

## 8. FINANCIAL INFORMATION (*Cont'd*)

RM33.62 million, RM36.06 million and RM39.38 million, respectively. The bank borrowings were mainly bank overdrafts, trade lines and hire purchase utilised for working capital purposes and financing of capital expenditure for the financial years under review.

### *Taxation*

The Malaysian statutory corporate tax rate applicable for FYE 31 March 2006, FYE 31 March 2007 and FYE 31 March 2008 was 28%, 27% and 26%, respectively. Our overall effective tax rates were 24.93% for FYE 2006, 20.10% for FYE 2007 and 15.76% for FYE 2008. The effective tax rates for the financial years under review were lower than the statutory tax rate mainly due to utilisation of reinvestment allowances to offset the chargeable income.

TSF and TSFM, two (2) wholly-owned subsidiaries of Teo Seng, are entitled to claim reinvestment allowance under Schedule 7A of the Income Tax Act, 1967. Under this tax incentive, these companies are entitled to claim 60% of the capital expenditure on expansion and modernisation to offset against 70% of the statutory income. Reinvestment allowances utilised is distributable as tax-exempt income.

### 8.3.1.1 Factors and trends affecting future financial condition and results of operations

#### *Factors affecting our profits*

The critical success factors to our business include but are not limited to the following:

(i) Effective cost control

Due to the keen competition in generic eggs in the market, the layer producers have to strike a balance between their production cost, obtaining a reasonable margin and establishing the ex-farm prices.

(ii) High quality

Consumers today are more educated and the expectations higher. Product shelf life is of paramount importance to the producers, wholesalers and retailers. Food scares due to disease outbreaks or statements by the media can all cause the consumers to stay away from the food products for a damaging period of time. The appearance of the eggs is important for consumer appeal. To attract consumers, the eggs must look clean and fresh in the shelves of the retailers. Hence, the shell quality is the first characteristic that the typical consumer looks for. Even though the shell colour is primarily a breed characteristic, there are often variations among individual chickens in a particular flock even when all are of the same breed and variety. Although most eggs are clean when they are laid, they can become contaminated with manure or other foreign matters, hence rendering them unfit for human consumption.

The production of quality eggs is also dependent on the breed of chickens selected because egg quality is a heritable characteristic. The use of high quality feeds and adjustments in feed formulations in accordance to the age of the chickens also play an important role. There is also the need to prevent diseases and other physiological disturbances in the flock. Diseases like infectious bronchitis can affect both the egg shell and internal egg qualities. Lastly, egg quality also decreases with the age of the chickens.

(iii) Effective distribution channels

The commercial layer farms distribute their products locally through key wholesalers, according to the geographic locations. In the case of exports, they are sent to the wholesale distributors in these countries. New entrants into the commercial layer industry would face stiff resistance from the existing wholesalers as they tend to be loyal to the established suppliers. Hence, besides operating a layer farm successfully, the marketing aspect in terms of effective distribution channels is also critical.

## 8. FINANCIAL INFORMATION (Cont'd)

### (iv) Farm automation and mechanisation

As most Malaysian workers are generally reluctant to work in the farms, the commercial layer industry has been forced to further automate and mechanise its farm operations. The rising demand for labour caused wage rates to increase so that the substitution of machinery for labour becomes more rational and meaningful. By substituting capital for labour, the farming area can be expanded further, hence leading to higher economies of scale.

(Source: IMRR)

After taking into consideration the abovementioned critical success factors and the following, we are of the opinion that our future financial condition and results of operations will remain favourable:

- (i) the nature and conditions of the business which we are operating in, as disclosed in this Prospectus, particularly Section 4 of this Prospectus;
- (ii) the prospects and outlook of the commercial layer industry as set out in Section 4.5.10 of this Prospectus;
- (iii) the prevailing global and Malaysian economy situation, as set out in Sections 4.5.1 and 4.5.2 of this Prospectus; and
- (iv) our future plans and outlook of our Group as set out in Section 4.8 of this Prospectus.

### 8.3.1.2 Achievement of forecasted results for FYE 31 March 2008

We submitted a consolidated profit forecast for FYE 31 March 2008 to the SC in our application for our Listing. Subsequently, we achieved the said forecast, based on our audited financial results for FYE 31 March 2008.

### 8.3.1.3 Segmental analysis

The following is a segmental analysis of our results for past three (3) FYE 31 March 2008:

#### *Analysis of revenue by company*

FYE 31 March	2006	2007	2008
Revenue	RM'000	RM'000	RM'000
Teo Seng	-	-	-
TSF	81,295	86,992	122,989
TTFM	47,307	57,395	83,395
TSPP	4,121	6,708	6,581
Ritma	5,910	7,926	13,731
	138,633	159,021	226,696
Less: Consolidation adjustments	(37,369)	(46,380)	(67,353)
Total revenue	101,264	112,641	159,343

## 8. FINANCIAL INFORMATION (Cont'd)

### *Analysis of revenue by activity*

<b>FYE 31 March</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Revenue</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Poultry	132,723	151,095	212,965
Trading	5,910	7,926	13,731
	<u>138,633</u>	<u>159,021</u>	<u>226,696</u>
Less: Consolidation adjustments	(37,369)	(46,380)	(67,353)
Total revenue	<u>101,264</u>	<u>112,641</u>	<u>159,343</u>

### *Analysis of revenue by location*

<b>FYE 31 March</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Revenue</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Local	135,088	147,513	205,215
Export	3,545	11,508	21,481
	<u>138,633</u>	<u>159,021</u>	<u>226,696</u>
Less: Consolidation adjustments	(37,369)	(46,380)	(67,353)
Total revenue	<u>101,264</u>	<u>112,641</u>	<u>159,343</u>

### *Analysis of gross profit by company*

<b>FYE 31 March</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Gross profit</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Teo Seng	-	-	-
TSF	13,525	8,105	14,065
TSFM	4,562	7,762	8,148
TSPP	1,273	2,598	1,833
Ritma	1,696	2,402	4,576
	<u>21,056</u>	<u>20,867</u>	<u>28,622</u>
Less: Consolidation adjustments	-	(1,039)	(3,017)
Total gross profit	<u>21,056</u>	<u>19,828</u>	<u>25,605</u>

### *Analysis of PBT by company*

<b>FYE 31 March</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>PBT</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Teo Seng	-	(4)	(5)
TSF	9,225	3,452	8,644
TSFM	3,025	5,921	6,110
TSPP	242	1,603	822
Ritma	798	1,269	2,368
	<u>13,290</u>	<u>12,241</u>	<u>17,939</u>
Less: Consolidation adjustments	(20)	(1,039)	(3,069)
Total PBT	<u>13,270</u>	<u>11,202</u>	<u>14,870</u>

## 8. FINANCIAL INFORMATION (*Cont'd*)

### 8.3.2 Results of operations

#### *FYE 31 March 2006*

Our Group recorded a revenue of RM101.26 million in FYE 31 March 2006, which was mainly backed by sales of eggs of approximately 359.93 million units and average egg selling price of 21.3 sen per egg.

We recorded a gross profit of RM21.06 million, with gross profit margin of 20.79% in FYE 31 March 2006.

PBT recorded in the financial year was RM13.27 million, with PBT margin of 13.10%.

#### *FYE 31 March 2007*

Our Group achieved a RM11.38 million or 11.23% increase in revenue from RM101.26 million to RM112.64 million in FYE 31 March 2007, though the average egg selling price dropped from 21.3 sen in previous financial year to 18.1 sen per egg, which mainly due to depressed egg prices in the first half of the financial year. The major contributor to the increase in revenue was due to increase in egg sales volume from approximately 359.93 million eggs to 432.90 million eggs. This was mainly contributed from TSF's contract farmer, Success Century, where it was the first full year of operation for its first farm and commencement of another farm in September 2006.

Our Group recorded a decrease of 5.83% in gross profit from RM21.06 million to RM19.83 million in FYE 31 March 2007, mainly due to the aforementioned depressed egg prices. This has also resulted in the decrease of gross profit margin from 20.79% in previous financial year to 17.60% in FYE 31 March 2007.

Consequently, our PBT also decreased from RM13.27 million in previous financial year to RM11.20 million in FYE 31 March 2007, a decrease of RM2.07 million or 15.58% decrease. The decrease in PBT was in line with the decrease of gross profit.

#### *FYE 31 March 2008*

Our Group recorded a revenue of RM159.34 million for the FYE 31 March 2008, which was RM46.70 million or 41.46% increase compare to RM112.64 million recorded in previous financial year. This was mainly due to the increase in egg selling price from 18.1 sen to 21.5 sen per egg, coupled with the increase in egg sales volume from approximately 432.90 million eggs to 517.79 million eggs in FYE 31 March 2008.

In line with the increase in revenue, our gross profit also increased from RM19.83 million in previous financial year to RM25.61 million in FYE 31 March 2008, an increase of RM5.78 million or 29.14%. However, the increase in the cost of feed raw materials has resulted in the decrease of gross profit margin from 17.60% in previous financial year to 16.07% in FYE 31 March 2008.

In line with the significant increase in revenue, our PBT also improved from RM11.20 million in previous financial year to RM14.87 million in FYE 31 March 2008, an increase of RM3.67 million or 32.74% improvement.

#### 8.3.2.1 Material changes in revenues

The reasons for the material changes in revenues for the past financial years under review are set out in Section 8.3.2 of this Prospectus.

#### 8.3.2.2 Impact of foreign exchange/interest rates/commodity prices

Our Group's sales are mainly local transactions and denominated in RM and therefore the impact of fluctuation in foreign exchange is minimal for sales. Our purchases are largely raw materials such as



## 8. FINANCIAL INFORMATION (Cont'd)

soya bean and maize for our feedmill from suppliers who import the raw material, thus subjecting our Group to foreign exchange fluctuation risks. Further details on the impact of foreign exchange risks are set forth in Section 3 of this Prospectus. However, it is not our Group's policy to hedge against USD foreign exchange movements at the moment.

As at the LPD, the total borrowings of our Group amounted to approximately RM46.04 million comprising bankers' acceptances, bank overdraft, term loans, hire purchase and others, all of which are local borrowings and interest-bearing, as detailed in Section 8.3.3.3 of this Prospectus.

Our Group's operating profits will be affected by any change in interest rates, especially with respect to interest payments. To mitigate the risk, our Group will make timely repayment of borrowings and adopt cautious financial management in obtaining additional financing via borrowings.

The main raw materials in our Group's operations are soya bean and maize for our Group's feedmill and the prices of such raw materials are subject to fluctuations as they are commodity-based. Recognising this risk, our management has taken steps to mitigate the impact of this risk on our operations and profitability. Most of the purchase of feed raw materials is contracted forward up to a period of three (3) months to hedge against price movements.

### 8.3.2.3 Impact of inflation

There is no material impact of inflation on our results of operations for the past three (3) financial years under review.

### 8.3.2.4 Government, economic, fiscal or monetary policies or factors

Please refer to Section 3.7 of this Prospectus for information or risk regarding any government, economic, fiscal or monetary policies or factors which may materially affect our operations.

There is no government, economic, fiscal or monetary policies or factors that have materially affected our operations for the past three (3) financial years under review.

## 8.3.3 Liquidity and capital resources

Our Group's main sources of liquidity and capital consists of a combination of internal source of funds derived mainly from cash generated from operations as well as external sources of funds comprising mainly borrowings from financial institutions and capital contribution by shareholders.

### 8.3.3.1 Cash flow

As at 31 March 2008, our Group has proforma consolidated cash and cash equivalents of approximately RM5.47 million. The following is the condensed summary of our Group's proforma consolidated cash flows statement for the FYE 31 March 2008, which should be read in conjunction with Section 8.4 of this Prospectus:

	<b>FYE 31 March 2008</b>
	<b>RM'000</b>
Net cash generated from operating activities	9,887
Net cash used in investing activities	(5,591)
Net cash generated from financing activities	1,907
Net increase in cash and cash equivalents	6,203
Cash and cash equivalents brought forward	(858)
Effect of exchange differences	125
Cash and cash equivalents carried forward	<u>5,470</u>

## 8. FINANCIAL INFORMATION (Cont'd)

We do not foresee any legal, financial or economic restriction on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances.

### *Net cash generated from operating activities*

During FYE 31 March 2008, our Group generated PBT of approximately RM14.87 million. Other than the funding for operating activities, the main operating cash outflows were the tax paid and finance costs paid, of approximately RM2.74 million and RM2.47 million respectively.

### *Net cash used in investing activities*

The net cash used in investing activities was mainly due to approximately RM5.81 million being used to purchase property, plant and equipment, including the construction of central office and chicken house, acquisition of egg tray forming machine and vacant lands, which is in line with our Group's expansion plan throughout the financial years under review.

