

TEO SENG CAPITAL BERHAD (732762-T)*(Incorporated in Malaysia)***UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2014**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|-------------------------|--|-------------------------|---|
| | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year To Date | Preceding Year Corresponding Period |
| | 30-Jun-14 RM'000 | 30-Jun-13 RM'000 | 30-Jun-14 RM'000 | 30-Jun-13 RM'000 |
| Revenue | 89,773 | 82,230 | 176,814 | 161,316 |
| Operating Expenses | (75,814) | (73,707) | (148,876) | (147,105) |
| Other Income | 489 | 424 | 1,090 | 1,319 |
| Finance Cost | (1,046) | (1,052) | (2,073) | (2,084) |
| Profit before Taxation | <u>13,402</u> | <u>7,895</u> | <u>26,955</u> | <u>13,446</u> |
| Tax Expense | (3,708) | (1,587) | (6,851) | (2,730) |
| Profit for the Period | <u>9,694</u> | <u>6,308</u> | <u>20,104</u> | <u>10,716</u> |
| Other Comprehensive Income: | | | | |
| Available-for-sale Financial Assets | 2 | - | 2 | - |
| Currency Translation Differences | 10 | (7) | 14 | 16 |
| Total Comprehensive Income for the Period | <u>9,706</u> | <u>6,301</u> | <u>20,119</u> | <u>10,732</u> |
| <i>Profit/(Loss) for the period attributable to:</i> | | | | |
| Equity holders of the parent | 9,617 | 6,376 | 19,888 | 10,800 |
| Non-controlling interest | <u>77</u> | <u>(68)</u> | <u>216</u> | <u>(84)</u> |
| | <u>9,694</u> | <u>6,308</u> | <u>20,104</u> | <u>10,716</u> |
| <i>Total Comprehensive Income/(Expense) attributable to:</i> | | | | |
| Equity holders of the parent | 9,629 | 6,369 | 19,903 | 10,816 |
| Non-controlling interest | <u>77</u> | <u>(68)</u> | <u>216</u> | <u>(84)</u> |
| | <u>9,706</u> | <u>6,301</u> | <u>20,119</u> | <u>10,732</u> |
| Basic Earnings per Share (sen) | <u>4.81</u> | <u>3.19</u> | <u>9.94</u> | <u>5.40</u> |

Notes:

1. *The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013.*

TEO SENG CAPITAL BERHAD (732762-T)*(Incorporated in Malaysia)***UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

| | As at end of Current Quarter 30-Jun-14 RM'000 | As at Preceding Financial Year Ended 31-Dec-13 RM'000 |
|---|--|---|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant & equipment | 149,778 | 142,899 |
| Other investments | 8 | 6 |
| Deferred tax asset | 303 | 303 |
| | <u>150,089</u> | <u>143,208</u> |
| Current Assets | | |
| Inventories | 43,187 | 41,228 |
| Trade receivables | 35,846 | 33,245 |
| Other receivables and prepaid expenses | 2,762 | 2,199 |
| Tax recoverable | - | 1,124 |
| Derivative assets | - | 17 |
| Fixed deposit, bank and cash balances | 35,996 | 35,656 |
| | <u>117,791</u> | <u>113,469</u> |
| TOTAL ASSETS | <u>267,880</u> | <u>256,677</u> |
| EQUITY AND LIABILITIES | | |
| Equity Attributable to Owners of the Company | | |
| Share capital | 40,000 | 40,000 |
| Reserves | 112,518 | 92,614 |
| TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | <u>152,518</u> | <u>132,614</u> |
| NON-CONTROLLING INTERESTS | 145 | (71) |
| TOTAL EQUITY | <u>152,663</u> | <u>132,543</u> |
| Non-Current Liabilities | | |
| Term loan | 4,627 | 1,761 |
| Hire purchase payable | 2,967 | 2,989 |
| Deferred tax liabilities | 9,914 | 8,590 |
| | <u>17,508</u> | <u>13,340</u> |
| Current Liabilities | | |
| Trade payables | 19,279 | 14,912 |
| Other payables and accrued expenses | 15,202 | 14,943 |
| Derivative liabilities | 22 | - |
| Hire purchase payables | 4,722 | 6,111 |
| Overdraft & short term borrowings | 58,392 | 74,828 |
| Tax liabilities | 92 | - |
| | <u>97,709</u> | <u>110,794</u> |
| TOTAL LIABILITIES | <u>115,217</u> | <u>124,134</u> |
| TOTAL EQUITY AND LIABILITIES | <u>267,880</u> | <u>256,677</u> |
| <i>Net asset per share attributable to Ordinary Equity Holders of the Parent (RM)</i> | <i>0.76</i> | <i>0.66</i> |

