

## **TEO SENG CAPITAL BERHAD (732762-T)**

### **NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2009**

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#### **A. SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD NO. 134 - INTERIM FINANCIAL REPORTING**

##### **A1 Basis of Preparation**

The financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard No. 134 - Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Audited Financial Statements of the Group for the year ended March 31, 2009 and the accompanying explanatory notes attached. 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.

The significant accounting policies and methods of computation adopted by the Group are consistent with those of the audited financial statements for the year ended March 31, 2009. The following Financial Reporting Standards (ōFRSsö) and Interpretations were issued but not yet effective and have not been applied by the Group:

FRS 1	Amendments to FRS 1 First-time Adoption of Financial Reporting Standards
FRS 2	Amendments to FRS 2 Share-based Payment ó Vesting Conditions and Cancellations
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 123	Borrowing Costs
FRS 127	Amendments to FRS 127 Consolidated and Separate Financial Statements: Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate
FRS 139	Financial Instruments: Recognition and Measurement
IC Int. 9	Reassessment of Embedded Derivatives
IC Int. 10	Interim Financial Reporting and Impairment
IC Int. 11	FRS 2 ó Group and Treasury Share Transactions
IC Int. 13	Customer Loyalty Programmes
IC Int. 14	FRS 119 ó The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoptions of the above FRSs and Interpretations upon their effective dates are not expected to have any significant impact on the interim financial statements of the Group.

##### **A2 Auditors' Report**

There was no qualification on the audited financial statements of the Company for the financial year ended March 31, 2009.

##### **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**

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities for the current financial year to date.

**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 (RM000)	Profit / (Loss) Before Taxation (RM000)
a) Poultry Farming	37,140	5,727
b) Investment and Trading of animal health products	4,324	845
Total	41,464	6,572

**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 RM000
Approved but not contracted for	<u>3,903</u>

**A11 Material Subsequent Events**

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 other significant changes in the composition of the Group during the current quarter including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinuing operations.

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

There were no contingent liabilities and contingent assets other than the corporate guarantee of RM10.32 million given to the financial institutions, 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.

**A14 Related Party Transactions**

	Current Quarter 3 Months Ended 30 June 2009 RM000	Cumulative Quarter 3 Months Ended 30 June 2009 RM000
Transactions with Related Companies		
Sales of eggs; sales of veterinary products, and sales of egg trays;	907	907
Purchase of day-old-chick and purchase of veterinary products;	965	965
Other services	10	10
Transactions with Related Parties		
Sales of veterinary products and sales of egg tray;	663	663
Purchase of raw material;	5,229	5,229
Transportation;	622	622
Other services	1	1

The above related party transactions have been entered into in the normal course of business at arms length.

**B. ADDITIONAL INFORMATION AS REQUIRED BY BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B)**

**B1 Review of Performance of the Company and its principal subsidiaries**

The Company recorded a pre-tax profit of approximately RM 6.6 million on the back of revenue of RM 41.5 million for the period under review as compared with the pre-tax profit of RM2.7 million from the turnover of RM35.7 million (excluding the sales of RM8.2 to Success Century Sdn Bhd which was not form part of the inter company sales) in the preceding corresponding period ended 30 June 2008. It was mainly due to the continued stable selling price and increase in sales quantity of eggs resulting from the expansion project in layer farming business coupled with lower production cost.

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

	Current Quarter ended 30 June 2009 RMø000	Preceding Quarter ended 31 Mar 2009 RMø000	Variance RMø000	%
Revenue	41,464	42,884	(1,420)	(3.31)
Profit Before Tax	6,572	5,166	1,406	27.22

Despite the Group's revenue is lower by approximately 3.31% from RM42.9 million to RM41.5 million mainly due to the depressed selling price of eggs for the quarter under review, the Group recorded profit before tax of RM6.6 million representing 27.22% higher than the preceding quarter due to lower feed cost and operating expenses arising from better cost efficiency.

**B3 Current Year Prospects**

In view of the higher productivity in our layer farming operations, the Directors remain positive with the Group's prospects for the remaining nine (9) months period ending March 31, 2010.

**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 30/6/2009 (RMø000)	Current Year To Date Ended 30/6/2009 (RMø000)
Current Year Provision	1,400	1,400
Under/(Over) Provision in respect of prior years		
Deferred Taxation	101	101
Total	1,501	1,501

The Group's income tax for the current quarter and financial period to date reflects an effective tax rate which is lower than the statutory income tax rate due to the utilization 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 RM6,500 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:

	RMø000
Investment at Cost	3
Investment at Carrying Value / Book Value	3
Investment at Market Value	2

**B8 Corporate Proposals**

There were no corporate proposals announced but not completed as at the date of this report.

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

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

	Secured (RMø000)	Unsecured (RMø000)	Total (RMø000)
Short-term borrowings	20,058	9,966	30,024
Hire Purchase ó Current	2,891	-	2,891
Hire Purchase ó Non-current	3,965	-	3,965
Long-term borrowings ó Current	826	1,010	1,836
Long-term borrowings ó Non-current	2,106	519	2,625
Total	29,846	11,495	41,341

All the Group's borrowings are denominated in Ringgit Malaysia.

**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 weighted average number of ordinary shares of the Group in issue during the period.

	Current Quarter Ended 30/6/2009	Preceding Year Corresponding Quarter 30/6/2008	Current Year To Date 30/6/2009	Preceding Year To Date 30/6/2008
Profit attributable to Ordinary Equity Holders of the Parent (RM000)	5,071	1,957	5,071	1,957
Weighted average number of ordinary shares in issue (000)	200,000	161,390	177,477	161,390
Basic earnings per share (Sen)	2.54	1.21	2.54	1.21

**B14 Authorisation for Issue**

The interim financial statements were authorized for issue by the Board of Directors on August 19, 2009.