### *Net cash generated from financing activities*

The net cash generated from financing activities of RM1.91 million was mainly due to the proceeds drawdown from short-term bank borrowings, including trade lines which were used for working capital purposes.

#### 8.3.3.2 Working capital

Our Board is of the opinion that after taking into account the cash flow position including the net proceeds from the Public Issue and the banking facilities available, we have adequate working capital for our present and foreseeable requirements over a period of twelve (12) months from the date of this Prospectus.

#### 8.3.3.3 Borrowings

The gearing ratios for the three (3) financial years under review which are calculated based on the total interest bearing borrowings divided by the proforma shareholders' funds are as follows:

FYE 31 March	2006	2007	2008
Gearing (times)	1.74	1.27	1.03

The following sets out our Group's total outstanding borrowings (which are local borrowings and interest bearing) as at the LPD:

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Term loan	1,763	2,417	4,180
Bank overdraft	3,068	-	3,068
Hire purchase payable	1,731	2,851	4,582
Amount owing to substantial shareholder, LHH	-	2,120	2,120
Trade line	32,094	-	32,094
Total	38,656	7,388	46,044

Our Board is of the opinion that, there are no unusual or onerous covenants in nature imposed under the borrowing facilities against us. Our Group does not have any borrowings in foreign currency as at the LPD.

Our Group has not defaulted on payments of interests and/or principal sums in respect of any borrowings throughout the past one (1) financial year and the financial period since then until the LPD.

## 8. FINANCIAL INFORMATION (Cont'd)

### 8.3.3.4 Breach of terms and conditions or covenants associated with credit arrangement or bank loan

As at the LPD, our Board does not know of any breach of terms and conditions or covenants associated with credit arrangement or bank loan which can materially affect our financial position and results or business operations, or the investments by holders of securities in our Company.

### 8.3.3.5 Funding and treasury policies and objectives

Our Group's main sources of funding consists of a combination of internal source of funds derived mainly from cash generated from operations as well as external sources of funds comprising mainly borrowings from financial institutions and capital contribution by shareholders. Our Group's objective is to minimise our Group's exposure to risks and/or costs associated with the financing, investing and operating activities of our Group.

Our Group's sales are mainly local transactions and denominated in RM and therefore the impact of fluctuation in foreign exchange is minimal for sales. Our purchases are largely raw materials such as soya bean and maize for our feedmill from suppliers who import the raw material, thus subjecting our Group to foreign exchange fluctuation risks. Further details on the impact of foreign exchange risks are set forth in Section 3 of this Prospectus. However, it is normally not our Group's policy to hedge against foreign exchange exposure. As at the LPD, our Group does not have any outstanding position for hedging.

Please find the following which shows the extent to which our Group's total outstanding borrowings (which are local borrowings and interest bearing) are at fixed or variable rates as at the LPD:

	Fixed interest rate RM'000	Variable interest rate RM'000	Total RM'000
Short term borrowings (Payable within 12 months)	1,731	36,929	38,656
Long term borrowings (Payable after 12 months)	2,851	4,537	7,388
Total	4,582	41,466	46,044

### 8.3.3.6 Material capital commitments

As at the LPD, our Directors do not know of any material commitments for capital expenditure contracted or known to be contracted by our Group that is likely to have a material adverse effect on our financial position, save as disclosed below:

	Total RM'000
Contracted but not provided for	
- Construction of office building	481
- Construction of chicken houses	2,224
- Construction of raw material warehouse	361
- Purchase of office cum warehouse	2,295
Approved but not contracted for	
- Purchase of silo	325
	5,686

The purpose of the material capital commitments as outlined above is to cater for our Group's future business expansion.

It is anticipated that the above material capital commitments will be funded from our Group's internally generated funds and borrowings from financial institutions.



## 8. FINANCIAL INFORMATION (Cont'd)

### 8.3.3.7 Material litigation

Neither our Company nor our subsidiaries are engaged in any litigation, either as plaintiff or defendant, which has a material effect on our financial position or our subsidiaries and our Directors have no knowledge of any proceedings pending or threatened against us and our subsidiaries or of any facts likely to give rise to any proceedings which might materially and adversely affect our position or business.

Please refer to Section 13.4 of this Prospectus for detailed information on our position with regards to material litigation.

### 8.3.3.8 Contingent liabilities

Save as disclosed below, as at the LPD, our Board does not know of any material contingent liabilities incurred by our Group that is likely to have a material adverse effect on our financial position.

TSF had on 2 May 2006 furnished a corporate guarantee to third party credit corporation as security for a RM3.00 million credit facility granted to Success Century for its working capital purposes.

### 8.3.3.9 Highlighted key financial ratios

The table below highlights the key financial ratios for the past three (3) financial years under review which are provided for illustrative purpose only and are prepared based on the assumption that our Group structure has been in existence throughout the financial years under review:

	<-----FYE 31 March----->		
	2006	2007	2008
Trade receivables turnover period (months)	1.35	1.36	1.20
Trade payables turnover period (months)	2.21	1.35	1.22
Inventory turnover period (months)	1.86	2.12	2.02

## 8.3.4 Trend information

### 8.3.4.1 Business and financial prospects

Increases in disposable income undoubtedly augment food purchases. In particular, it has been noticed that in countries with rapidly growing incomes, a higher proportion of food spending is spent on purchases such as meat and eggs. This generates new growth market opportunities for the suppliers of these products. However, consumers in Malaysia in general are also price-sensitive and look for value-for-money products. As a result, the commercial layer industry is increasingly challenged to produce new innovative products at lower costs without compromising on the quality.

The commercial layer industry has progressed well into commercial enterprises with a considerable degree of sophistication, especially with the entry of corporate players. Over the years, the integrators have been increasing their market shares, pushing out the smaller non-integrated and independent layer farms. There is a high standard of veterinary services, R&D services and disease control programs in the industry in Malaysia. With the possible exception of Singapore, the industry in Malaysia has a higher production technology than the other neighbouring countries. The government is also playing a critical role by the enhancement of laboratory capabilities in disease surveillance and monitoring, as well as identification, treatment and prevention.

As chicken eggs are a staple food in the country, a high level of self-sufficiency is critical for national security. The potential to further develop the commercial layer industry to cater for both the domestic and export markets is bright. With increasing per income, the consumption of chicken eggs is anticipated to increase further over the foreseeable future. During the 9MP, the self-sufficiency of eggs is expected to increase slightly from 113% in 2005 to reach 115% in 2010. This means that more eggs have to be exported as supply exceeds demand in the country.



---

## 8. FINANCIAL INFORMATION (*Cont'd*)

---

The global market for chicken eggs is highly competitive, with both price and quality being of paramount importance. How much the industry can export in the future is dependent on how resilient and adaptable it can to changes in the major export market, Singapore. There is also the Singapore government's encouragement to increase the population in the republic, from the present 4.4 million to 6.5 million in approximately 20 years' time. Responsiveness to expectations of quality and safety of chicken products and constant awareness of competition from the other neighbouring countries will help to ensure a share of the market.

(Source: IMRR)

### 8.3.4.2 Production, revenue and inventory

There are no significant changes in our production and sales mix for the past three (3) financial years under review.

In terms of inventory, our Group's inventory turnover periods remained relatively stable and at an increasing trend throughout the three (3) financial years under review, which is from 1.86 months in FYE 31 March 2006 to 2.02 months in FYE 31 March 2008. There were no obsolete and slow moving inventories noted for the financial years under review.

### 8.3.4.3 Cost and selling prices

Our gross profit margin has shown a decreasing trend as detailed in Section 8.1 of this Prospectus, i.e. from 20.79% in the FYE 31 March 2006 to 16.07% in the FYE 31 March 2008. Please refer to Section 8.3.2 of this Prospectus for further details.

A guide on egg selling price is issued periodically by Federation of Livestock Farmers' Association of Malaysia, of which TSF is a member. Although our Group cannot directly control the selling price, an important factor in determining the profitability of our Group is by ensuring cost competitiveness of our Group. We have taken various steps to reduce our cost per unit, including economies of scale and proper cost management in order to mitigate adverse selling price movements.

Bulk of cost of production is made up of raw materials costs, which are also commodity based. We mitigate any fluctuation by contracting the purchase of raw materials forward up to a period of three (3) months.

### 8.3.4.4 State of order book

Due to the absence of contractual agreements with our customers and the nature of our industry, it is not possible for our Group to maintain an order book.

Despite the above, our Group has earned the confidence of our customers due to our commitment towards high quality products and prompt delivery. We have maintained long term relationships with most of our customers as evidenced by the significant growth in our revenue throughout the financial years under review. We believe that our Group will continue to have the support of our major customers in the future.

### 8.3.4.5 Factors affecting financial condition and results of operations

Save as disclosed in Sections 3 and 8 of this Prospectus, to the best of our Directors' knowledge and belief, our financial condition and results of operations are not materially affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had, will result in or are reasonably likely to have a material favourable or unfavourable impact on our financial performance, position and operations;

---

**8. FINANCIAL INFORMATION (Cont'd)**

---

- (ii) known trends, demands, commitments, events or uncertainties that have had, will result in or are reasonably likely to have a material favourable or unfavourable impact on our Group's liquidity and capital resources;
- (iii) material commitments for capital expenditure;
- (iv) unusual or infrequent events or transactions or any significant economic changes that materially affected our financial performance, position and operations;
- (v) substantial increase in revenue; and
- (vi) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

**8.3.5 Dividend policy**

Our Board intends to pay dividends of between 20% to 50% of our PAT after taking into consideration our retained profits, cash flow as well as the funding requirements of our Group. It is a policy of our Board in recommending dividends to allow shareholders to participate in the profits of our Group whilst retaining adequate reserves for its future growth.

Notwithstanding the above, all the foregoing statements are merely statements of our present intention and no inference should or can be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future. Actual dividends proposed and declared may vary depending on the financial performance, cash flow and funding requirements of our Group, and may be waived if the payment of the dividends would adversely affect the cash flow and operations of our Group.

<b>THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK</b>
--

## 8. FINANCIAL INFORMATION (Cont'd)

### 8.4 Reporting Accountants' Letter on the Proforma Consolidated Financial Information (Prepared for inclusion in this Prospectus)

# Deloitte.

August 25, 2008

The Board of Directors  
Teo Seng Capital Berhad  
201-203, Jalan Abdullah,  
84000 Muar,  
Johor

Dear Sirs,

#### **TEO SENG CAPITAL BERHAD (COMPANY NO: 732762-T) PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

We have reviewed on the Proforma Consolidated Financial Information of Teo Seng Capital Berhad ("Teo Seng") and its subsidiary companies ("The Proforma Group"), which consists of proforma consolidated income statements for the three financial years ended March 31, 2006, 2007 and 2008, proforma consolidated balance sheet as of March 31, 2008, proforma consolidated cash flow statement for the year ended March 31, 2008 and proforma statement of assets and liabilities as of March 31, 2008, together with the notes and assumptions thereto prepared for illustrative purpose for which the Board of Directors of Teo Seng are solely responsible. The Proforma Consolidated Financial Information has been prepared for inclusion in the Prospectus to be dated September 26, 2008 in connection with the listing of and quotation for the entire issued and paid-up share capital of Teo Seng on the Second Board of Bursa Malaysia Securities Berhad.

#### **Responsibility**

It is solely the responsibility of the Board of Directors of Teo Seng to prepare the Proforma Consolidated Financial Information in accordance with the requirements of the Prospectus Guidelines in respect of Public Offerings issued by the Securities Commission.

Our responsibility is to form an opinion on the Proforma Consolidated Financial Information and to report our opinion to you based on our work.

#### **Basis of Opinion**

Our works, which involve no independent examination of any of the underlying financial information, consist primarily of comparing the Proforma Consolidated Financial Information to the audited financial statements of Teo Seng and of its subsidiary companies and considering the evidence supporting the adjustments, and discussing the Proforma Consolidated Financial Information with the Board of Directors of Teo Seng.

The Proforma Consolidated Financial Information is prepared for illustrative purposes only, such information, because of its nature, does not give a true picture of the Proforma Group's actual financial results, financial position and cash flows.

---

**8. FINANCIAL INFORMATION (Cont'd)**

---

Deloitte KassimChan

- 2 -

**Opinion**

With the foregoing explanations, in our opinion:

- (a) The Proforma Consolidated Financial Information has been properly prepared:
  - (i) on the basis and assumptions of preparation as stated hereunder and such basis is consistent with the accounting policies adopted by Teo Seng and its subsidiary companies; and
  - (ii) based on the audited financial statements of Teo Seng and of its subsidiary companies and such financial statements have been prepared in accordance with the applicable Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia.
- (b) each material adjustment made to the information used in the preparation of the Proforma Consolidated Financial Information is appropriate for the purpose of preparing the Proforma Consolidated Financial Information.

We understand that this report will be used solely for inclusion in the Prospectus in connection with the abovementioned corporate exercise. As such, this report should not be used or referred to, in whole or in part, for any other purposes without our prior written consent.