Notes:

1. *The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Consolidated Financial Statements for the year ended 31 December 2013.*

TEO SENG CAPITAL BERHAD (732762-T)*(Incorporated in Malaysia)***UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

| | Share Capital | Reverse Acquisition Reserves | Share Premium | Revaluation Reserves | Fair Value Reserves | Foreign Exchange Translation Reserves | Retained Profits | Total | Non- Controlling Interest | Total Equity |
|---|------------------|------------------------------------|------------------|-------------------------|------------------------|--|---------------------|---------|---------------------------------|-----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 1 January 2014 | 40,000 | (26,078) | 8,011 | 4,032 | 4 | (120) | 106,765 | 132,614 | (71) | 132,543 |
| Total Comprehensive Income for the period | | | | | 2 | 14 | 19,888 | 19,904 | 216 | 20,120 |
| Dividend paid | | | | | | | | - | - | - |
| Balance as at 30 June 2014 | 40,000 | (26,078) | 8,011 | 4,032 | 6 | (106) | 126,653 | 152,518 | 145 | 152,663 |
| Balance as at 1 January 2013 | 40,000 | (26,078) | 8,011 | 4,032 | 3 | (101) | 85,341 | 111,208 | (22) | 111,186 |
| Total Comprehensive Income for the period | | | | | | 16 | 10,800 | 10,816 | (84) | 10,732 |
| Dividend paid | | | | | | | - | - | - | - |
| Balance as at 30 June 2013 | 40,000 | (26,078) | 8,011 | 4,032 | 3 | (85) | 96,141 | 122,024 | (106) | 121,918 |

Notes:

- The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2013.*

TEO SENG CAPITAL BERHAD (732762-T)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

| | Current Year To Date 30-Jun-14 RM'000 | Preceding Year To Date 30-Jun-13 RM'000 |
|---|--|--|
| Profit before taxation | 26,955 | 13,446 |
| Adjustments for non-cash flow: | | |
| Non-cash items | 6,108 | 4,670 |
| Non-operating items | 1,945 | 2,146 |
| Operating profit before working capital changes | <u>35,008</u> | <u>20,262</u> |
| Changes in working capital | | |
| Net changes in current assets | (5,530) | (4,518) |
| Net changes in current liabilities | 4,626 | 3,710 |
| Cash generated from operations | <u>34,104</u> | <u>19,454</u> |
| Income tax paid | (4,311) | (460) |
| Net Cash Flow from Operating Activities | <u>29,793</u> | <u>18,994</u> |
| Interest income received | 78 | 27 |
| Proceeds from disposal of property, plant and equipment | 305 | 1,887 |
| Purchase of property, plant and equipment | (10,279) | (9,657) |
| Net Cash Flow from/(used in) Investing Activities | <u>(9,896)</u> | <u>(7,743)</u> |
| Bank borrowings | (16,645) | (1,866) |
| Finance cost paid | (2,073) | (2,084) |
| Net (increase)/decrease in fixed deposit pledged | (11) | (65) |
| Net Cash Flow from/(used in) Financing Activities | <u>(18,729)</u> | <u>(4,015)</u> |
| Net Increase/(Decrease) in cash and cash equivalents | 1,168 | 7,236 |
| Cash and cash equivalents at the beginning of the financial period | 34,200 | 16,309 |
| Cash and cash equivalents at the end of the financial period | <u>35,368</u> | <u>23,545</u> |
| Cash and cash equivalents comprise: | | |
| Bank and cash balances | 30,456 | 24,209 |
| Fixed deposits | 5,541 | 1,121 |
| Bank overdrafts | (88) | (783) |
| | <u>35,909</u> | <u>24,547</u> |
| Less: fixed deposits pledged | (541) | (1,002) |
| | <u>35,368</u> | <u>23,545</u> |

Notes:

- The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013*

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NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2014

A. SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (“FRS”) NO. 134 – INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The financial statements are unaudited and have been prepared in accordance with the FRS 134 – Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The financial statements should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31 December 2013 and the accompanying explanatory notes attached. These explanatory notes attached to the 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. Changes in Accounting Policies

The significant accounting policies and method of computation adopted by the Group in these financial statements are consistent with those adopted in the preparation of the audited financial statements of the Group for the year ended 31 December 2013 except for the adoption of the following new and revised FRSs effective on or after 1 January 2014:

