

**TEO SENG CAPITAL BERHAD (732762-T)****NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2008**

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**A. SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD NO. 134 - INTERIM FINANCIAL REPORTING****A1 Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard No. 134 - Interim Financial Reporting and Appendix 9B Part A of the Listing Requirements of Bursa Securities. This is the first interim financial report on the consolidated results for the first quarter ended June 30, 2008 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding period.

The accounting policies and methods of computation adopted by the Group for this interim financial report are in compliance with the new and revised Financial Reporting Standards issued by the MASB.

The interim financial statements should be read in conjunction with the Profoma Consolidated Financial Information and the Accountants' Report for the financial year ended March 31, 2008 as disclosed in the Prospectus of the Company dated September 26, 2008 and the accompanying explanatory notes attached to this interim financial report.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group.

**A2 Auditors' Report**

There was no qualification on the audited financial statement of the Company for the financial year ended March 31, 2008.

**A3 Seasonal Or Cyclical Factors**

The principal business operations of the Group were not significantly affected by seasonal or cyclical factors.

**A4 Unusual Items**

There were no items affecting assets, liabilities, equity, net income or cash flows of the Group that are unusual because of their nature, size or incidence.

**A5 Changes in Estimates**

There were no significant changes in the estimates reported in prior financial year, which have a material effect in the current period.

**A6 Issuances, Cancellation, Repurchases, Resale & Repayments Of Debts And Equity Securities****TSF Acquisition**

On March 19, 2007 the Company entered into a share purchase agreement with the shareholders of TSF to acquire 5,366,000 TSF shares 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.

Save for the above, there were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities for the current financial quarter.

**A7 Dividend Paid**

No dividend was paid for the current quarter under review.

**A8 Segmental Reporting**

The segment revenue and results for business segments for the current financial year to date are as follows:

Segmental Analysis - By Activities	Segment Revenue (RM'000)	Profit / (Loss) Before Taxation (RM'000)
a) Poultry Farming	40,466	1,966
b) Investment and Trading of animal health products	3,416	509
Total	43,882	2,745

**A9 Valuation of Property, Plant & Equipment**

The valuations of property, plant and equipment of the Group have been brought forward without amendments from the previous annual financial statements.

**A10 Capital Commitments**

Capital commitments as at end of the current quarter are as follows:

	Total RM'000
Contracted but not provided for	4,173
Approved but not contracted for	331
	4,504

**A11 Material Subsequent Events**

On September 26, 2008 the Company issued its Prospectus for Public Issue of 38,610,000 new ordinary share of RM0.20 each in Teo Seng Capital Berhad ('Shares') at an issue price of RM0.45 per share payable in full on application comprising:

- 15,000,000 new shares available for application by the Malaysian Public
- 6,110,000 new shares by way of private placement to Identified Investors
- 10,000,000 new shares available for application by the eligible Directors, Employees and Business Associates of Teo Seng Capital Berhad and its subsidiaries
- 7,500,000 new shares to be placed to Bumiputera Investors approved by The Ministry of International Trade and Industry

Offer for sales of 42,000,000 shares at an offer price of RM0.45 per share to Bumiputera Investors approved by the Ministry of International Trade and Industry in conjunction with the Listing of Teo Seng Capital Berhad on the Second Board of Bursa Malaysia Securities Berhad.

Save for the above, there were no material events subsequent to the end of the current quarter that have not been reflected in the current financial statements.

**A12 Effects of Changes in The Composition of the Group**

There were no changes in the composition of the Group during the current quarter save as disclosed as follows:

(a) TSF Acquisition as disclosed in Note A6

(b) Re-organisation

Upon the exercise of an option granted to the Company 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 an amount owing by the Company to TSF.

**A13 Changes in Contingent Liabilities or Contingent Assets**

There were no contingent liabilities and contingent assets, which upon becoming enforceable, may have a material effect on the net assets, profits or financial position of our Group for the quarter under review.