Yours very truly,





---

**8. FINANCIAL INFORMATION (Cont'd)**

---

**TEO SENG CAPITAL BERHAD (“Teo Seng”)  
AND ITS SUBSIDIARY COMPANIES (“The Proforma Group”)****NOTES AND ASSUMPTIONS TO THE PROFORMA CONSOLIDATED FINANCIAL  
INFORMATION FOR THE FINANCIAL YEARS ENDED (“FYE”) MARCH 31, 2006,  
2007 AND 2008**

The proforma consolidated financial information has been prepared on the following basis and assumptions:

**Basis of Preparation of Proforma Consolidated Financial Information**

1. The proforma consolidated financial information has been prepared for illustrative purposes only to reflect what:
  - i. the financial results of the Proforma Group for the three (3) FYEs March 31, 2008 would have been if the Group structure had been in existence throughout the relevant financial years under review;
  - ii. the financial position of the Proforma Group as of March 31, 2008 would have been if the Group structure had been in existence throughout the relevant financial years under review adjusted for the acquisition of the subsidiary companies, proceeds of the public issue and utilisation of proceeds; and
  - iii. the cash flows of the Proforma Group for the FYE March 31, 2008 would have been if the Group structure had been in existence throughout the relevant financial years under review.
  
2. The proforma consolidated financial information have been prepared based on:
  - i. the audited financial statements of Teo Seng Farming Sdn. Bhd. (“TSF”), Teo Seng Feedmill Sdn. Bhd. (“TSFM”), and Teo Seng Paper Products Sdn. Bhd. (“TSPP”) for the three (3) FYEs March 31, 2008;
  - ii. the audited financial statements of Ritma Prestasi Sdn. Bhd. (“Ritma”) for the financial period/years ended January 1, 2005 to March 31, 2006 and March 31, 2007 and 2008; and
  - iii. the audited financial statements of Teo Seng for the period/year ended May 8, 2006 (date of incorporation) to March 31, 2007 and March 31, 2008.

and using the bases and accounting principles consistent with those adopted in the preparation of the statutory financial statements of the respective FYE.
  
3. The abovementioned audited financial statements have been prepared in accordance with applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia.
  
4. For illustrative purposes in arriving at the proforma consolidated income statement for the three (3) FYEs March 31, 2008, it is assumed that the acquisition of TSF, TSFM, TSPP and Ritma (“TSF Group”, collectively) was effected on April 1, 2005.

## 8. FINANCIAL INFORMATION (Cont'd)

### HISTORICAL FINANCIAL INFORMATION (Prepared for inclusion in this Prospectus)

The summary of proforma consolidated income statements set out below have been prepared to illustrate the financial results of Teo Seng Capital Berhad ("Teo Seng") and its subsidiary companies ("the Proforma Group") for the three (3) FYE March 31, 2008 and on the assumption that the Group structure had been in existence throughout the relevant financial years under review.

#### (A) PROFORMA CONSOLIDATED INCOME STATEMENTS

FYE March 31	2008 RM'000	2007 RM'000	2006 RM'000
Revenue	159,343	112,641	101,264
Investment income	147	152	-
Other operating income	330	291	95
Purchase of trading merchandise	(11,119)	(6,274)	(3,495)
Changes in inventories of finished goods and work-in progress	2,469	699	822
Livestocks and poultry feeds used	(33,020)	(23,337)	(22,017)
Raw materials and consumables used	(77,424)	(51,200)	(43,773)
Staff costs	(8,851)	(6,857)	(5,881)
Depreciation of property, plant and equipment	(4,526)	(4,124)	(3,732)
Amortisation of goodwill	-	-	(20)
Finance costs	(2,466)	(2,223)	(1,459)
Other operating expenses	(10,013)	(8,566)	(8,534)
Profit before tax ("PBT")	14,870	11,202	13,270
Income tax expense	(2,343)	(2,252)	(3,308)
Profit for the year ("PAT")	<u>12,527</u>	<u>8,950</u>	<u>9,962</u>
Gross profit	25,605	19,828	21,056
Gross profit margin (%)	16.07	17.60	20.79
Earning before interest, tax, depreciation and amortisation	21,862	17,549	18,481

## 8. FINANCIAL INFORMATION (Cont'd)

	2008 RM'000	2007 RM'000	2006 RM'000
<b>Paid-up capital of the Proforma Group (No. of ordinary shares of RM0.20 each) ('000)</b>	161,390	161,390	161,390
<b>Paid-up capital – TSF (No. of ordinary shares of RM1.00 each) ('000)</b>	5,366	5,366	5,366
<b>Earning per share (“EPS”) of the Proforma Group</b>			
Gross EPS (Sen) *	9.21	6.94	8.22
Net EPS (Sen) *	7.76	5.55	6.17
<b>EPS of TSF</b>			
Gross EPS (Sen) *	277.12	208.76	247.30
Net EPS (Sen) *	233.45	166.79	185.65
Effective tax rate (%)	15.75	20.10	24.93
PBT margin (%)	9.33	9.95	13.10
PAT margin (%)	7.86	7.95	9.84
Gearing (times)	1.03	1.27	1.65
Interest cover ratio (times)	7.03	6.04	10.10

### Notes:

- i. The Group's proforma consolidated income statements for the three (3) FYE March 31, 2008 are prepared for illustrative purpose only and on the assumption that the acquisitions of TSF Group [comprise Teo Seng Farming Sdn. Bhd. (“TSF”) and its subsidiary companies, Teo Seng Feedmill Sdn. Bhd. (“TSFM”), Teo Seng Paper Products Sdn. Bhd. (“TSPP”) and Ritma Prestasi Sdn. Bhd. (“Ritma”)], by Teo Seng were completed on April 1, 2005. The proforma consolidated income statements of the Proforma Group are based on the audited financial statements of Teo Seng and of its subsidiary companies for the three (3) FYE March 31, 2008 and have been prepared based on the accounting policies consistent with those adopted in the preparation of the statutory financial statements of Teo Seng and of its subsidiary companies acquired subsequent to March 31, 2008.
- ii. The results of Ritma for the financial period January 1, 2005 to March 31, 2006 was consolidated with the financial statements of the proforma Group without adjustment for the effect of different FYE as the effect of the difference in FYE is not material.
- iii. The paid-up capital of Teo Seng represents issued and fully paid ordinary shares issued amounting to RM32,278,000 comprising of 161,390,000 ordinary shares of RM0.20 each in Teo Seng (“Teo Seng Shares” or “Shares”), pursuant to the acquisition of the subsidiary companies.
- iv. The paid-up capital of TSF represents issued and fully paid ordinary shares of 5,366,000 upon the completion of the acquisition of the remaining 30% equity interest in Ritma on July 5, 2006.
- v. The gross EPS and net EPS of the Proforma Group and TSF are calculated based on PBT and PAT over the number of shares of 161,390,000 and 5,366,000 respectively.

---

**8. FINANCIAL INFORMATION (Cont'd)**

---

- vi. There is no extraordinary item, exceptional item and minority interest for the financial years under review.
- vii. All significant inter-company transactions are eliminated.
- \* No diluted EPS is presented as the Proforma Group has no dilutive potential ordinary shares.

**1.1 TSF Acquisition**

On March 19, 2007, Teo Seng entered into a share purchase agreement with the shareholders of TSF to acquire 5,366,000 ordinary shares of RM1.00 each in TSF, representing the entire equity interest in TSF for a purchase consideration of RM32,277,900, which was fully satisfied by the issuance of 161,389,500 new Teo Seng Shares at an issue price of RM0.20 per Share. The TSF Acquisition was completed on June 18, 2008.

**1.2 Re-organisation**

In addition, upon the exercise of an option granted to Teo Seng by TSF pursuant to an option agreement dated March 19, 2007, Teo Seng had on June 18, 2008 entered into a share acquisition agreement with TSF to acquire:

- (i) 1,500,000 ordinary shares of RM1.00 each in TSPP representing the entire equity interest therein for a consideration of RM4,162,951;
- (ii) 1,000,000 ordinary shares of RM1.00 each in TSFM representing the entire equity interest therein for a consideration of RM7,432,985; and
- (iii) 100,000 ordinary shares of RM1.00 each in Ritma representing the entire equity interest therein for a consideration of RM1,150,564.

The Re-organisation was completed on June 19, 2008, and the aggregate purchase consideration equivalent to RM12,746,500 was accounted for as an amount owing by Teo Seng to TSF.

**1.3 Adjustments in arriving at Proforma Consolidated Income Statements**

Adjustments have been made to the audited income statements of TSF, TSFM and TSPP for the FYE March 31, 2006 to include the overprovision of deferred tax liabilities.



## 8. FINANCIAL INFORMATION (Cont'd)

- 1.4 The adjustments as stated in 1.1, 1.2 and 1.3 have been reflected in the respective financial years on the Proforma Group as follows:

### FYE March 31, 2006

	Teo Seng Proforma *	Adjustments for TSF Acquisition and Re- organisation **	Proforma Group RM'000	Proforma Adjustments [Notes] RM'000	Adjusted Proforma Group RM'000
Revenue	-	101,264	101,264		101,264
Other operating income	-	95	95		95
Purchase of trading merchandise	-	(3,495)	(3,495)		(3,495)
Changes in inventories of finished goods and work-in- progress	-	822	822		822
Livestocks and poultry feeds used	-	(22,017)	(22,017)		(22,017)
Raw materials and consumables used	-	(43,773)	(43,773)		(43,773)
Staff costs	-	(5,881)	(5,881)		(5,881)
Depreciation for property, plant and equipment	-	(3,732)	(3,732)		(3,732)
Amortisation of goodwill	-	(20)	(20)		(20)
Finance costs	-	(1,459)	(1,459)		(1,459)
Other operating expenses	-	(8,534)	(8,534)		(8,534)
PBT	-		13,270		13,270
Tax expense	-	(4,338)	(4,338)	1,030 [1(a)]	(3,308)
PAT	-		8,932		9,962

\* Teo Seng was incorporated on May 8, 2006 and accordingly no income statement was made up for the FYE March 31, 2006.

\*\* The adjustments made represent the income statement for the FYE March 31, 2006 of subsidiary companies acquired subsequent to March 31, 2008. Significant inter-company transactions are eliminated.

Note on adjustment to the Proforma Consolidated Financial Results:

	1(a) Income tax expense RM'000
Overprovision of deferred tax liabilities	1,030

## 8. FINANCIAL INFORMATION (Cont'd)

FYE March 31, 2007

	Teo Seng *	Adjustments for TSF Acquisition and Re- organisation **	Proforma Group
	RM'000	RM'000	RM'000
Revenue	-	112,641	112,641
Investment income	-	152	152
Other operating income	-	291	291
Purchase of trading merchandise	-	(6,274)	(6,274)
Changes in inventories of finished goods and work-in-progress	-	699	699
Livestocks and poultry feeds used	-	(23,337)	(23,337)
Raw materials and consumables used	-	(51,200)	(51,200)
Staff costs	-	(6,857)	(6,857)
Depreciation for property, plant and equipment	-	(4,124)	(4,124)
Finance costs	-	(2,223)	(2,223)
Other operating expenses	(4)	(8,562)	(8,566)
	<u>(4)</u>		
PBT	(4)		11,202
Tax expense	-	(2,252)	(2,252)
	<u>(4)</u>		<u>8,950</u>

\* Teo Seng was incorporated on May 8, 2006 and the first income statement was made for the financial period May 8, 2006 (date of incorporation) to March 31, 2007.

\*\* The adjustments made represent the income statement for the FYE March 31, 2007 of subsidiary companies acquired subsequent to March 31, 2008. Significant inter-company transactions are eliminated.

---

**8. FINANCIAL INFORMATION (Cont'd)**


---

**FYE March 31, 2008**

	Teo Seng *	Adjustments for TSF Acquisition and Re- organisation **	Proforma Group
	RM'000	RM'000	RM'000
Revenue	-	159,343	159,343
Investment income	-	147	147
Other operating income	-	330	330
Purchase of trading merchandise	-	(11,119)	(11,119)
Changes in inventories of finished goods and work-in-progress	-	2,469	2,469
Livestocks and poultry feeds used	-	(33,020)	(33,020)
Raw materials and consumables used	-	(77,424)	(77,424)
Staff costs	-	(8,851)	(8,851)
Depreciation for property, plant and equipment	-	(4,526)	(4,526)
Finance costs	-	(2,466)	(2,466)
Other operating expenses	(5)	(10,008)	(10,013)
	<u>(5)</u>		<u>(10,013)</u>
PBT	(5)		14,870
Tax expense	-	(2,343)	(2,343)
	<u>(5)</u>		<u>(2,343)</u>
PAT	<u>(5)</u>		<u>12,527</u>

\* Teo Seng's income statement was made for the FYE March 31, 2008.

