

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 JUNE 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30-Jun-16 RM'000	30-Jun-15 RM'000	30-Jun-16 RM'000	30-Jun-15 RM'000
Revenue	107,957	90,609	209,892	203,199
Operating Expenses	(95,858)	(83,478)	(191,548)	(171,593)
Other Income	1,690	2,703	1,734	3,110
Finance Cost	(1,760)	(1,044)	(3,446)	(2,082)
Profit before Taxation	<u>12,029</u>	<u>8,790</u>	<u>16,632</u>	<u>32,634</u>
Tax Expense	(2,332)	(1,542)	(3,345)	(7,769)
<b>Profit for the Period</b>	<b><u>9,697</u></b>	<b><u>7,248</u></b>	<b><u>13,287</u></b>	<b><u>24,865</u></b>
Other Comprehensive Income:				
Available-for-sale Financial Assets	(1)	(4)	2	(2)
Currency Translation Differences	320	(535)	(83)	42
<b>Total Comprehensive Income for the Period</b>	<b><u>10,016</u></b>	<b><u>6,709</u></b>	<b><u>13,206</u></b>	<b><u>24,905</u></b>
<i>Profit/(Loss) for the period attributable to:</i>				
Equity holders of the parent	9,697	7,268	13,287	24,760
Non-controlling interest	-	(20)	-	105
	<u>9,697</u>	<u>7,248</u>	<u>13,287</u>	<u>24,865</u>
<i>Total Comprehensive Income/(Expense) attributable to:</i>				
Equity holders of the parent	10,016	6,729	13,206	24,800
Non-controlling interest	-	(20)	-	105
	<u>10,016</u>	<u>6,709</u>	<u>13,206</u>	<u>24,905</u>
<b>Basic Earnings per Share (sen)</b>	<b><u>3.23</u></b>	<b><u>2.42</u></b>	<b><u>4.43</u></b>	<b><u>8.26</u></b>
<b>Diluted EPS (sen)</b>	<b><u>3.22</u></b>	<b><u>2.34</u></b>	<b><u>4.41</u></b>	<b><u>7.96</u></b>

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 2015.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at Current Quarter Ended	As at Preceding Financial Year Ended
	30-Jun-16 RM'000	31-Dec-15 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant & equipment	253,040	221,621
Investment properties	922	931
Other investments	18	16
	<u>253,980</u>	<u>222,568</u>
<b>Current Assets</b>		
Biological assets	33,633	34,643
Inventories	24,475	19,821
Trade receivables	44,458	41,574
Other receivables and prepaid expenses	9,776	14,716
Tax recoverable	4,654	1,297
Derivative assets	-	16
Fixed deposit, bank and cash balances	25,418	30,239
	<u>142,414</u>	<u>142,306</u>
<b>TOTAL ASSETS</b>	<b><u>396,394</u></b>	<b><u>364,874</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Owners of the Company</b>		
Share capital	60,000	60,000
Treasury shares	(376)	(376)
Reserves	142,244	132,038
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b><u>201,868</u></b>	<b><u>191,662</u></b>
<b>Non-Current Liabilities</b>		
Term loan	36,583	11,528
Hire purchase payable	10,263	12,034
Deferred tax liabilities	15,339	16,226
	<u>62,185</u>	<u>39,788</u>
<b>Current Liabilities</b>		
Trade payables	20,481	22,720
Other payables and accrued expenses	16,025	18,530
Hire purchase payables	6,795	7,188
Overdraft & short term borrowings	86,026	84,986
Dividend payable	3,000	-
Derivative liabilities	14	-
	<u>132,341</u>	<u>133,424</u>
<b>TOTAL LIABILITIES</b>	<b><u>194,526</u></b>	<b><u>173,212</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>396,394</u></b>	<b><u>364,874</u></b>
<i>Net asset per share attributable to Ordinary Equity Holders of the Parent (RM)</i>	<i>0.67</i>	<i>0.64</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 2015.

TEO SENG CAPITAL BERHAD (732762-T)  
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Reverse Acquisition Reserves	Share Premium	Treasury Shares	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	RM'000
Balance as at 1 January 2016	60,000	(26,078)	1	(376)	4,032	13	516	153,554	191,662	-	191,662
Profit after taxation for the financial year								13,287	13,287		13,287
Other Comprehensive Income for the period						2	(83)		(81)		(81)
Dividend paid								(3,000)	(3,000)		(3,000)
Balance as at 30 June 2016	60,000	(26,078)	1	(376)	4,032	15	433	163,841	201,868	-	201,868
Balance as at 1 January 2015	40,000	(26,078)	8,011		4,032	8	(62)	132,385	158,296	102	158,398
Profit after taxation for the financial year								24,760	24,760	105	24,865
Other Comprehensive Income for the period						(2)	42		40		40
Repurchase of shares				(376)					(376)		(376)
Bonus issue	20,000		(8,011)					(11,989)	-		-
Exercise of warrant			1						1		1
Acquisition of non-controlling interest								(343)	(343)	(207)	(550)
Balance as at 30 June 2015	60,000	(26,078)	1	(376)	4,032	6	(20)	144,813	182,378	-	182,378

