

**TEO SENG CAPITAL BERHAD (732762-T)****NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009****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 31 March 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 31 March 2009. The following Financial Reporting Standards (“FRSs”) 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 – 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 – Group and Treasury Share Transactions  |
| IC Int. 13 | Customer Loyalty Programmes  |
| IC Int. 14 | FRS 119 – 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 31 March 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. However, a final single tier dividend of 4.25% or RM1,700,000 in respect of the financial year ended 31 March 2009 was paid on 8 October 2009.

**A8 Segmental Reporting**

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

| Segmental Analysis<br>- By Activities               | Segment<br>Revenue<br>(RM'000) | Profit / (Loss)<br>Before Taxation<br>(RM'000) |
|---|--------------------------------|--|
| a) Poultry Farming                                  | 76,066                         | 10,681   |
| b) Investment and Trading of animal health products | 8,523                          | 1,568  |
| Total   | 84,589                         | 12,249   |

**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<br>RM'000 |
| Contracted but not provided for | <u>1,076</u>    |
| Approved but not contracted for | <u>4,797</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 RM13.72 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<br>3 Months Ended<br>30 Sep 2009<br>RM'000 | Cumulative Quarter<br>6 Months Ended<br>30 Sep 2009<br>RM'000 |
|--|--|---|
| Transactions with Related Companies                                  |  |   |
| Sales of eggs; sales of veterinary products, and sales of egg trays; | 841  | 1,748   |
| Purchase of day-old-chick and purchase of veterinary products;       | 1,086  | 2,051   |
| Other services   | 14   | 24  |
| Transactions with Related Parties                                    |  |   |
| Sales of veterinary products and sales of egg tray;                  | 468  | 1,131   |
| Purchase of raw material;  | 11,569   | 16,798  |
| Transportation;  | 567  | 1,189   |
| Other services   | -  | 1   |

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

**A. 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 12.2 million on the back of revenue of RM 84.6 million for the period under review as compared with the pre-tax profit of RM 6.1 million from the turnover of RM77.0 million (excluding the sales of RM16.0 million to Success Century Sdn Bhd which was not form part of the inter company sales before acquisition) in the preceding corresponding period ended 30 September 2008. In line with the better sales performance resulting from the higher selling price of eggs and sales quantity, pre-tax profit was increased from RM6.1 million in the preceding year corresponding period to RM12.2 million for the current period under review.

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

|                   | Current Quarter<br>ended<br>30 Sep 2009<br>RM'000 | Preceding<br>Quarter ended<br>30 June 2009<br>RM'000 | Variance<br>RM'000 | %       |
|-------------------|---|--|--------------------|---------|
| Revenue           | 43,125  | 41,464   | 1,661              | 4.01    |
| Profit Before Tax | 5,677   | 6,572  | (895)              | (13.62) |

Despite the Group's revenue increased by approximately 4.01% from RM41.5 million to RM43.1 million, the Group recorded profit before tax of RM5.7 million representing 13.62% lower than the preceding quarter mainly due to the increase in operating expenses.

**B3 Current Year Prospects**

In view of the constant higher productivity in our layer farming operations, the Directors remain optimistic with the Group's prospects for the remaining six (6) months period ending 31 March 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<br>Ended<br>30/9/2009<br>(RM'000) | Current Year<br>To Date Ended<br>30/9/2009<br>(RM'000) |
|--|---|--|
| Current Year Provision                           | 237   | 1,637  |
| Under/(Over) Provision in respect of prior years | 5   | 5  |
| Deferred Taxation                                | 285   | 386  |
| Total  | 527   | 2,028  |

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:

|   | RM'000 |
|---|--------|
| 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<br>(RM'000) | Unsecured<br>(RM'000) | Total<br>(RM'000) |
|------------------------------------|---------------------|-----------------------|-------------------|
| Short-term borrowings              | 20,583              | 8,350                 | 28,933            |
| Hire Purchase – Current            | 3,042               | -                     | 3,042             |
| Hire Purchase – Non-current        | 5,095               | -                     | 5,095             |
| Long-term borrowings – Current     | 632                 | 706                   | 1,338             |
| Long-term borrowings – Non-current | 1,995               | 654                   | 2,649             |
| Total                              | 31,347              | 9,710                 | 41,057            |

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**

The board of directors have declared an interim single tier dividend of 3.75% amounting to approximate RM1,500,000 in respect of the current financial year.

**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<br>Quarter<br>Ended<br>30/9/2009 | Preceding Year<br>Corresponding<br>Quarter<br>30/9/2008 | Current<br>Year To<br>Date<br>30/9/2009 | Preceding<br>Year<br>To Date<br>30/9/2008 |
|---|--|---|---|---|
| Profit attributable to Ordinary Equity Holders of the Parent (RM'000) | 5,150                                    | 2,772   | 10,222                                  | 4,729                                     |
| Weighted average number of ordinary shares in issue (000)             | 200,000                                  | 161,390   | 200,000                                 | 161,390                                   |
| Basic earnings per share (Sen)  | 2.58                                     | 1.72  | 5.11                                    | 2.93                                      |

**B14 Authorisation for Issue**

The interim financial statements were authorized for issue by the Board of Directors on November 23, 2009.