\*\* The adjustments made represent the income statement for the FYE March 31, 2008 of subsidiary companies acquired subsequent to March 31, 2008. Significant inter-company transactions are eliminated.

## 8. FINANCIAL INFORMATION (Cont'd)

### (B) PROFORMA CONSOLIDATED BALANCE SHEET

The proforma consolidated balance sheets of the Proforma Group as set out below have been prepared for illustrative purpose only to show the effects on the proforma balance sheets of Teo Seng as of March 31, 2008.

	Balance Sheet as of March 31, 2008 RM'000	Adjustments for TSF Acquisition and Re-organisation ** RM'000	Proforma I RM'000	Adjustments for Public Issue and Utilisation of Proceeds RM'000	Proforma II RM'000
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Property, plant and equipment	-	57,438	57,438	15,348	72,786
Other investments	-	3	3	-	3
Goodwill on consolidation	-	1,696	1,696	2,235	3,931
<b>Total Non-current Assets</b>	<b>-</b>		<b>59,137</b>		<b>76,720</b>
<b>Current Assets</b>					
Inventories	-	22,583	22,583	2,826	25,409
Trade receivables	-	15,321	15,321	735	16,056
Other receivables, deposits and prepaid expenses	-	1,334	1,334	242	1,576
Amount owing by immediate holding company	-	5	5	-	5
Amount owing by other related companies	-	556	556	-	556
Tax recoverable	-	55	55	-	55
Cash and bank balances	*	12,328	12,328	2,607	14,935
<b>Total Current Assets</b>	<b>*</b>		<b>52,182</b>		<b>58,592</b>
<b>TOTAL ASSETS</b>	<b>*</b>		<b>111,319</b>		<b>135,312</b>
<b>EQUITY AND LIABILITIES</b>					
Share capital	*	5,366	5,366	7,722	13,088
Share premium	-	834	834	7,853	8,687
Asset revaluation reserve	-	4,175	4,175	-	4,175
(Accumulated losses)/ Retained earnings	(9)	31,851	31,842	-	31,842
<b>(Capital Deficiency)/Total Equity</b>	<b>(9)</b>		<b>42,217</b>		<b>57,792</b>



## 8. FINANCIAL INFORMATION (Cont'd)

	Balance Sheet as of March 31, 2008 RM'000	Adjustments for TSF Acquisition and Re-organisation ** RM'000	Proforma I RM'000	Adjustments for Public Issue and Utilisation of Proceeds RM'000	Proforma II RM'000
<b>Non-current Liabilities</b>					
Amount owing to intermediate holding company	-	4,211	4,211	-	4,211
Hire-purchase payables - non-current portion	-	3,138	3,138	574	3,712
Borrowings - non-current portion	-	3,737	3,737	-	3,737
Deferred tax liabilities	-	6,305	6,305	1,055	7,360
<b>Total Non-current Liabilities</b>	-		17,391		19,020
<b>Current Liabilities</b>					
Trade payables	-	11,995	11,995	5,344	17,339
Other payables and accrued expenses	4	2,845	2,849	217	3,066
Amount owing to intermediate holding company	-	4	4	-	4
Amount owing to a director	5	-	5	-	5
Amount owing to other related companies	-	1,013	1,013	-	1,013
Dividend payable	-	2,705	2,705	-	2,705
Hire-purchase payables	-	1,722	1,722	614	2,336
Borrowings	-	30,785	30,785	614	31,399
Tax liabilities	-	633	633	-	633
<b>Total Current Liabilities</b>	9		51,711		58,500
<b>Total Liabilities</b>	9		69,102		77,520
<b>TOTAL EQUITY AND LIABILITIES</b>	*		111,319		135,312
Number of ordinary shares in issue	500		161,390,000		200,000,000
(Net liabilities)/Net tangible assets (RM'000)	(9)		40,521		53,861
(Net liabilities)/Net tangible assets per ordinary share (RM)	(18.00)		0.25		0.27

\* Represent RM100.

\*\* The adjustments made represent TSF Acquisition and Re-organisation. Significant inter-company balances are eliminated. Goodwill on consolidation represents the excess of cost of the business combination over the acquirer's interest in the fair value of identifiable net assets of acquiree as of March 31, 2008.

---

**8. FINANCIAL INFORMATION (Cont'd)**

---

**NOTES AND ASSUMPTIONS TO THE PROFORMA CONSOLIDATED BALANCE SHEETS****1. BASIS OF PREPARATION**

The Proforma Consolidated Balance Sheets have been prepared for illustrative purposes only based on the accounting principles and bases consistent with those previously adopted in the preparation of the financial statements of Teo Seng and its subsidiary companies which are based on the audited financial statements of Teo Seng and its subsidiary companies as of March 31, 2008.

**2. PROFORMA BALANCE SHEETS**

The Proforma Consolidated Balance Sheets incorporate, on a proforma basis, the following transactions as though they have been effected as of March 31, 2008:

**2.1 Proforma I**

Proforma I incorporates the effects of:

- (i) the acquisition by Teo Seng of 5,366,000 ordinary shares of RM1.00 each in TSF representing the entire equity interest therein, for a purchase consideration of RM32,277,900. The acquisition of TSF Group was fully satisfied by the issuance of 161,389,500 Teo Seng Shares at an issue price of RM0.20 per share, hereinafter collectively referred to as the "TSF Acquisition".

The TSF Acquisition is accounted for using the purchase method of consolidation.

- (ii) the re-organisation of TSF upon the exercise of an option granted to Teo Seng by TSF to acquire the entire equity interest in TSPP, TSFM and Ritma, hereinafter collectively referred to as the "Re-organisation".

Teo Seng was the legal parent company of TSF Group. The former TSF Group's shareholders became the majority shareholders of Teo Seng through issuing 161,389,500 new ordinary shares of RM0.20 each in Teo Seng, controlling about 100% of the share capital of Teo Seng. Furthermore, Teo Seng's continuing operations and executive management is those of TSF Group. Accordingly, the substance of the business combination is that TSF Group acquired Teo Seng in a reverse acquisition.

The cost of this business combination was determined in accordance with Financial Reporting Standard 3 Business Combination ("FRS3"), on the basis of the fair value of Teo Seng as of March 31, 2008 and the number of new shares TSF would have had to issue to the shareholders of Teo Seng to provide the same percentage ownership interest of the combined entity.

## 8. FINANCIAL INFORMATION (Cont'd)

The fair value of Teo Seng amounted to (RM9,033) as of March 31, 2008. As the shareholders of TSF Group got an interest in the combined entity of about 100%, TSF Group would have had to issued nil share to the shareholders of Teo Seng. Thus, the cost of business combination is nil. The net assets acquired at this business combination and the goodwill arising is RM9,033.

The net assets acquired at this business combination and the goodwill arising, are as follows:

	Acquiree's carrying amount before combination RM'000	Fair value RM'000
Net assets acquired:		
Cash on hand	*	*
Accrued expenses	(4)	(4)
Amount owing to a director	(5)	(5)
	<u>(9)</u>	<u>(9)</u>
Goodwill		<u>9</u>
Total cost of business combination		<u>-</u>

\* Represent RM100

In accordance with FRS 3, the amount recognised as issued equity instruments in the Proforma Consolidated Balance Sheets are determined by adding to the issued equity of TSF Group immediately before the business combination the cost of the combination. However, the equity structure appearing in the Proforma Consolidated Balance Sheets (i.e. the number and type of equity instruments issued) shall reflect the equity structure of Teo Seng, including the equity instruments issued by Teo Seng to effect the combination.

The movement of the issued and paid-up share capital after taking into account the TSF Acquisition and Re-organisation are as follows:

	Proforma Group No. of ordinary shares of RM0.20 each	RM'000
Issued and fully paid-up:		
As of March 31, 2008	500	*
New shares issued pursuant to TSF Acquisition	161,389,500	32,278
Reserve adjustment for reverse acquisition of Teo Seng by TSF Group	<u>-</u>	<u>(26,912)</u>
After TSF Acquisition and Re-organisation	<u>161,390,000</u>	<u>5,366</u>

\* Represent RM100.

## 8. FINANCIAL INFORMATION (Cont'd)

### 2.2 Proforma II

Proforma II incorporates the effects of Proforma I and the following which are assumed to have been affected on March 31, 2008:

- (i) public issue of 38,610,000 new Teo Seng Shares at an issue price of RM0.45 per ordinary share ("Public Issue"); and
- (ii) utilisation of proceeds from the Public Issue amounting to RM17,374,500 in the following manner:

	RM'000
Acquisition of Success Century Sdn. Bhd. ("Success Century") *	7,500
Repayment of certain term loans in Success Century	6,210
Working capital	1,865
Estimated listing expenses **	1,800
<b>Total</b>	<u><u>17,375</u></u>

The listing expenses of RM1,800,000 will be set-off against the share premium account.

\* In respect of the acquisition of Success Century, the net assets acquired and the goodwill arising were determined based on audited financial statements as of March 31, 2008, as follows:

	Acquiree's carrying amount before combination RM'000
<b>Net assets acquired:</b>	
Property, plant and equipment	15,348
Inventories	2,826
Trade receivables	735
Other receivables and prepaid expenses	242
Cash and bank balances	742
Trade payables	(5,344)
Other payables and accrued expenses	(217)
Hire-purchase payables	(1,188)
Borrowings	(6,824)
Deferred tax liabilities	(1,055)
Goodwill on consolidation	2,235
<b>Total consideration</b>	<u><u>7,500</u></u>

\*\* The proceeds to be used for working capital will be adjusted accordingly in the event of any variation in the actual listing expenses from the estimated amount.



---

**8. FINANCIAL INFORMATION (Cont'd)**

---

**2.2 Proforma II (Cont'd)**

The acquisition of Success Century was assumed to be completed on March 31, 2008. The carrying amount of Success Century's identifiable assets, liabilities and contingent liabilities at the date of acquisition are assumed to be their fair values. FRS 3 requires the cost of acquisition to be measured at the aggregate of fair values, at the date of exchange, of assets given, liabilities measured or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquirer, plus any assets directly attributable to the business combination. Any adjustments to the recognition and measurement of identifiable assets, liabilities and contingent liabilities at the date of acquisition will have an effect on goodwill on consolidation and net tangible assets of the proforma consolidated balance sheets.

## 8. FINANCIAL INFORMATION (Cont'd)

	Balance sheet of Teo Seng as of March 31, 2008 RM'000	TSF		Utilisation of proceeds			Proforma II RM'000
		Acquisition and Re-organisation RM'000	Proforma I RM'000	Public Issue RM'000	Estimated Listing Expenses RM'000	Acquisition of Success Century RM'000	
Property, plant and equipment	-	57,438	57,438	-	-	-	72,786
Goodwill on consolidation	-	1,696	1,696	-	-	-	3,931
Inventories	-	22,583	22,583	-	-	-	25,409
Trade receivables	-	15,321	15,321	-	-	-	16,056
Other receivables, deposits and prepaid expenses	-	1,334	1,334	-	-	-	1,576
Cash and bank balances	-	12,328	12,328	17,375	(1,800)	(6,210)	14,935
Trade payables	-	(11,995)	(11,995)	-	-	-	(17,339)
Other payables and accrued expenses	(4)	(2,845)	(2,849)	-	-	(217)	(3,066)
Hire-purchase payables	-	(4,860)	(4,860)	-	-	(1,188)	(6,048)
Borrowings	-	(34,522)	(34,522)	-	-	(6,824)	(35,136)
Deferred tax liabilities	-	(6,305)	(6,305)	-	-	(1,055)	(7,360)
Share capital	*	(5,366)	(5,366)	(7,722)	-	-	(13,088)
Share premium	-	(834)	(834)	(9,653)	1,800	-	(8,687)

\* This represents RM100 comprising 500 ordinary shares of RM0.20 each in Teo Seng.

## 8. FINANCIAL INFORMATION (Cont'd)

### (C) PROFORMA CONSOLIDATED CASH FLOW STATEMENT

The proforma consolidated cash flow statement of the Proforma Group for the FYE March 31, 2008 is prepared for illustrative purposes only, and is based on the audited financial statements of Teo Seng and TSF Group after making such adjustments considered necessary assuming Teo Seng Group has been in existence since April 1, 2007.