Notes:

1. The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2015.

TEO SENG CAPITAL BERHAD (732762-T)  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	Current Year To Date 30-Jun-16 RM'000	Preceding Year To Date 30-Jun-15 RM'000
Profit before taxation	16,632	32,634
Adjustments for non-cash flow:		
Non-cash items	8,270	5,833
Non-operating items	3,264	1,669
Operating profit before working capital changes	<u>28,166</u>	<u>40,136</u>
Changes in working capital		
Net changes in current assets	(1,998)	(10,630)
Net changes in current liabilities	(4,519)	(930)
Cash generated from operations	<u>21,649</u>	<u>28,576</u>
Income tax paid	(7,590)	(5,786)
<b>Net Cash Flow from Operating Activities</b>	<b><u>14,059</u></b>	<b><u>22,790</u></b>
Interest income received	131	187
Proceeds from disposal of property, plant and equipment	31	201
Purchase of property, plant and equipment	(38,134)	(17,489)
Acquisition of subsidiary company	-	(25,621)
Acquisition of non-controlling interest	-	(551)
<b>Net Cash Flow from/(used in) Investing Activities</b>	<b><u>(37,972)</u></b>	<b><u>(43,273)</u></b>
Bank borrowings	22,538	4,491
Finance cost paid	(3,446)	(2,082)
Net (increase)/decrease in fixed deposit pledged	-	473
<b>Net Cash Flow from/(used in) Financing Activities</b>	<b><u>19,092</u></b>	<b><u>2,882</u></b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>(4,821)</b>	<b>(17,601)</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b><u>30,239</u></b>	<b><u>39,176</u></b>
<b>Cash and cash equivalents at the end of the financial period</b>	<b><u>25,418</u></b>	<b><u>21,575</u></b>
<b>Cash and cash equivalents comprise:</b>		
Bank and cash balances	<b><u>25,418</u></b>	<b><u>21,575</u></b>

Notes:

1. The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015.

**NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2016**

**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 2015 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 2015 except for the adoption of the following new and revised FRSs effective on or after 1 January 2016:

<b>FRSs and IC Interpretations (including the Consequential Amendments)</b>	<b>Effective Date</b>
FRS 9 : Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 10 : Sale or Contribution of Assets between and FRS 128 (2011) Investor and its Associates or Joint Venture	deferred until further notice
Amendments to FRS 11 : Accounting for Acquisitions of Interest In Joint Operations	1 January 2016
Amendments to FRS 10, : Investment Entities – Applying the FRS 12 and Consolidation Exception FRS 128 (2011)	1 January 2016
Amendments to FRS 101 : Presentation of Financial Statements – Disclosures Initiative	1 January 2016
Amendments to FRS 116 : Clarification of Acceptable Methods of and FRS 138 Depreciation and Amortisation	1 January 2016
Amendments to FRS 127 : Equity Method in Separate Financial (2011) Statements	1 January 2016
Annual Improvements to FRSs 2012 – 2014 Cycle	1 January 2016

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

### **Malaysian Financial Reporting Standards (“MFRS Framework”)**

MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS”), that are to be applied by all entities other than private entities, with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction Contract of Real Estate), including its parent, significant investor and venture (herein called “Transitioning Entities”).

As further announced by MASB on 28 October 2015, the Transitioning Entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2018.

Accordingly, as a transitioning entity as defined above, the Group has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 31 December 2018. The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

#### **A3. Auditors’ Report**

There was no qualification on the audited financial statements for the financial year ended 31 December 2015.

#### **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:

<b>Segmental Analysis (by Activities)</b>	<b>Segmental Revenue</b>	<b>Profit/(Loss) before Taxation</b>
	<b>RM'000</b>	<b>RM'000</b>
a. Poultry Farming	125,938	10,792
b. Investment and Trading of related poultry products	83,954	5,840
<b>Total</b>	<b>209,892</b>	<b>16,632</b>

**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	<u>10,484</u>
Approved but not contracted for	<u>6,222</u>

**A12. Material Subsequent Events**

There were no material events subsequent to the end of the current quarter under review.

