-	1,113
Repayment of hire purchases payables	(1,423)	(130)
Repayment of term loan	(5,771)	(1,140)
Repayment of short-term borrowings	-	(13,576)
Dividend paid to minority shareholders	(12,000)	(8,000)
Dividend paid to shareholders	-	(2,692)
Net cash used in financing activities	(14,968)	(22,680)
Net (decrease)/ increase in cash and cash equivalents	(15,087)	26,534
Cash and cash equivalents at beginning of period	127,466	100,932
Cash and cash equivalents at end of period	112,379	127,466

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 January 2010 and the accompanying explanatory notes attached to these condensed consolidated interim

**TSM GLOBAL BERHAD (Co. No. 73170-V)**  
**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER**  
**ENDED 31 JULY 2010**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**A1 Basis of Preparation**

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions under Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and FRS 134: Interim Financial Reporting. They do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 January 2010.

**A2 Significant Accounting Policies**

The accounting policies and method of computation applied by the Group in these condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 January 2010, except for the application of the following new or revised Financial Reporting Standards ("FRS") where applicable to the Group, effective for the following period beginning 1 February 2010:

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised 2009)
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 2	Share-based payments (Vesting conditions and cancellations)
Amendments to FRS 117	Leases
Amendments to FRS 118	Revenue
Amendments to FRS 123	Borrowing costs
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 140	Investment Property

The above FRSs and Amendments to FRSs are effective for financial periods beginning after 1 January 2010. The application of the above FRSs and Amendments to FRSs did not result in significant change in the accounting policies and presentation of the financial results of the Group, except as discussed in the following:

**(a) FRS 101: Presentation of Financial Statements**

Prior to 1 February 2010, the components of a set of financial statements consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements.

With the adoption of revised FRS 101, a set of financial statements now comprise a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flow and notes to the financial statements. The statement of comprehensive income consists of profit or loss for the period and other comprehensive income. All non-owner changes in equity previously presented in the consolidated statement of changes in equity are now presented as components in the statement of comprehensive income.

Since the change only affects presentation aspects, there is no financial impact on the Group.

(b) **FRS 117: Leases**

Prior to the adoption of the Amendment to FRS 117, leasehold lands were treated as operating leases and classified as prepaid lease payments. With the adoption of Amendment to FRS 117, the Group has reassessed and determined that lands with initial lease term of 50 years or more are in substance finance leases. Accordingly, the Group has reclassified the long term leasehold lands to property, plant and equipment.

The change of this accounting policy has been made retrospectively in accordance with the transitional provision of the amendments. The comparative figures have been restated as follows:

<u>At 31 January 2010:</u>	<u>As previously stated</u> <u>RM'000</u>	<u>Reclassification</u> <u>RM'000</u>	<u>As restated</u> <u>RM'000</u>
Property, plant and equipment	58,967	2,741	61,708
Prepaid lease payments	2,741	(2,741)	-

(c) **FRS 139: Financial Instruments – Recognition and Measurement**

FRS 139 establishes principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items and permits hedge accounting only under strict circumstances.

Prior to the application of FRS 139, all unrecognized foreign currency exchange gain or loss arising from foreign currency forward contracts are only recognized in profit and loss on their settlement dates.

In accordance with the requirements of FRS 139, foreign currency forward contracts entered into by subsidiaries of the Group have been measured at fair value and changes in the fair value are recognized immediately in profit or loss in the period.

As allowed under the transitional provisions of this standard, the required changes are applied prospectively and the comparative information is not restated. However, the derivatives, financial assets and financial liabilities of the Group as at 1 February 2010 have been identified and re-measured. The difference between the re-measured amount and the previous carrying amount has been recognized as an adjustment to the retained earnings and minority interests as at 1 February 2010 as follows:

	<u>Retained Earnings</u> <u>RM'000</u>	<u>Minority Interests</u> <u>RM'000</u>
As at 31 January, as previously stated	83,944	95,479
Initial recognition of derivatives at 1 February 2010	74	49
As at 1 February 2010, as restated	<u>84,018</u>	<u>95,528</u>

**A3 Status of Audit Qualifications**

The audited financial statements of the Group for the year ended 31 January 2010 were not subject to any audit qualification.