	Teo Seng RM'000	Adjustments for TSF Acquisition and Re- organisation* RM'000	Adjusted Proforma Teo Seng RM'000
<b>CASH FLOWS FROM/(USED IN)</b>			
<b>OPERATING ACTIVITIES</b>			
(Loss)/Profit for the year	(5)	12,532	12,527
Adjustments for:			
Depreciation of property, plant and equipment	-	4,526	4,526
Finance costs	-	2,466	2,466
Income tax expense recognised in income statement	-	2,343	2,343
Bad-debt written off	-	54	54
Gain on disposal of property, plant and equipment	-	42	42
Allowance for doubtful debts	-	17	17
Interest income	-	(147)	(147)
Unrealised gain on foreign exchange	-	(163)	(163)
Operating (Loss)/Profit before Working Capital Changes	(5)		21,665
(Increase)/Decrease in:			
Inventories	-	(6,150)	(6,150)
Trade receivables	-	(2,828)	(2,828)
Other receivables, deposits and prepaid expenses	-	69	69
Amount owing by other related companies	-	(354)	(354)
Increase/(Decrease) in:			
Trade payables	-	3,436	3,436
Other payables and accrued expenses	-	(914)	(914)
Amount owing to related companies	-	164	164
Net Cash From Operations	-		15,088
Finance costs paid	-	(2,466)	(2,466)
Income tax paid	-	(2,735)	(2,735)
Net Cash From Operating Activities	-		9,887

**8. FINANCIAL INFORMATION (Cont'd)**

	Teo Seng RM'000	Adjustments for TSF Acquisition and Re- organisation * RM'000	Adjusted Proforma Teo Seng RM'000
<b>CASH FLOWS FROM/(USED IN)</b>			
<b>INVESTING ACTIVITIES</b>			
Interest income	-	147	147
Proceeds from disposal of property, plant and equipment	-	68	68
Additions to property, plant and equipment	-	(5,806)	(5,806)
Net Cash Used In Investing Activities	-		(5,591)
<b>CASH FLOWS FROM/(USED IN)</b>			
<b>FINANCING ACTIVITIES</b>			
Proceeds from short-term bank borrowings	-	78,543	78,543
Increase in:			
Amount owing to a director	5	-	5
Amount owing to intermediate holding company	-	4	4
Increase in fixed deposits pledged to banks	-	(472)	(472)
Repayment of advances from intermediate holding company	-	(637)	(637)
Repayments of hire-purchase payables	-	(1,306)	(1,306)
Repayments of long-term loans	-	(2,241)	(2,241)
Repayments of short-term bank borrowings	-	(71,989)	(71,989)
Net Cash Used In Financing Activities	5		1,907
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	-		6,203
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>			
Effect of exchange differences	**	(858)	(858)
	-	125	125
	**		(733)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	**		5,470

\* The adjustment made represent the cash flow statement for the FYE March 31, 2008 of subsidiary companies acquired subsequent to March 31, 2008. Significant inter-company transactions are eliminated.

\*\* Represent RM100.

## 8. FINANCIAL INFORMATION (Cont'd)

### (D) PROFORMA STATEMENT OF ASSETS AND LIABILITIES

The proforma statement of assets and liabilities of the Proforma Group as of March 31, 2008 had been prepared for illustrative purposes assuming the TSF Acquisition and Re-organisation has been completed on that date, based on the audited financial statements of Teo Seng and its subsidiary companies after making such adjustments considered necessary and should be read in conjunction with the notes thereon.

	Note	Teo Seng RM '000	Adjustments for TSF Acquisition and Re- organisation * RM '000	Adjusted Proforma Teo Seng RM '000
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Property, plant and equipment	3	-	57,438	57,438
Other investments	4	-	3	3
Goodwill on consolidation		-	1,696	1,696
<b>Total Non-current Assets</b>		-		<b>59,137</b>
<b>Current Assets</b>				
Inventories	5	-	22,583	22,583
Trade receivables	6	-	15,321	15,321
Other receivables, deposits and prepaid expenses	6	-	1,334	1,334
Amount owing by immediate holding company		-	5	5
Amount owing by other related companies		-	556	556
Tax recoverable		-	55	55
Cash and bank balances	7	**	12,328	12,328
<b>Total Current Assets</b>		<b>**</b>		<b>52,182</b>
<b>TOTAL ASSETS</b>		<b>**</b>		<b>111,319</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital	8	**	5,366	5,366
Reserves	9	(9)	36,860	36,851
<b>(Capital Deficiency)/Total Equity</b>		<b>(9)</b>		<b>42,217</b>



**8. FINANCIAL INFORMATION (Cont'd)**

	Note	Teo Seng RM '000	Adjustments for TSF Acquisition and Re- organisation * RM '000	Adjusted Proforma Teo Seng RM '000
<b>Non-current Liabilities</b>				
Amount owing to intermediate holding company		-	4,211	4,211
Hire-purchase payables – non-current portion	10	-	3,138	3,138
Borrowings - non-current portion	11	-	3,737	3,737
Deferred tax liabilities	12	-	6,305	6,305
<b>Total Non-current Liabilities</b>		-		17,391
<b>Current Liabilities</b>				
Trade payables	13	-	11,995	11,995
Other payables and accrued expenses	13	4	2,845	2,849
Amount owing to intermediate holding company		-	4	4
Amount owing to a director		5	-	5
Amount owing to other related companies		-	1,013	1,013
Dividend payable		-	2,705	2,705
Hire-purchase payables	10	-	1,722	1,722
Borrowings	11	-	30,785	30,785
Tax liabilities		-	633	633
<b>Total Current Liabilities</b>		9		51,711
<b>Total Liabilities</b>		9		69,102
<b>TOTAL EQUITY AND LIABILITIES</b>		**		111,319

\* The adjustments made represent the statement of assets and liabilities for the FYE March 31, 2008 of subsidiary companies acquired subsequent to March 31, 2008. Significant inter-company transactions are eliminated.

\*\* Represent RM100.

## 8. FINANCIAL INFORMATION (Cont'd)

### NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES

#### 1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The proforma consolidated statements of assets and liabilities has been prepared for illustrative purposes only based on the audited financial statements of Teo Seng and its subsidiary companies as of March 31, 2008.

#### 2. SEGMENT REPORTING

##### Business segments

For management purposes, the Proforma Group is organised into the following operating divisions:

- Trading of pet food, medicine and other related products
- Poultry farming (includes manufacturing, marketing and trading of animal feeds and egg trays)

Inter-segment sales are charged at cost plus a percentage profit mark-up.

	Trading of pet food, medicine and other related products RM'000	Poultry farming RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>				
External sales	10,957	148,386	-	159,343
Inter-segment sales	2,774	64,579	(67,353)	-
Total revenue	<u>13,731</u>	<u>212,965</u>	<u>(67,353)</u>	<u>159,343</u>
<b>Results</b>				
Segment results	<u>2,419</u>	<u>14,839</u>	<u>(69)</u>	17,189
Finance costs				(2,466)
Investment revenue				<u>147</u>
PBT				14,870
Income tax expense				<u>(2,343)</u>
PAT				<u>12,527</u>
<b>Other information</b>				
Capital additions	106	7,667	-	7,773
Depreciation	64	4,462	-	4,526
Non-cash expenses other than depreciation and amortisation	<u>-</u>	<u>113</u>	<u>-</u>	<u>113</u>

## 8. FINANCIAL INFORMATION (Cont'd)

	Trading of pet food, medicine and other related products RM'000	Poultry farming RM'000	Eliminations RM'000	Consolidated RM'000
<b>Consolidated Balance Sheet</b>				
<b>Assets</b>				
Segment assets	6,537	100,105	-	106,642
Unallocated corporate assets				<u>4,677</u>
Total				<u><u>111,319</u></u>
<b>Liabilities</b>				
Segment liabilities	1,930	16,641	-	18,571
Unallocated corporate liabilities				<u>50,531</u>
Total				<u><u>69,102</u></u>

### Geographical Segments

The Proforma Group's operations are located in Malaysia. The following is an analysis of the Proforma Group's sales by geographical market, irrespective of the origin of the goods:

	Sales revenue by geographical market 2008 RM'000
Malaysia	137,862
Singapore	19,751
Hong Kong	1,110
Others	<u>620</u>
	<u><u>159,343</u></u>

## 8. FINANCIAL INFORMATION (Cont'd)

### 3. PROPERTY, PLANT AND EQUIPMENT

	Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
Freehold land			
- At cost	4,672	-	4,672
- At 1993 valuation	345	-	345
- At 2004 valuation	4,344	-	4,344
Farm and poultry building			
- At cost	24,481	(9,603)	14,878
- At 1993 valuation	3,510	(2,641)	869
Factory buildings			
- At cost	280	(7)	273
- At 2004 valuation	6,163	(954)	5,209
Plant and machinery	26,561	(11,292)	15,269
Egg layer conveyor and cages system	12,723	(6,583)	6,140
Motor vehicles, furniture, fittings, equipment and renovation	12,265	(8,274)	3,991
Hostel	8	(1)	7
Capital work-in-progress	1,441	-	1,441
Total	<u>96,793</u>	<u>(39,355)</u>	<u>57,438</u>

As of March 31, 2008, the net book value of property, plant and equipment under hire purchase of the Proforma Group in respect of which instalments are outstanding amounted to RM7,256,071.

The revaluation of the freehold land and buildings of the Proforma Group in 1993 were based upon valuations carried out by an independent firm of professional valuers using open market value basis. The freehold land of the subsidiary companies were revalued by the directors on February 28, 2004 based on a valuation carried out by Mr. Lee Thiam Sing, a registered valuer of Colliers, Jordan Lee & Jaffar (M'CCA) Sdn. Bhd., an independent firm of professional valuers. The valuation was based on market value using comparison and cost methods of valuation. The resulting revaluation surplus has been credited to revaluation reserve account as disclosed in Note 9.

Pursuant to the fixed and floating charges over all assets of a subsidiary company, and fixed charges over certain property, plant and equipment of another subsidiary company, the property, plant and equipment of these subsidiary companies amounted to RM16,415,750 has been pledged to local banks to secure credit facilities granted to the subsidiary companies as disclosed in Note 11.

As of March 31, 2008, the title of a parcel of freehold land of a subsidiary company with a carrying amount of RM234,331 is yet to be registered in the name of the subsidiary company.

## 8. FINANCIAL INFORMATION (Cont'd)

The historical cost of freehold land, farm and poultry buildings and factory buildings which were revalued are as follows:

	2008 RM'000
At cost:	
Freehold land	1,627
Farm and poultry buildings	1,284
Factory buildings	4,379
	7,290
Accumulated depreciation:	
Farm and poultry buildings	(857)
Factory buildings	(807)
	(1,664)
Net book value	<u>5,626</u>

## 4. OTHER INVESTMENTS

	2008 RM'000
Shares quoted in Malaysia, at cost	<u>3</u>
Market value of quoted shares in Malaysia	<u>3</u>

## 5. INVENTORIES

	2008 RM'000
Raw materials	4,566
Pullets	2,764
Layers	10,688
Feedmeal	386
Medication	265
Consumable supplies	202
Eggs	325
Egg trays	454
Work-in-progress	225
Trading merchandise	<u>2,708</u>
Total	<u>22,583</u>

## 8. FINANCIAL INFORMATION (Cont'd)

### 6. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

Trade receivables consist of:

	2008 RM'000
Trade receivables	15,553
Allowance for doubtful debts	(232)
	<u>15,321</u>

Other receivables, deposits and prepaid expenses consist of:

	2008 RM'000
Other receivables	642
Refundable deposits	136
Prepaid expenses	556
	<u>1,334</u>

Trade receivables denominated in currencies other than Ringgit Malaysia are as follows:

	2008 RM'000
Singapore Dollar	652
United States Dollar	29
	<u>681</u>

Trade receivables comprise amounts receivable for the sales of goods. Other receivables comprise mainly expenses paid on behalf to a contract farmer.

The credit periods granted on sale of goods ranging from 7 days to 150 days. An allowance of RM231,956 has been made for estimated irrecoverable amount from the sales of goods. This allowance has been determined by reference to past default experience of the Proforma Group.

### 7. CASH AND BANK BALANCES

	2008 RM'000
Fixed deposits with licensed banks	4,619
Cash on hand and at banks	7,709
	<u>12,328</u>

The average effective interest rates and maturities as of the end of financial year of fixed deposits are 3.32% per annum and range from 90 days to 365 days respectively.

The fixed deposits of the Proforma Group have been pledged to licensed banks as securities for bank facilities granted to the Proforma Group as disclosed in Note 11.



## 8. FINANCIAL INFORMATION (Cont'd)

### 8. SHARE CAPITAL

	No. of ordinary shares of RM0.20 each '000	RM'000
Authorised:		
As of March 31, 2008	500	100
Created on June 9, 2008	249,500	49,900
	<u>250,000</u>	<u>50,000</u>
Issued and fully paid-up:		
As of March 31, 2008	*	*
New shares issued pursuant to the acquisition of TSF Group	161,390	32,278
Reverse adjustment for reverse acquisition of Teo Seng by TSF Group	-	(26,912)
After TSF Acquisition	<u>161,390</u>	<u>5,366</u>

\* The issued and fully paid-up share capital consists of 500 ordinary shares of RM0.20 each.