**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 RM276.0 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-16 RM'000	Cumulative YTD 6-months ended 30-Jun-16 RM'000
Sales of eggs, veterinary products, egg trays and others	5,923	12,492
Purchase of day-old-chick, veterinary products and raw materials	9,729	13,483
Transportation	1,155	2,372
Other services	46	77

**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 2016  RM'000	Preceding Year Corresponding Quarter 30 June 2015  RM'000	Current year-to-date 30 June 2016  RM'000	Preceding Year Corresponding Period 30 June 2015  RM'000
<b>REVENUE</b>				
Poultry Farming	64,429	59,650	125,938	133,960
Investment and Trading	43,528	30,959	83,954	69,239
	<u>107,957</u>	<u>90,609</u>	<u>209,892</u>	<u>203,199</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>				
Poultry Farming	8,996	5,915	10,792	27,164
Investment and Trading	3,033	2,875	5,840	5,470
	<u>12,029</u>	<u>8,790</u>	<u>16,632</u>	<u>32,634</u>

The Group recorded a pre-tax profit of approximately RM16.6 million on the back of revenue of RM209.9 million for the current period under review.

Poultry Farming

Despite there was an increase in sales quantity of eggs by 9.2%, the Group recorded a lower revenue by RM8.0 million and a declined pre-tax profit by RM16.4 million for the current period under review was mainly due to lower selling price of eggs.

Investment and Trading

For the current period under review, it recorded an increase in revenue by RM14.7 million and pre-tax profit by RM0.3 million respectively for the segment.

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

	Current	Preceding	Variance	
	Quarter ended 30 June 2016 RM'000	Quarter ended 31 Mar 2016 RM'000	RM'000	%
Revenue	107,957	101,935	6,022	5.9
Profit before taxation	12,029	4,608	7,421	161.0

The revenue increased from RM101.9 million to RM108.0 million representing approximately 5.9% higher due to increase in sales volume of eggs coupled with a slightly better selling price in the current quarter. The Group recorded a higher pre-tax profit of RM12.0 million representing an increase of approximately 161.0% in the current quarter due to the improved selling price of eggs and lower feed cost.



**B3. Current Year Prospects**

In view of the cautious consumers' spending in the market, the Directors are in opinion that the remaining 6-month financial performance is challenging.

**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 2016 RM'000	Current Year to date ended 30 June 2016 RM'000
Current year provision	2,801	4,165
Deferred taxation/(Reversal)	(469)	(820)
	<u>2,332</u>	<u>3,345</u>

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

**B6. Corporate Proposal**

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

**B7. Group Borrowings and Debt Securities**

Details of Group borrowings as at 30 June 2016 are as follows:

Short term borrowings	2,800	75,766	78,566
Hire Purchase - current	6,795	-	6,795
Hire Purchase - non-current	10,263	-	10,263
Long term borrowings - current	6,409	1,051	7,460
Long term borrowings - non-current	35,147	1,436	36,583
Total	<u>61,414</u>	<u>78,253</u>	<u>139,667</u>

The Group borrowings are denominated in following currency:

		'000
Ringgit Malaysia	RM	124,806
Singapore Dollar	SGD	4,945

**B8. Financial Instruments**

The Group entered into the following foreign currency contract to hedge its foreign purchases as at 30 June 2016:

Forward Foreign Currency Contracts	Notional Value (RM'000)	Fair Value (RM'000)	Fair Value Change (RM'000)
<b>Europe (Eur)</b>			
- less than 1 year	859	850	(9)
<b>US Dollar (USD)</b>			
- less than 1 year	771	767	(4)

**B9. Material Litigations**

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

**B10 Dividend Payable**

The Board of Directors does not recommend any dividend for the current quarter under review.

**B11. Realised and Unrealised Profit/(Loss)**

	Current Quarter ended 30 June 2016 RM'000	Preceding Quarter ended 31 Mar 2016 RM'000
Realised profit	179,347	173,245
Unrealised loss	(15,506)	(16,101)
Retained profit	<u>163,841</u>	<u>157,144</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 weighted average ordinary shares of the Group in issue during the period:

	Current Quarter ended 30-Jun-16	Preceding Year Corresponding Quarter 30-Jun-15	Current YTD 30-Jun-16	Preceding YTD 30-Jun-15
Profit attributable to Ordinary Equity Holders of the Parent (RM'000)	9,697	7,268	13,287	24,760
Number of ordinary shares in issue ('000)	299,792	299,792	299,792	299,792
Basic earnings per share (sen)	<u>3.23</u>	<u>2.42</u>	<u>4.43</u>	<u>8.26</u>
Diluted earnings per share (sen)	<u>3.22</u>	<u>2.34</u>	<u>4.41</u>	<u>7.96</u>

**B13. Notes to the Statement of Comprehensive Income**

	Current Quarter ended 30 June 2016 RM'000	Current Year-to-date 30 June 2016 RM'000
Interest income	(82)	(131)
Other income	(534)	(1,355)
Depreciation and amortisation	3,846	7,636
(Gain)/Loss on derivative	(63)	30
(Gain)/Loss on foreign exchange	(1,011)	(277)

**B14. Authorisation for Issue**

The financial statements were authorised for issue by the Board of Directors on 22 August 2016.