FRSs and IC Interpretations

(including the Consequential Amendments)

Effective Date

| | | |
|---|--|---------------------------------|
| FRS 9 (2009) | : Financial Instruments | } to be announced by MASB |
| FRS 9 (2010) | : Financial Instruments | |
| FRS 9 | : Financial Instruments (Hedge Accounting and Amendments to FRS 7, FRS 9 and FRS 139) | |
| Amendments to FRS 9 and FRS 7 | : Mandatory Effective Date of FRS 9 and Transition Disclosures | |
| Amendments to FRS 119 | : Defined Benefit Plans – Employee Contributions | 1 July 2014 |
| Annual Improvements to FRSs 2010 – 2012 Cycle | | 1 July 2014 |
| Annual Improvements to FRSs 2011 – 2013 Cycle | | 1 July 2014 |

Malaysian Financial Reporting Standards (“MFRS Framework”)

On 19 November 2011, MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRSs”) that are equivalent to International Financial Reporting Standards (“IFRS”).

The MFRSs are to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called “Transitioning Entities”). The Group falls within the definition of Transitioning Entities and has elected to present its first MFRSs financial statements when the MFRS framework become mandatory. Currently, the MASB has not announced as to when the Transitioning Entities are mandated to comply with the MFRS Framework. This is because of the revision in the project timeline on the issuance of new IFRS on Revenue and the proposed limited amendments to IAS 41 (Agriculture) by the International Accounting Standard Board. According, the Group is unable to assess the potential financial effects of the differences between the accounting standards under FRSs and the MFRSs.

A3. Auditors’ Report

There was no qualification on the audited financial statements for the financial year ended 31 December 2013.

A4. Seasonal or Cyclical Factors

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

A5. 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.

A6. 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.

A7. 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.

A8. Dividend Paid

There was no dividend paid in the current quarter under review.

A9. Segmental Reporting

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

| Segmental Analysis (by Activities) | Segmental Revenue RM'000 | Profit/(Loss) before Taxation RM'000 |
|---|--------------------------------|--|
| a. Poultry Farming | 105,489 | 23,176 |
| b. Investment and Trading of related poultry products | 71,325 | 3,779 |
| Total | 176,814 | 26,955 |

A10. Valuation of Property, Plant and Equipment

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

A11. Capital Commitments

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

| | Total RM'000 |
|---------------------------------|-----------------|
| Contracted but not provided for | 470 |
| Approved but not contracted for | 10,106 |

A12. 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.

A13. 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.

A14. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities and contingent assets other than the corporate guarantee of RM157.7 million given to the financial institutions for credit facilities granted to subsidiary companies.

A15. Related Party Transactions

The following related party transactions have been entered into in the normal course of business at arm-length.

| | Current Quarter 3-months ended 30-Jun-14 RM'000 | Cumulative YTD 6-months ended 30-Jun-14 RM'000 |
|---|--|---|
| Sales of eggs, veterinary products and egg trays | 5,774 | 11,329 |
| Purchase of day-old-chick, verterinary products and raw materials | 6,553 | 13,748 |
| Transportation | 1,374 | 2,677 |
| Other services | 22 | 41 |

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

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

| | Individual Quarter | | Cumulative Quarter | |
|---------------------------------|--|--|---|---|
| | Current Quarter ended 30 June 2014 RM'000 | Preceding Year Corresponding Quarter 30 June 2013 RM'000 | Current year-to-date 30 June 2014 RM'000 | Preceding Year Corresponding Period 30 June 2013 RM'000 |
| REVENUE | | | | |
| Poultry Farming | 52,464 | 52,839 | 105,489 | 104,084 |
| Investment and Trading | 37,309 | 29,391 | 71,325 | 57,232 |
| | <u>89,773</u> | <u>82,230</u> | <u>176,814</u> | <u>161,316</u> |
| PROFIT/(LOSS) BEFORE TAX | | | | |
| Poultry Farming | 11,145 | 6,586 | 23,176 | 10,095 |
| Investment and Trading | 2,257 | 1,309 | 3,779 | 3,351 |
| | <u>13,402</u> | <u>7,895</u> | <u>26,955</u> | <u>13,446</u> |

The Group recorded a pre-tax profit of approximately RM27.0 million on the back of revenue of RM176.8 million for the current period under review.

Poultry Farming

Despite the slight increase in revenue, the Group recorded a higher pre-tax profit of RM23.2 million for the current period mainly due to lower feed price.