### 9. RESERVES

	2008 RM'000
Non-distributable reserve	
Share premium	834
Assets revaluation	4,175
Distributable reserve	
Retained earnings	<u>31,842</u>
	<u>36,851</u>

#### Share premium

Share premium arose from the following:

	2008 RM'000
366,000 new ordinary share of RM1 each at a premium of RM2.28 in 2007	<u>834</u>

#### Asset Revaluation Reserve

The revaluation reserve is used to record increase or decrease in revaluation of non-current assets, as described in the accounting policies. This amount arose from the revaluation of freehold land and buildings as disclosed in Note 3.

## 8. FINANCIAL INFORMATION (Cont'd)

### 10. HIRE-PURCHASE PAYABLES

	2008 RM'000
Total outstanding	5,617
Less: Interest-in-suspense outstanding	<u>(757)</u>
Principal outstanding	4,860
Less: Amount due within 12 months (shown under current liabilities)	<u>(1,722)</u>
Non-current portion	<u><u>3,138</u></u>

The non-current portion is repayable as follows:

	2008 RM'000
Later than one (1) year and not later than two (2) years	1,377
Later than two (2) years and not later than five (5) years	<u>1,761</u>
	<u><u>3,138</u></u>

It is the Proforma Group's policy to acquire certain of its property, plant and equipment under hire-purchase arrangements. The average term for hire-purchase is about one (1) to five (5) years. The average effective borrowing rate was 5.84% per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

The Proforma Group's hire-purchase payables are secured by the financial institutions' charge over the assets under hire-purchase. Certain hire-purchase payables of the Proforma Group are guaranteed by the intermediate holding company.

### 11. BORROWINGS

	2008 RM'000
Secured:	
Bank overdrafts	765
Term loans:	
Term loan I	1,323
Term loan II	1,286
Term loan III	300
Term loan IV	440
Term loan V	414
Other bank borrowings	19,603
Unsecured:	
Bank overdrafts	1,474
Term loan VI	2,317
Other bank borrowings	<u>6,600</u>
	34,522
Less: Amount due within 12 months (shown under current liabilities)	<u>(30,785)</u>
Non-current portion	<u><u>3,737</u></u>

## 8. FINANCIAL INFORMATION (Cont'd)

The non-current portion of the long-term loans (all pertaining to subsidiary companies) is repayable as follows:

	<b>2008</b>
	<b>RM'000</b>
Later than one (1) year and not later than two (2) years	1,939
Later than two (2) years and not later than five (5) years	1,798
	<u>3,737</u>

The average effective interest rates are as follows:

	<b>2008</b>
	<b>%</b>
Bank overdrafts	8.27
Term loans	7.61
Other bank borrowings	<u>4.86</u>

The other bank borrowings of the Proforma Group as of March 31, 2008 are repayable within April 2008 to August 2008.

The secured borrowings are secured by freehold land, building and plant and machinery of the subsidiary companies, fixed deposits of TSF and of the intermediate holding company, Leong Hup Holdings Berhad ("LHHB"), and a debenture on present and future fixed and floating assets of the subsidiary companies. The secured loans are also jointly and severally guaranteed by certain directors of the subsidiary companies. The unsecured bank borrowings are covered by letters of credits from foreign banks and also guaranteed by LHHB, covered by a negative pledge on TSF's assets and are also jointly and severally guaranteed by certain directors of the subsidiary companies. The secured borrowings are also guaranteed by TSF and LHHB. For certain borrowings, TSF is required to seek the approval of the financial institution for any payment of dividends.

The term loans are repayable on the following terms:

	<b>Total no. of instalments</b>	<b>Amount per Instalment (all interest inclusive) RM</b>	<b>Commencement of instalment</b>
Term loan I	36	67,178	January 2007
Term loan II	48	42,000	October 2006
Term loan III	36	28,000	March 2006
Term loan IV	60	9,359	August 2007
Term loan V	60	9,116	August 2007
Term loan VI	60	64,502	September 2006

**8. FINANCIAL INFORMATION (Cont'd)**

**12. DEFERRED TAX LIABILITIES**

	<b>2008</b> <b>RM'000</b>
At beginning of year	6,772
Transfer to income statements	(273)
Transfer to equity	(194)
	<u>6,305</u>
At end of year	<u>6,305</u>

The net deferred tax liabilities of the Proforma Group are in respect of the following:

	<b>2008</b> <b>RM'000</b>
Tax effects of:	
Temporary differences arising from:	
Property, plant and equipment	(5,503)
Revaluation surplus on buildings	(864)
Trade receivables	62
	<u>62</u>
Net deferred tax liabilities	<u>(6,305)</u>

**13. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES**

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The credit periods granted to the Proforma Group for trade purchases ranges from 30 to 90 days.

Other payables and accrued expenses consist of:

	<b>2008</b> <b>RM'000</b>
Other payables	1,627
Accrued expenses	1,222
	<u>2,849</u>

The amount of trade payables denominated in currency other than Ringgit Malaysia is as follows:

	<b>2008</b> <b>RM'000</b> <b>RM</b>
United States Dollars	1,948
Singapore Dollars	97
	<u>2,045</u>

---

**8. FINANCIAL INFORMATION (Cont'd)**

---

**14. FINANCIAL INSTRUMENTS***Financial Risk Management Objectives and Policies*

The operations of the Proforma Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, market risk, credit risk, liquidity risk and cash flow risk. Proforma Group has taken measures to minimise its exposure to risks and/or costs associated with the financing, investing and operating activities of the Proforma Group.

*Foreign currency risk*

The Proforma Group is exposed to foreign currency risk as a result of transactions denominated in foreign currencies arising from normal operating activities. The directors are of the opinion that the exposure to foreign currency risk is insignificant.

*Interest rate risk*

The Proforma Group's exposure to changes in interest rate risk relates primarily to the Proforma Group's fixed deposits with licensed banks and financing through bank borrowings and hire-purchase payables. To manage the risk, the Proforma Group ensures that it obtains borrowings at most competitive rates. The fixed deposits are placed with reputable banks. The Proforma Group does not use derivative financial instruments to hedge its risk.

*Market risk*

The Proforma Group manages its exposure to fluctuation in the prices of key raw materials used in the operations by ensuring a large number of suppliers so as to limit high concentration of risk in a particular supplier.

*Credit risk*

The Proforma Group is exposed to credit risk mainly from trade and other receivables, cash and bank balances and intercompany indebtedness.

The Proforma Group extends credit to their customers based upon careful evaluation of the customer's financial condition and credit history. The Proforma Group also ensures a large number of customers so as to limit high credit concentration in a customer or customers from a particular market.

Management believes that the Proforma Group's exposure on credit risk of bank balances is limited as it is placed with credit worthy financial institutions.

*Liquidity risk*

The Proforma Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

## 8. FINANCIAL INFORMATION (Cont'd)

### *Cash flow risk*

The Proforma Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

### *Financial Assets and Liabilities*

The Proforma Group's principal financial assets are cash and bank balances, trade and other receivables and inter-company indebtedness.

Significant financial liabilities of the Proforma Group are trade and other payables, intercompany indebtedness, hire-purchase payables and bank borrowings.

### *Fair Values*

The carrying amounts and the estimated fair values of Proforma Group's financial instruments as of March 31, 2008 are as follows:

	<b>Carrying Amount RM RM'000</b>	<b>Fair Value RM RM'000</b>
<b><i>Financial Liabilities</i></b>		
Borrowings - term loans (Note 11)	6,080	6,704

### ***Cash and cash equivalents, trade and other receivables, inter-companies indebtedness, trade and other payables and other bank borrowings***

The fair values of these financial instruments approximate their carrying amounts due to the short-term maturities of these instruments.

### ***Other investment***

The market value of quoted shares as of balance sheet date approximates the fair value.

### ***Hire-purchase payables and amount owing to intermediate holding company***

The fair value of hire-purchase payables and amount owing to intermediate holding company are estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements, which approximate their carrying amounts.

### ***Term loans***

The fair value of term loans are estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements.

---

**8. FINANCIAL INFORMATION (Cont'd)**

---

**16. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise the following:

	<b>2008 RM'000</b>
Cash and bank balances	7,709
Fixed deposits	4,619
Bank overdrafts	<u>(2,239)</u>
	10,089
Less: Fixed deposits pledged to banks	<u>(4,619)</u>
	<u><u>5,470</u></u>

**17. CAPITAL COMMITMENTS**

As of March 31, 2008, the Proforma Group have the following capital expenditure in respect of:

	<b>2008 RM'000</b>
Capital expenditure:	
Contracted but not provided for	118
Approved but not contracted for	<u><u>1,000</u></u>



Company No. 732762-T

**9. OTHER INFORMATION CONCERNING OUR GROUP**

**9.1 LICENCES AND PERMITS**

The major licences and permits held by our Group required for the purposes of conducting our business are listed below:

Company	Licences/ Permits	Authority	Approval period	Salient conditions	Status of compliance
TSF	<p>Separate poultry farming licences under the Control and Licensing of Poultry Farming Enactment, 1997 in respect of the following farms/premises:</p> <ul style="list-style-type: none"> <li>• Bt. 4 ½ Jln Yong Peng-Labis (Layer 1)</li> <li>• Bt 5 Jln Yong Peng-Ayer Hitam (Layer 2)</li> <li>• Bt.1 Jln Muar-Yong Peng (Layer 3)</li> <li>• Bt 3 Jln Yong Peng-Labis (Layer 4)</li> <li>• Bt. 5 Jln Yong Peng- Labis (Layer 5)</li> <li>• Bt. 1 Jln Yong Peng-Paloh (Layer 6)</li> <li>• Bt. 4 ½ Jln Yong Peng-Labis (Layer 7)</li> <li>• Bt. 8 Jln Yong Peng-Labis (Pullet 1)</li> <li>• Bt. 5 Jln Yong Peng-Labis (Pullet 2)</li> <li>• Bt. 5 Jln Yong Peng-Labis (Pullet 3)</li> <li>• Bt. 2 Jln Yong Peng-Labis (Pullet 4)</li> <li>• Bt 5 ½ Jln Labis-Yong Peng (Pullet 5)</li> <li>• Kg Hj Ghaffar Bt. 6 Jln Yong Peng-Ayer Hitam (Brooding 1)</li> <li>• Lot 26, Batu 2, Jalan Paloh-Yong Peng (Brooding 2)</li> </ul>	<p>Jabatan Perkhidmatan Haiwan Negeri Johor ("JPHNJ")</p>	<p>Expires on 31 December 2008</p>	<p>TSF shall comply with the following provisions of the Enactment:</p> <p>Section 16: Prohibition against disposal of poultry carcasses, offal or poultry wastes into rivers, drains, streams, inland waters or irrigation canals.</p> <p>Section 17: Prohibition against emission of foul smell from the farm.</p> <p>Section 18: Prohibition against allowing the farm to be a breeding ground for flies, insects and pests.</p>	<p>Complied.</p>
TSF	<p>Business Licence (Multi Manufacturing Licence) (For each of CPS1 and CPS2)</p>	<p>Majlis Daerah Yong Peng</p>	<p>Expires on 31 December 2008</p>	<p>None.</p>	<p>Not applicable.</p>
TSEFM	<p>Business Licence (Feedstock Processing)</p>	<p>Majlis Daerah Yong Peng</p>	<p>From the date payment is made for the licence until 31 December 2008</p>	<p>None.</p>	<p>Not applicable.</p>

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Company	Licences/ Permits	Authority	Approval period	Salient conditions	Status of compliance
TSEF	Palm oil licence (For crude palm oil and crude kernel palm oil)	Malaysian Palm Oil Board	Commencing 1 March 2008 and expiring on 29 February 2009	<p>(i) Selling and Transporting Palm Oil</p> <p>(ii) Buying and Transporting Palm Oil</p> <ul style="list-style-type: none"> <li>• The licensee is required to register with the Board each sale and purchase contract in respect of palm oil whereby particulars which to their knowledge are true and complete as may be determined by the Board via telex, telegram or in writing on the day after the transaction is effected before 4pm on the following day (before 12pm if a Saturday) and thereafter a copy of the sale and purchase contract must be furnished to the Board within 30 days from the date the contract was made;</li> <li>• The licensee must ensure that the palm oil sold is free from any pollution and the quality must comply with the standards acceptable by the Board;</li> <li>• The licensee is required to send a sample of the palm oil bought or sold to the Board for determination of quality as and when required;</li> </ul>	Complied.