**A4 Seasonal or cyclical factors**

The Group's operations have not been materially affected by seasonal or cyclical factors.

**A5 Unusual Items affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence for the financial period under review except for the acquisition of our new subsidiary company, Kenseisha (M) Sdn Bhd, and the consolidation of its operating results, financial position and cash flows.

**A6 Material Changes in Estimates**

There were no material changes in estimates used in the preparation of the financial statements in the current financial quarter.

**A7 Issuance, cancellation, repurchases, resale and repayments of debts and equity securities**

There were no issuance, cancellation, repurchases, resale and repayments of debt or equity securities during the financial period under review except for the following:

During the quarter ended 31 July 2010, the issued and paid-up capital of the Company was increased from RM55,211,000 to RM62,645,900 as a result of:

- (i) the issuance and allotment of 934,900 ordinary shares of RM1 each at RM1 per share under the Company's ESOS, and
- (ii) the issuance of 6,500,000 new ordinary shares of RM1 each to satisfy the purchase consideration of RM15,080,000 in the acquisition of our new subsidiary, Kenseisha (M) Sdn Bhd.

**A8 Dividend Paid**

On 25<sup>th</sup> May 2010, the Board of Directors declared a proposed tax exempt dividend of 5 sen per ordinary share of RM1 each for the financial year ended 31 January 2010. This dividend was paid on 18<sup>th</sup> August 2010.

**A9 Segmental Reporting**

The Group's segmental reporting for the six month period ended 31 July 2010 was as follows:

	<u>Gross</u> <u>Revenue</u> <u>RM'000</u>	<u>Profit (loss)</u> <u>before tax</u> <u>RM'000</u>
Manufacturing - Wire Harness	163,786	34,864
Manufacturing - Die-casting & Precision	19,628	(2,637)
Trading	-	124
Health and wellness	322	(350)
Investment holding and others	-	1,142
	<hr/>	<hr/>
	183,736	33,143
Group's share of associated companies	-	1,052
	<hr/>	<hr/>
	183,736	34,194

**A10 Valuations of Property, Plant and Equipment**

The valuations of land and buildings have been brought forward, without amendment from the previous annual report.

**A11 Material Subsequent Events**

There were no material subsequent events subsequent to the end of the period reported on that has not been reflected in the financial statements.

**A12 Changes in Composition of the Group**

On 31<sup>st</sup> May 2010, the Group acquired 85.47% equity interest in Kenseisha (M) Sdn Bhd, which is involved in the manufacturing of die-casting and precision machining parts primarily for the HDD and automotive industries.

The purchase consideration of RM15,080,000 was satisfied by the issuance of 6,500,000 new ordinary shares of RM1 each in TSM Global Berhad.

As at 31<sup>st</sup> July 2010, the Group has also acquired of RM41.443 million of debts owing by Kenseisha to various financial institutions at a discount of RM33.546 million. The Group has fair valued the assets and liabilities of Kenseisha as at 31<sup>st</sup> May 2010 resulting in goodwill arising on the acquisition in the amount of RM36.323 million. The discount on the debts acquisition was used to offset the goodwill on the acquisition of Kenseisha, as the Group views the acquisition of the shares and the debts of Kenseisha in totality as one transaction. Consequently, the goodwill arising on the acquisition of Kenseisha was reduced to RM2.777 million and this amount was written off in the current quarter and included as a charge to the current quarter's operating income.

**A13 Changes in Contingent Liabilities**

There were no changes in the contingent liabilities or contingent assets since the last financial year ended 31 January 2010 except for the issuance of a corporate guarantee by TSM Global Berhad to a banker of Kenseisha (M) Sdn Bhd on 31<sup>st</sup> May 2010 for banking facilities of RM31,000,000 and industrial hire purchase facilities of up to RM3,000,000.