Investment and Trading

The Group recorded revenue of RM71.3 million which was continuously contributed from the sales of animal health products and foreign subsidiary company for the current period. It recorded a pre-tax profit of RM3.8 million for the segment.

B2. Comparison with the Immediate Preceding Quarter's Results

| | Current | Preceding | Variance | |
|-------------------------------|---|--|----------|-------|
| | Quarter ended 30 June 2014 RM'000 | Quarter ended 31 Mar 2014 RM'000 | RM'000 | % |
| Revenue | 89,773 | 87,041 | 2,732 | 3.1% |
| Profit/(Loss) before taxation | 13,402 | 13,553 | (151) | -1.1% |

The Group's revenue slightly increase from RM87.0 million to RM89.8 million representing an approximate 3.1% was due to increase in sales quantity of eggs coupled with stabled selling price. However, the Group recorded a slightly lower pre-tax profit of RM0.2 million representing a decrease of approximate 1.1% in the current quarter.

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B3. Current Year Prospects

In view of the current stable selling price, the Directors are satisfied with the financial performance for the remaining 6 months period ending 31 December 2014.

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 June 2014 RM'000 | Current Year to date ended 30 June 2014 RM'000 |
|--------------------------------------|--|---|
| Current year provision | 2,935 | 5,545 |
| (Over)/Under provision in prior year | - | (19) |
| Deferred taxation | 773 | 1,325 |
| Real Property Gain Tax ("RPGT") | - | - |
| | 3,708 | 6,851 |

The Group's income tax for the current financial period to date reflects the statutory income tax rate.

B6. Corporate Proposal

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

B7. Group Borrowings and Debt Securities

Details of Group borrowings as at 30 June 2014 are as follows:

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|------------------------------------|-------------------|---------------------|-----------------|
| Short term borrowings | 4,691 | 51,949 | 56,640 |
| Hire Purchase - current | 4,722 | - | 4,722 |
| Hire Purchase - non-current | 2,967 | - | 2,967 |
| Long term borrowings - current | 1,752 | - | 1,752 |
| Long term borrowings - non-current | 4,627 | - | 4,627 |
| Total | 18,759 | 51,949 | 70,708 |

The Group borrowings are denominated in following currency:

| | | '000 |
|------------------|-----|--------|
| Ringgit Malaysia | RM | 70,560 |
| Singapore Dollar | SGD | 57 |

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B8. Financial Instruments

The Group entered into the following foreign currency contract to hedge its foreign purchase as at 30 June 2014:

| Forward Foreign Currency Contracts | Notional Value (RM'000) | Fair Value (RM'000) | Fair Value Change (RM'000) |
|---------------------------------------|----------------------------|------------------------|-------------------------------|
| Singapore Dollar (SGD) | | | |
| - less than 1 year | 5,498 | 5,476 | (22) |

B9. Material Litigations

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

B10 Dividend Payable

The Board of Directors declared an interim single-tier dividend of 25% amounting to approximately RM10,000,000 in respect of the current financial year.

B11. Realised and Unrealised Profit/(Loss)

| | Current Quarter ended 30 June 2014 RM'000 | Preceding Quarter ended 31 March 2014 RM'000 |
|-----------------|--|---|
| Realised profit | 136,403 | 125,896 |
| Unrealised loss | (9,750) | (8,859) |
| Retained profit | <u>126,653</u> | <u>117,037</u> |

B12. Earnings per Share (EPS)

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

| | Current Quarter ended 30 June 2014 | Preceding Year Corresponding Quarter 30 June 2013 | Current YTD 30 June 2014 | Preceding YTD 30 June 2013 |
|--|--|--|--------------------------------|----------------------------------|
| Profit attributable to Ordinary Equity Holders of the Parent (RM'000) | 9,617 | 6,376 | 19,888 | 10,800 |
| Number of ordinary shares in issue ('000) | 200,000 | 200,000 | 200,000 | 200,000 |
| Basic earnings per share (sen) | <u>4.81</u> | <u>3.19</u> | <u>9.94</u> | <u>5.40</u> |

B13. Notes to the Statement of Comprehensive Income

| | Current Quarter ended 30 June 2014 RM'000 | Current Year-to-date 30 June 2014 RM'000 |
|---|--|---|
| Interest income | (35) | (78) |
| Other income | (811) | (1,012) |
| Depreciation and amortisation | 2,799 | 5,553 |
| Provision for and write off receivables | 67 | 67 |
| (Gain)/Loss on derivative | 36 | 39 |
| (Gain)/Loss on foreign exchange | 476 | 116 |

B12. Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors on 22 August 2014.