Company No. 732762-T

**9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)**

Company	Licences/ Permits	Authority	Approval period	Salient conditions	Status of compliance
				<ul style="list-style-type: none"> <li>• The licensee is required to submit the requisite form containing information which to their knowledge is true and complete to the Board every month and the submission of a monthly statement for any 1 month must be sent no later than the 7<sup>th</sup> day of the following month;</li> <li>• The licensee is required to submit the requisite form containing information which to their knowledge is true and complete to the Board every year and the submission of an annual statement for the relevant year must be received no later than the 31<sup>st</sup> March of the following year;</li> <li>• The licensee is required to maintain and update its daily records properly in accordance with the schedule set out in the requisite forms at the licensed premises;</li> <li>• The licensee is not allowed to buy or sell palm oil from or to any person unless that person has a licence to buy or sell palm oil;</li> <li>• The licensee must ensure that all transportation of palm oil must be accompanied with the completed requisite form.</li> </ul>	

Company No. 732762-T

**9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)**

Company	Licences/ Permits	Authority	Approval period	Salient conditions (iii) Storage	Status of compliance
TSEFM	Certificates of Fitness under the Factories and Machinery Act, 1967 (i) Air Receiver (Registration No. JH PMT 3578) (ii) Air Compressor (Registration No. JH PMT 3579) (iii) Oil Separator (Registration No. PMT 95332)	Department of Occupational Safety & Health	All valid until 24 May 2009	<ul style="list-style-type: none"> <li>• The licence is valid only for the premises stated in the licence;</li> <li>• The licensee is required to maintain the cleanliness;</li> <li>• of the storage premises and must ensure that all facilities for storage are in good condition;</li> <li>• The licensee is required to maintain and update its daily records properly in accordance with the schedule set out in the requisite forms at the licensed premises;</li> <li>• The licensee must ensure that the palm oil stored is free from pollution and the quality must comply with the standards acceptable by the Board;</li> <li>• The licensee is required to send a sample of the palm oil bought or sold to the Board for determination of quality as and when required.</li> </ul>	Complied.

Company No. 732762-T

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Company	Licences/ Permits	Authority	Approval period	Salient conditions	Status of compliance
TSPP	Business Licence (Multi Manufacturing Licence)	Majlis Daerah Yong Peng	Expires on 31 December 2008	None.	Not applicable.
TSPP	Certificates of Fitness under the Factories and Machinery Act, 1967  (i) Oil Separator (Registration No. PMT 118021) (ii) Air Container (Registration No. JH PMT 4698) (iii) Air Container (Registration No. JH PMT 4699) (iv) Air Receiver Tank (Registration No. JH PMT 5404)	Department of Occupational Safety & Health	(i) Valid until 24 May 2009 (ii) Valid until 12 June 2008, renewal application made, pending inspection and issuance of certificate (iii) Valid until 12 June 2008, renewal application made, pending inspection and issuance of certificate (iv) Valid until 2 January 2009	The provisions of the Factories and Machinery Act, 1967 shall be complied with at all times.	Complied.
TSFM & TSPP	Fire Certificate	Fire and Rescue Department, Malaysia	Valid until 18 November 2008	On condition that the facilities at the certified premises remain in good order at all times.	Complied.
Ritma	Business Licence (Warehouse/Store/Signboard)	Majlis Perbandaran Subang Jaya	The actual period is not specified on the licence but the licence will expire on 31 December 2008	None.	Not applicable.
Ritma	Pesticide Sale/Storage Licence under the Pesticides Act, 1974	Department of Agriculture, Malaysia	Commencing 21 February 2006 and expiring 20 February 2009	<ul style="list-style-type: none"> <li>The following pesticides must be kept separate from other pesticides and kept under lock and key: paraquat, monocrotophos, calcium cyanide, hydrogen cyanide, methyl bromide, aluminium phosphide, zinc phosphide, magnesium phosphide and methamidophos</li> </ul>	Complied.

Company No. 732762-T

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Company	Licences/ Permits	Authority	Approval period	Salient conditions	Status of compliance
				<ul style="list-style-type: none"> <li>• The quantities of the above-mentioned pesticides purchased, sold or disposed must be recorded using the LRMP-B1 format.</li> <li>• For pesticides monocrotophos and methamidophos:               <ul style="list-style-type: none"> <li>-to increase stock, the holder of the licensed premises must first obtain the permission to purchase from the State Licensing Officer;</li> <li>-the holder of the licensed premises must ensure that a purchaser has obtained the permission to purchase from the State Licensing Officer.</li> </ul> </li> <li>• Such permissions must be kept by the holder of the licensed premises for two (2) years from the date of purchase for inspection purposes.</li> <li>• Pesticides cannot be sold or stored at premises where food, drinks or medicine for human or animal consumption are also sold or stored except if the same are separated from the pesticides by a fixed barrier which must be at least three (3) meters high or up to ceiling height, whichever is lower. The distance between the pesticides and food must be at least two (2) meters. Items other than food may be placed within the perimeter. As an alternative, pesticides may also be stored in a locked cupboard which do not contain any other items.</li> </ul>	

Company No. 732762-T

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Company	Licences/ Permits	Authority	Approval period	Salient conditions	Status of compliance
				<ul style="list-style-type: none"> <li>Pesticides may only be sold in their original containers and cannot be sold if the said containers are cracked/rusty/damaged or if the original label is torn or is not legible.</li> <li>Pesticides cannot be sold to persons below the age of 18. For this purpose, a signboard with the statement "PESTICIDES CANNOT BE SOLD TO PERSONS BELOW THE AGE OF 18 YEARS" must be displayed prominently at the premises. These wordings must at least be 5cm high.</li> <li>Fire extinguishers as approved by the Fire and Rescue Department must be placed where pesticides are stored or sold.</li> <li>A signboard with the statement "DANGER PESTICIDES" must be displayed prominently at the premises. The background of the signboard must be white and the writing must be in dark red. These wordings must at least be 5cm high. The skull and crossed bones symbol in black and at least 10cm high must also be included on the signboard.</li> <li>If there is a store, it must be locked and a signboard with the statement "WARNING PESTICIDES STORE - EATING, DRINKING AND SMOKING PROHIBITED" must be displayed prominently at the store entrance. The background of the</li> </ul>	



Company No. 732762-T

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Company	Licences/ Permits	Authority	Approval period	Salient conditions	Status of compliance
TSF	Separate carriage licences under Licence Class C for transporting the items set out in the table below	Commercial Vehicles Licensing Board, Ministry of Entrepreneur Development	Please see table below	<p>signboard must be white and the writing must be in dark red. These wordings must at least be 5cm high. The skull and crossed bones symbol in black and at least 10cm high must also be included on the signboard.</p> <ul style="list-style-type: none"> <li>The premises must have basic facilities for purposes of cleaning any pesticide spillages, for example pails containing sand, empty pails, sand shovels and adequate water supply.</li> <li>Any other conditions deemed fit by the State Licensing Officer.</li> </ul>	Complied.

Licence no.	Vehicle type/ Registration no.	Operational area/Route	Transport items	Special conditions	Expiry date
0055099-X/86	Lorry General Cargo JQC 4769	Selangor, WP, Negeri Sembilan, Melaka & Johor only	Chicken and chicken feed only	-	29 November 2011
340001267-X/01	Lorry General Cargo JDI 4328	Selangor, WP, Negeri Sembilan, Melaka & Johor only	Chicken, chicken racks, chicken feed, old newspapers and farming tools only	-	7 October 2012
0055100-7/86	Lorry General Cargo JED 6516	Selangor, WP, Negeri Sembilan, Melaka & Johor only	Chicken and chicken feed only	-	20 November 2011

## 9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Licence no.	Vehicle type/ Registration no.	Operational area/Route	Transport items	Special conditions	Expiry date
012291-6/89	Box Van JDH 7297	Selangor, WP, Negeri Sembilan, Melaka, Johor & Pahang only	chicken, ducks and animal feed (except pig feed) only	-	17 November 2011
310000568-0/01	Box Van JEP 3562	Selangor, WP, Negeri Sembilan, Melaka & Johor only	Chicken, chicken eggs, chicken feed, egg trays and old newspapers only	-	26 July 2012
310009156-0/03	Box Van JJB 7487	Perak, Selangor, WP, Negeri Sembilan, Melaka, Johor, Pahang	Animal feed	-	12 May 2010
3101545-3/02	Bulk Tanker JGM 1351	Selangor, WP, Negeri Sembilan, Melaka & Johor only	Animal feed only	-	7 May 2012
310009958-0/03	Bulk Tanker JJF 4241	Perak, Selangor, WP, Negeri Sembilan, Melaka, Johor, & Pahang only	Animal feed	-	14 August 2010
310001798-4/01	Bulk Tanker MAD 6988	Selangor, WP, Negeri Sembilan, Melaka & Johor only	Animal feed only	-	18 December 2012
310001083-4/01	Bulk Tanker MAG 9291	Selangor, WP, Negeri Sembilan, Melaka & Johor only	Animal feed only	-	8 September 2012
310012183-4/06	Box Van JIT 8460	Johor, Melaka, Negeri Sembilan, WP, Selangor, Perak & Pahang	Eggs, egg trays and farming equipment	-	25 June 2011
310014157-4/06	Box Van JKC 6310	Johor, Melaka, Negeri Sembilan, WP, Selangor, Perak & Pahang	Eggs, egg trays and farming equipment	-	7 February 2012
310001875-4/01	Box Van JKK 5750	Selangor, WP, Negeri Sembilan, Melaka & Johor only	Chicken, chicken eggs, chicken racks, chicken feed, old newspapers and farming tools only	The vehicle must have a roof and covered in accordance with JPJ requirements (exempted if carrying chicken).	31 December 2012

Company No. 732762-T

**9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)**

Licence no.	Vehicle type/ Registration no.	Operational area/Route	Transport items	Special conditions	Expiry date
3J0017090-4/06	Bulk Tanker JKR 6920	Johor, Melaka, Negeri Sembilan, Wilayah Persekutuan, Selangor, Perak & Pahang	Animal feed	-	7 January 2013
3J0018067-4/08	Box Van JJB 2297	Johor, Melaka, Negeri Sembilan, Wilayah Persekutuan, Selangor, Perak & Pahang	Eggs, egg trays, chicken feed and farming tools only	-	15 April 2013

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

## 9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

### 9.2 PROPERTY

The details of land and buildings owned and leased by our Group as at the date of this Prospectus are set out below:

Registered owner/Postal address and/or Lot. No.	Description/ Existing use	Land area (Built-up area)	Date of issuance of certificate of fitness/ statutory completion	Approximate age of building (Years)	Tenure	Restriction in interest	Encumbrances on property	NBV as at 31 March 2008 (RM'000)
<b>TSE:</b> GM846, Lot 4221 Mukim Chaah Bahru, Tempat Batu 4 Jalan Labis, Daerah Batu Pahat, Johor	Poultry farm (Layer 1)	13.28 acres (115,790 sq.ft.)	Not applicable (Outside the jurisdiction of Local Authority. As such, no certificate of fitness is required)	17	Freehold	Nil	Nil	970
GM 5684, Lot 7416 & GM 6528, Lot 7417 Mukim Tanjung Sembromg, Tempat Kangkar Serom, Daerah Batu Pahat, Johor	Poultry farm (Layer 2)	15.86 acres (151,269 sq.ft.)	Not applicable (Outside the jurisdiction of Local Authority. As such, no certificate of fitness is required)	15	Freehold	Nil	Nil	1,277
GRN 48571, Lot 5512 Mukim Tanjung Sembromg, Daerah Batu Pahat, Johor	Poultry farm (Layer 3)	10.36 acres (113,634 sq.ft.)	Not applicable (Outside the jurisdiction of Local Authority. As such, no certificate of fitness is required)	14	Freehold	Nil	Nil	1,645
GRN 92464, Lot 1356 & GRN 92465, Lot 1357 Mukim Chaah Bahru, Daerah Batu Pahat, Johor	Poultry farm (Layer 4)	14.89 acres (231,148 sq.ft.)	Not applicable (Outside the jurisdiction of Local Authority. As such, no certificate of fitness is required)	14	Freehold	Nil	Nil	1,543
GM 503, Lot 3660 & GRN 81499, Lot 3667 Mukim Chaah Bahru, Tempat Jalan Labis, Daerah Batu Pahat, Johor	Poultry farm (Layer 5)	20.97 acres (160,414 sq.ft.)	Not applicable (Outside the jurisdiction of Local Authority. As such, no certificate of fitness is required)	12	Freehold	Nil	Lien Holder's Caveat entered by OCBC Bank (Malaysia) Berhad	1,891

