

TEO SENG CAPITAL BERHAD (732762-T)

NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008

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 second interim financial report on the consolidated results for the second quarter ended September 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 was 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	85,770	5,390
b) Investment and Trading of animal health products	7,247	701
Total	93,017	6,091

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	4,526
Approved but not contracted for	65
	<u>4,591</u>

A11 Material Subsequent Events

Following to the issuance of the Company Prospectus on September 26, 2008 for the Public Issue of 38,610,000 ordinary shares at RM0.45 each, the Company has been admitted to the Official List of Bursa Securities and the listing of and quotation for these shares on the Second Board on October 29, 2008 with its entire issued and paid up share capital of RM40,000,000 comprising 200,000,000 ordinary shares of RM0.20 each.

Upon completion of the above Listing on the Second Board , the Company acquired 500,000 ordinary shares of RM1 each in Success Century Sdn Bhd representing 100% equity interest for a purchase consideration of RM7,500,000. This acquisition has been completed on October 31, 2008.

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.

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

The Company recorded a pre-tax profit of approximately RM6.09 million on the back of revenue of RM93.02 million for the current period under review. It was mainly due to the improved selling price of eggs and government subsidy given to reflect and cushion against the impact of higher feed cost.

B2 Comparison with the Immediate Preceding Quarter's Results

	Current Quarter ended 30 Sep 2008 RM'000	Preceding Quarter ended 30 June 2008 RM'000	Variance RM'000	%
Revenue	49,135	43,882	5,253	11.97
Profit Before Tax	3,346	2,745	601	21.89

For the current quarter under review, the Group's revenue is higher by approximate 11.97% from RM43.88 million to RM49.14 million due to the average improved selling price of eggs from RM0.218 to RM0.259 to reflect the increase in feed cost.

In line with the improved selling price of eggs and government subsidy given to approved poultry farmers, the Group recorded profit before tax of RM3.35 million, representing 21.89% higher than the preceding quarter.

B3 Current Year Prospects

Following to the continued stable selling price of eggs and subsidy given by the government to the approved poultry farmers, the Directors remain positive with the Group's prospects for the financial year 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 30/09/2008 (RM'000)	Current Year To Date Ended 30/09/2008 (RM'000)
Current Year Provision	355	1,062
Under/(Over) Provision in respect of prior years		
Deferred Taxation	219	300
Total	574	1,362

The provision for income tax of the Group for the current period under review reflects an effective tax rate which is lower than the statutory income tax rate due to the utilisation of reinvestment allowance.

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.

b) Status Of Utilisation Of Proceeds

As the Company has been 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	24,879	9,555	34,434
Hire Purchase – Current	1,830	-	1,830
Hire Purchase – Non-current	3,034	-	3,034
Long-term borrowings – Current	1,084	641	1,725
Long-term borrowings – Non-current	770	1,375	2,145
Total	31,597	11,571	43,168

Denominated In	RM'000
Ringgit Malaysia	43,168
Singapore Dollar	-
Total	43,168

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

An interim dividend of 5%, less tax of 25% has been declared 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 the Pro-forma Group in issue during the period.

	Current Quarter Ended 30/09/2008	Preceding Year Corresponding Quarter 30/09/2007	Current Year To Date 30/09/2008	Preceding Year To Date 30/09/2007
Profit attributable to Ordinary Equity Holders of the Parent (RM'000)	2,772	N/A	4,729	N/A
Number of ordinary shares of the Pro-forma Group (RM'000)	161,390	N/A	161,390	N/A
Basic earnings per share (Sen)	1.72	N/A	2.93	N/A

B14 Authorization for Issue

The interim financial statements were authorized for issue by the Board of Directors on 25 November 2008.