**B. ADDITIONAL INFORMATION AS REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS (PART A OF APPENDIX 9B)****B1 Review of Performance of the Company and its principal subsidiaries**

Despite the higher feed cost which was not fully reflected in the selling price of eggs, the Group recorded a pre-tax profit of RM2.75million for the financial period under review.

In the opinion of the Directors, the result for the current quarter and financial year to date have not been affected by any transactions or events of a material nature which has arisen between 31 March 2008 and the date of this report

**B2 Comparison with the Immediate Preceding Quarter's Results**

Not applicable as this is the first quarter in which the consolidated results of the Group is presented.

**B3 Current Year Prospects**

Following the improved selling price of eggs and subsidy given by the government for the poultry industry, the Directors remain positive with the Group's prospects for the remaining period ending March 31, 2009.

**B4 Variance from Profit Forecast and Profit Guarantee**

This note is not applicable to the Group.

**B5 Taxation**

Major components of tax expense:

	Current Quarter Ended 30/06/2008 (RM'000)	Current Year To Date Ended 30/06/2008 (RM'000)
Current Year Provision	707	707
Under/(Over) Provision in respect of prior years		
Deferred Taxation	81	81
Total	788	788

The provision for income tax of the Group for the current period under review reflects an effective tax rate which is higher than the statutory income tax rate due to the certain non tax deductible expense in current period.

**B6 Profit/(Losses) on Sales of Unquoted Investments and/or Properties**

There were no disposal of unquoted investment and properties for the current quarter and financial year-to-date except a gain of RM13,000 on the disposal of fixed assets.

**B7 Particulars Of Purchase Or Disposal Of Quoted Securities**

a) There were no purchases or disposals of quoted shares by the Group for the current financial year to date.

b) Investment in quoted shares as at the end of the reporting period:

	RM'000
Investment at Cost	3
Investment at Carrying Value / Book Value	3
Investment at Market Value	2

**B8 a) Status Of Corporate Proposals**

There were no corporate proposal announced but not yet completed as at the date of this announcement save as disclosed in Note A11 above.

**b) Status Of Utilisation Of Proceeds**

As the Company will be listed after the second quarter reporting date, i.e. October 29, 2008, the status of utilization of proceeds will be disclosed in the third quarter ending December 31, 2008

**B9 Group's Borrowings And Debt Securities**

Detailed of Group's borrowings as at the end of reporting period:

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
Short-term borrowings	25,132	8,391	33,523
Hire Purchase – Current	1,813	-	1,813
Hire Purchase – Non-current	2,930	-	2,930
Long-term borrowings – Current	1,154	628	1,782
Long-term borrowings – Non-current	1,013	1,539	2,552
Total	32,042	10,558	42,600

Denominated In	RM'000
Ringgit Malaysia	42,600
Singapore Dollar	-
Total	42,600

**B10 Off Balance Sheet Financial Instruments**

There were no financial instruments with off balance sheet risk as at the reporting date.

**B11 Material Litigations**

There were no pending material litigations at the date of this report.

**B12 Dividend Payable**

No interim dividend has been recommended for the current financial quarter under review.

**B13 Earnings Per Share**

The basic earnings per share are computed by dividing the profit or loss for the period by the number of ordinary shares of Pro-forma Group in issue during the period.

	Current Quarter Ended 30/06/2008	Preceding Year Corresponding Quarter 30/06/2007	Current Year To Date 30/06/2008	Preceding Year To Date 30/06/2007
Profit attributable to Ordinary Equity Holders of the Parent (RM'000)	1,957	N/A	1,957	N/A
Number of ordinary shares ('000) of Pro-forma Group	161,390	N/A	161,390	N/A
Basic earnings per share (Sen)	1.21	N/A	1.21	N/A

**B14 Authorization for Issue**

The interim financial statements were authorized for issue by the Board of Directors on 23 October 2008.