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Registered owner/Postal address and/or Lot. No.	Description/ Existing use	Land area (Built-up area)	Date of issuance of certificate of fitness/ statutory completion	Approximate age of building (Years)	Tenure	Restriction in interest	Encumbrances on property	NBV as at 31 March 2008 (RM'000)
GM 3018, Lot No. 478 & GM 3020, Lot 481 Mukim Tanjung Sembrong, Tempat Jalan Paloh, Daerah Batu Pahat, Johor	Poultry farm (Layer 6)	17.38 acres (296,166 sq. ft.)	Exempted from Certificate of Fitness for Occupation, subject to a Temporary Building Permit being obtained.  Approval of the application for the Temporary Building Permit was obtained vide letter by Majlis Daerah Yong Peng on 8 March 2007, subject to certain operational conditions.	13	Freehold	Nil	Lien Holder's Caveat entered by OCBC Bank (Malaysia) Berhad	2,228
GM 1083, Lot 62 Mukim Chaah Bahru, Tempat Makau Kang, Daerah Batu Pahat, Johor adjoining GRN 29893, Lot 3530, GRN 29894, Lot 3531 & GRN 29895, Lot 3532 Mukim Chaah Bahru, Daerah Batu Pahat, Johor	Poultry farm (Layer 7)	22.84 acres (229,803 sq. ft.)	Not applicable (Outside the jurisdiction of Local Authority. As such, no certificate of fitness is required)	12	Freehold	Nil	Nil	2,905
H.S (M) 174, MLO 9351, H.S (M) 175, MLO 9352 & H.S (M) 177, MLO 9354 Mukim Tanjung Sembrong, Tempat Batu 62 Jalan Ayer Hitam, Daerah Batu Pahat Johor	Poultry farm (Brooding 1)	15.54 acres (55,652 sq. ft.)	Not applicable (Outside the jurisdiction of Local Authority. As such, no certificate of fitness is required)	11	Freehold	Nil	Nil	892

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Registered owner/Postal address and/or Lot. No.	Description/ Existing use	Land area (Built-up area)	Date of issuance of certificate of fitness/ statutory completion	Approximate age of building (Years)	Tenure	Restriction in interest	Encumbrances on property	NBV as at 31 March 2008 (RM'000)
H.S (M) 870 Lot 26 Mukim Chaah Bahru, Tempat Batu 2 Jalan Paloh, Daerah Batu Pahat, Johor	Poultry farm (Brooding 2)	4.94 acres (32,776 sq. ft.)	Exempted from Certificate of Fitness for Occupation, subject to a Temporary Building Permit being obtained.  Approval of the application for the Temporary Building Permit was obtained vide letter by Majlis Daerah Yong Peng on 8 March 2007, subject to certain operational conditions.	2	Freehold	Nil	Nil	626
GM 248, Lot No. 1073 Mukim Chaah Bahru, Tempat Batu 8 Jalan Labis, Daerah Batu Pahat, Johor	Poultry farm (Pullet 1)	5.59 acres (122,391 sq. ft.)	Not applicable (Outside the jurisdiction of Local Authority. As such, no certificate of fitness is required)	22	Freehold	Nil	Nil	580
GM 679, Lot No. 4369 Mukim Chaah Bahru, Tempat Jalan Labis, Daerah Batu Pahat, Johor	Poultry farm (Pullet 2)	6.58 acres (67,708 sq. ft.)	Not applicable (Outside the jurisdiction of Local Authority. As such, no certificate of fitness is required)	18	Freehold	Nil	Nil	146
G.M 252, Lot No. 2659 Mukim Chaah Bahru, Tempat Batu 5½ Jalan Labis, Daerah Batu Pahat Johor	Poultry farm (Pullet 3)	8.33 acres (134,999 sq. ft.)	Not applicable (Outside the jurisdiction of Local Authority. As such, no certificate of fitness is required)	24	Freehold	Nil	Nil	324
GM 1158, Lot No. 3586 & GM 1178, Lot No. 3587 Mukim Chaah Bahru, Tempat Batu 2 Jalan Labis, Daerah Batu Pahat, Johor	Poultry farm (Pullet 4)	10.95 acres (111,446 sq. ft.)	Not applicable (Outside the jurisdiction of Local Authority. As such, no certificate of fitness is required)	14	Freehold	Nil	Nil	594

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Registered owner/Postal address and/or Lot. No.	Description/ Existing use	Land area (Built-up area)	Date of issuance of certificate of fitness/ statutory completion	Approximate age of building (Years)	Tenure	Restriction in interest	Encumbrances on property	NBV as at 31 March 2008 (RM'000)
H.S (M) 342 Lot PT 846 Mukim Chaah Bahru, Tempat Batu 74½ Jalan Labis, Daerah Batu Pahat, Johor	Poultry farm (Pullet 5)	7.52 acres (44,627 sq. ft.)	Not applicable (Outside the jurisdiction of Local Authority. As such, no certificate of fitness is required)	2	Freehold	Nil	Nil	928
GRN 49070, Lot No. 7850 Mukim Tanjong Sembromg, Daerah Batu Pahat, Johor	Layer 3 store cum CFS 1	5.69 acres (40,300 sq. ft.)	Not applicable (Outside the jurisdiction of Local Authority. As such, no certificate of fitness is required)	14	Freehold	Nil	Nil	1,334
GM 3019, Lot 479 Mukim Tanjong Sembromg, Tempat Jalan Paloh, Daerah Batu Pahat, Johor	Vacant land	4.94 acres	Not applicable as no building erected	-	Freehold	Nil	Lien Holder's Caveat entered by OCBC Bank (Malaysia) Berhad	120
H.S (M) 348 Lot No. 445 Mukim Chaah Bahru, Tempat Batu 8 Jalan Labis, Daerah Batu Pahat, Johor	Vacant land	9.92 acres	Not applicable as no building erected	-	Freehold	Nil	Nil	127
GM 251, Lot No. 905 Mukim Chaah Bahru, Tempat Batu 5½ Jalan Labis, Daerah Batu Pahat, Johor	Vacant land	2.67 acres	Not applicable as no building erected	-	Freehold	Nil	Nil	37
GM 471 Lot 3238 Mukim Minyak Beku, Tempat Tanjong Laboh, Daerah Batu Pahat, Johor	Vacant land	3.71 acres	Not applicable as no building erected	-	Freehold	Nil	Nil	66



Company No. 732762-T

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Registered owner/Postal address and/or Lot. No.	Description/ Existing use	Land area (Built-up area)	Date of issuance of certificate of fitness/ statutory completion	Approximate age of building (Years)	Tenure	Restriction in interest	Encumbrances on property	NBV as at 31 March 2008 (RM'000)
GM 1242 Lot 834 Mukim Chaah Bahru, Tempai Batu 74 ¼ Jalan Labis, District of Batu Pahat, State of Johor	Vacant land	4.31 acres	Not applicable	-	Freehold	Nil	Nil	192
GM 455 Lot 4163 Mukim Chaah Bahru, Tempai Batu 5 Jalan Labis, District of Batu Pahat, State of Johor	Vacant land	4.96 acres	Not applicable	-	Freehold	Nil	Nil	574
GM 456 Lot 4164 Mukim Chaah Bahru, Tempai Batu 5 Jalan Labis, District of Batu Pahat, State of Johor	Vacant land	6.56 acres	Not applicable	-	Freehold	Nil	Nil	
GM 21 Lot 1523 Mukim Chaah Bahru, Tempai Batu 5 ½ Jalan Labis, District of Batu Pahat, State of Johor	Vacant land	5.68 acres	Not applicable	-	Freehold	Nil	Nil	234
GM 3759 Lot 194 Mukim Tanjung Sembong, Tempai Jalan Muar, District of Batu Pahat, State of Johor*	Vacant land	11.26 acres	Not applicable	-	Freehold	Nil	Nil	**

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Registered owner/Postal address and/or Lot. No.	Description/ Existing use	Land area (Built-up area)	Date of issuance of certificate of fitness/ statutory completion	Approximate age of building (Years)	Tenure	Restriction in interest	Encumbrances on property	NBV as at 31 March 2008 (RM'000)
<b>TSEMI:</b> H.S (M) 9807, PTD 25740 Mukim Tanjong Semborong, Tempat Yong Peng- A.Hitam Road, Daerah Batu Pahat, Johor	CPS 2 and Central Office (Construction in progress)	4.19 acres (CPS 2 - 51,120 sq. ft. Central Office- 22,412 sq. ft.)	Certificate of Fitness for Occupation issued on 6 July 2007	1	Freehold	The land must not be transferred in any way whatsoever unless the construction of the factory building has commenced in accordance with the plans approved by the relevant Local Authority	Charged to Bumiputra-Commerce Bank Berhad (now known as CIMB Bank Berhad) and Malayan Banking Berhad	3,226***
H.S (M) 9808, PTD 25741 Mukim Tanjong Semborong, Tempat Yong Peng- A.Hitam Road, Daerah Batu Pahat, Johor	Feedmill	4.20 acres (34,615 sq. ft.)	Certificate of Fitness for Occupation issued on 16 October 2006	8	Freehold	The land must not be transferred in any way whatsoever unless the construction of the factory building has commenced in accordance with the plans approved by the relevant Local Authority	Charged to CIMB Bank Berhad and Malayan Banking Berhad	4,304

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Registered owner/Postal address and/or Lot No.	Description/ Existing use	Land area (Built-up area)	Date of issuance of certificate of fitness/ statutory completion	Approximate age of building (Years)	Tenure	Restriction in interest	Encumbrances on property	NBV as at 31 March 2008 (RM'000)
<b>TSPP:</b> H.S (M) 9806, PTID 25739 Mukim Tanjung Semborong, Tempat Batu 65½, Jalan Ayer Hitam, Daerah Batu Pahat, Johor	Egg tray plant	4.73 acres (52,000 sq. ft.)	Certificate of Fitness for Occupation issued on 16 October 2006	13	Freehold	The land must not be transferred in any way whatsoever unless the construction of the factory building has commenced in accordance with the plans approved by the relevant Local Authority	Charged to Malayan Banking Berhad	3,834

Notes:

\* This property was purchased by TSF from Kwok Wah @ Li Kwok Wah, Lee Chiong Wah, Lee Meng Wah, Liu Sai Moy & Lee Nyat Hua vide a sale and purchase agreement dated 18 April 2008. As at the LPD, the sale and purchase agreement has been completed but the registration of the transfer in favour of TSF is still pending at the land office.

\*\* Not applicable. As at 31 March 2008, TSF had not completed the acquisition of the vacant land.

\*\*\* The NBV of RM3,266 million represents the value of CPS2 only but excluding Central office as its construction still in progress.

In addition to the properties owned by the Group, Ritma has entered into two (2) separate sale and purchase agreements with F. E Venture Sdn Bhd, both dated 12 June 2008 for the purchase of properties held under H.S (D) 179532 P.T No. 231 ("Lot No. 23") and H.S (D) 179533 P.T No. 232, Pekan Desa Puchong, District of Petaling, Selangor Darul Ehsan. Ritma is currently operating from Lot No. 23, for which the vendor has agreed to grant a tenancy pending completion of the sale and purchase agreements. The vendor has confirmed to our management that the premises have been issued with a Certificate of Fitness for Occupation and is in compliance with all relevant rules and regulations.

9.2.1 None of the property disclosed above are in breach of any land use conditions and/or is in material non-compliance with current statutory requirements, land rules or building regulations.

### 9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

9.2.2 Save as disclosed below, all the properties owned by our Group were acquired more than two (2) years before the date of this Prospectus:

Postal address and/or Lot. No.	Date of transaction	Purchase price (RM'000)
GM 1242, Lot 834 Mukim Chaah Bahru, District of Batu Pahat, State of Johor	18.10.2007	188
GM 455, Lot 4163 Mukim Chaah Bahru, District of Batu Pahat, State of Johor	18.10.2007	248
GM 456, Lot 4163 Mukim Chaah Bahru, District of Batu Pahat, State of Johor	18.10.2007	300
GM 21, Lot 1523 Mukim Chaah Bahru, District of Batu Pahat, State of Johor	24.12.2007	225
GM 3759, Lot 194 Mukim Tanjong Sembong, District of Batu Pahat, State of Johor	18.04.2008	788

### 9.3 PLANT AND EQUIPMENT

The details of the material plant and equipment used by our Group as at 31 March 2008 are set out below:

Name of Plant/ Machinery (Location)	Description	Capacity (if applicable)	Location	NBV as at 31 March 2008 (RM'000)
<b>TSF:</b>				
96 sets of 24 Flat Deck Layer Cages System	Caging systems, which include cages, automatic feed distribution system, nipple drinking system and egg collection system	Not applicable	Layer 1	199
20 sets of Double Deck Layer Cages System			Layer 2	338
20 sets of TSIS Double Deck Cages System			Layer 3	530
36 sets of Flat Deck Laying Cages System			Layer 4	444
22 sets of Double Deck Laying Cages System			Layer 5	486
33 sets of Double Deck Laying Cages System			Layer 6	819
27 sets of Double Deck Laying Cages System			Layer 7	1,055
24 sets of TSIS F/Deck Starter Cages System			Brooding 1	261
12 sets of TSIS F/Deck Starter Cages System			Brooding 2	282
6 sets of TSIS F/Deck Grower Cages System			Pullet 1	355
9 sets of TSIS F/Deck Grower Cages System			Pullet 5	465
4 sets of Tri Deck Laying Cages System			Layer 7	523