**A14 Capital Commitments**

The amount of capital commitments not provided for the interim financial statements as at 31 July 2010 was as follows:

Approved and contracted for

RM'000  
5,300



**B. Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad**

**B1 Taxation**

The taxation of the Group for the financial period under review was as follows:

	<u>Current Quarter</u> <u>Ended</u> <u>31 July 2010</u> <u>RM'000</u>	<u>Cumulative Year</u> <u>To Date Ended</u> <u>31 July 2010</u> <u>RM'000</u>
Under / (over) provision in previous period	-	(5)
Taxation for current financial period	4,976	7,961
	<hr/> 4,976	<hr/> 7,956

**B2 Profit/(Loss) on sale of unquoted investments and/or properties**

During the financial period under review, there was no sale of unquoted investments or properties.

**B3 Quoted Investments**

a) Purchases and disposal of quoted securities

There were no purchases or sales of quoted securities for the financial period under review.

b) Investment in quoted securities as at 31 July 2010

	<u>RM'000</u>
At cost	987
At Fair Value	2,724
Market Value	2,724

**B4 Status of corporate proposals announced**

On 3 March 2010, the Company announced that it had on 3 March 2010 entered into a conditional Shares Sales Agreement with Sierra Indah Sdn Bhd to acquire 31,367,500 ordinary shares of RM1.00 each representing 85.47% of the existing issued and paid up ordinary share capital of Kenseisha (M) Sdn Bhd for a total consideration of RM15,080,000 to be satisfied by the issuance of 6,500,000 new ordinary shares of RM1.00 each in TSM Global Berhad ("Proposed Acquisition").

The Proposed Acquisition was completed on 31 May 2010.

**B5 Borrowing and debt securities**

	<u>At 31 July 2010</u> <u>RM'000</u>
<u>Short Term</u>	
Secured	25,851
Unsecured	-
<u>Long Term</u>	
Secured	9,661
Unsecured	-
	<u>35,512</u>

Group borrowings breakdown by currencies

<u>Functional currency</u>	<u>Denominated in</u>	<u>At 31 July 2010</u> <u>RM'000</u>
RM	RM	33,916
USD	USD	1,596
		<u>35,512</u>

**B6 Disclosure of Derivatives**

With the adoption of FRS 139, the Group does not have any other material financial instruments with off balance sheet risks as at 31 July 2010. The nature and values of outstanding derivatives as at 31 July 2010 is nil.

Foreign exchange forward contracts are entered into to protect the Group from exposure to currency movements in exchange rates, whenever deemed necessary and appropriate.

The fair value of the forward exchange contract is determined using forward market rates at the end of the reporting period and changes in the fair value is recognized in profit and loss.

These forward exchange contracts are entered into with licensed banks at pre-determined exchange rates, thus the Group is not exposed to credit risk or market risk. There are no cash requirements on the date of inception of these foreign currency forward contracts.

The group has set aside the cash required to meet the above liabilities when they fall due or in tandem with the settlement of the underlying hedged item.

**B7 Changes in Material Litigation**

Orix Credit Malaysia Sdn Bhd (“Orix”) had on 27 February 2010 served on Kenseisha (M) Sdn Bhd (“KMSB”) with a sealed writ Of Summon and Statement of Claim dated 8 February 2010. Pursuant to seven hire purchase agreements dated 30 August 2007, 26 September 2007, 30 January 2008, 24 March 2008, 22 May 2008, 6 August 2008 and 25 November 2008 respectively (collectively, the “Hire Purchase Agreements”) entered into between Orix and KMSB, Orix had provided several hire purchase facilities to KMSB.

In its Statement of Claim, Orix alleged that KMSB had breached the term of the Hire Purchase Agreements by failing to make payments to the facilities in accordance to the terms of the Hire Purchase Agreements. Orix is claiming for, *inter alia*, damages amounting to RM3,929,903.20 and interest at the rate of 0.0065% on the said amount calculated on daily rest until the full settlement of the payment.

Orix's application for summary judgment was dismissed with costs by the High Court. The case is now fixed for full trial on 1, 6 and 11 October 2010.

The solicitors are of the view/opinion that the company has a fair defence to this claim by Orix.

**B8 Material changes in the Profit/Loss before taxation for the quarter compared with the preceding quarter**

The Group's sales for the current quarter of RM109.852 million were 48.7% higher than the immediate preceding quarter's sales of RM73.884 million. Our new subsidiary, Kenseisha, accounted for RM19.628 million (or 26.5%) of this increase. The balance of the increased sales reflects the continuing strength of the automotive market in Malaysia during our second quarter ended 31 July 2010.

The profit for the period of RM12.758 million is RM28,000 or 0.22% higher than the immediate preceding quarter's profit of RM12.730 million. This included an operating loss of RM2.637 million by our new subsidiary, Kenseisha, during the current quarter. As explained in Note A12, the current quarter's results also includes the writing-off of RM2.777 million of goodwill arising on the acquisition of Kenseisha.

**B9 Review of Performance**

The Group's sales for the half year ended 31<sup>st</sup> July 2010 of RM183.736 million are higher by 53.22% compared to the corresponding period last year. The main reason is the inclusion of two month's sales of our new subsidiary, Kenseisha, in the current quarter. Our wire harness business has also increased in line with the strong automotive market in Malaysia during the first half of 2010 compared to 2009, when the economy was still recovering from the Global Financial Crisis of 2008/9.

The Net Profit for the half year ended 31<sup>st</sup> July 2010 of RM25.488 million is an increase of RM7.748 million (43.68%) compared to the corresponding period last year.

The Group's Basic Earnings per share for the current quarter is 11.35 sen compared to 12.52 sen for the corresponding quarter last year.

**B10 Current year's prospects**

The Malaysian Automotive Association (MAA) has revised its forecast for the total industry volume (TIV) for 2010 to be about 570,000 vehicles, which is an increase of 20,000 units from its earlier forecast. Due to the strong sales in the first 8 months of 2010 (increase of 24% over 2009), there is a very bullish market expectation that the volume for 2010 will set a new record for Malaysian automotive sales.

The Group remains confident that with our continuing quality and productivity improvement and cost control activities, we will be able to maintain positive financial results for the current year.

After the acquisition of Kenseisha, we are currently working on improving its operational performance. Kenseisha recorded a loss of RM2.637 million in the two months ended 31<sup>st</sup> July. Kenseisha's operations are on the uptrend and we plan to break-even before the end of our current financial year. The HDD industry is robust and shows huge capacity for growth.

**B11 Profit forecast**

Not applicable as there was no profit forecast.

**B12 Dividend**

The Company did not declare any interim dividend for the second quarter ended 31 July 2010.

**B13 Earnings/(Loss) per share**

	Current Quarter Ended 31 July 2010	Cumulative Year To-Date Ended 31 July 2010
(a) <u>Basic Earning/(Loss) per share</u>		
Net Profit/(Loss) attributed to shareholders of the Company (RM'000)	6,390	14,904
Weighted average number of ordinary shares in issue ('000)	56,312	56,312
Basic Earnings/(Loss) per share (sen)	11.35	26.47
(b) <u>Diluted Earning/(Loss) per share</u>		
Net Earnings/(Loss) attributed to shareholders of the Company (RM'000)	6,390	14,904
Weighted average number of ordinary shares in issue ('000)	56,312	56,312
Adjustment for ESOS ('000)	707	707
Weighted average number of ordinary shares for Diluted Earnings/(Loss) per share ('000)	57,019	57,019
Diluted Earnings/(Loss) per share (sen)	11.21	26.14

By Order of the Board

CHEE MIN ER  
Company Secretary

Kuala Lumpur  
30 September 2010

c.c. Securities Commission