

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30-Sep-16 RM'000	30-Sep-15 RM'000	30-Sep-16 RM'000	30-Sep-15 RM'000
Revenue	112,175	102,472	322,067	305,671
Operating Expenses	(103,810)	(92,841)	(295,358)	(264,434)
Other Income	1,371	3,778	3,105	6,888
Finance Cost	(1,629)	(1,323)	(5,075)	(3,405)
Profit before Taxation	<u>8,107</u>	<u>12,086</u>	<u>24,739</u>	<u>44,720</u>
Tax Expense	(2,457)	(114)	(5,802)	(7,883)
<b>Profit for the Period</b>	<b><u>5,650</u></b>	<b><u>11,972</u></b>	<b><u>18,937</u></b>	<b><u>36,837</u></b>
Other Comprehensive Income:				
Available-for-sale Financial Assets	2	-	4	(2)
Currency Translation Differences	137	76	54	118
<b>Total Comprehensive Income for the Period</b>	<b><u>5,789</u></b>	<b><u>12,048</u></b>	<b><u>18,995</u></b>	<b><u>36,953</u></b>
<i>Profit/(Loss) for the period attributable to:</i>				
Equity holders of the parent	5,650	11,972	18,937	36,732
Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>105</u>
	<u>5,650</u>	<u>11,972</u>	<u>18,937</u>	<u>36,837</u>
<i>Total Comprehensive Income/(Expense) attributable to:</i>				
Equity holders of the parent	5,789	12,048	18,995	36,848
Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>105</u>
	<u>5,789</u>	<u>12,048</u>	<u>18,995</u>	<u>36,953</u>
<b>Basic Earnings per Share (sen)</b>	<b><u>1.88</u></b>	<b><u>4.14</u></b>	<b><u>6.32</u></b>	<b><u>12.70</u></b>
<b>Diluted EPS (sen)</b>	<b><u>1.62</u></b>	<b><u>3.58</u></b>	<b><u>5.41</u></b>	<b><u>11.00</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-Sep-16 RM'000	31-Dec-15 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant & equipment	257,790	221,621
Investment properties	917	931
Other investments	20	16
	258,727	222,568
<b>Current Assets</b>		
Biological assets	36,335	34,643
Inventories	24,623	19,821
Trade receivables	43,532	41,574
Other receivables and prepaid expenses	9,102	14,716
Tax recoverable	5,940	1,297
Derivative assets	-	16
Fixed deposit, bank and cash balances	19,206	30,239
	138,738	142,306
<b>TOTAL ASSETS</b>	<b>397,465</b>	<b>364,874</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	148,035	132,038
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>207,659</b>	<b>191,662</b>
<b>Non-Current Liabilities</b>		
Term loan	40,391	11,528
Hire purchase payable	10,331	12,034
Deferred tax liabilities	16,373	16,226
	67,095	39,788
<b>Current Liabilities</b>		
Trade payables	18,719	22,720
Other payables and accrued expenses	15,434	18,530
Hire purchase payables	7,064	7,188
Overdraft & short term borrowings	81,494	84,986
	122,711	133,424
<b>TOTAL LIABILITIES</b>	<b>189,806</b>	<b>173,212</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>397,465</b>	<b>364,874</b>
<i>Net asset per share attributable to Ordinary Equity Holders of the Parent (RM)</i>	<b>0.69</b>	<b>0.64</b>

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								18,937	18,937		18,937
Other Comprehensive Income for the period						4	54		58		58
Dividend paid								(2,998)	(2,998)		(2,998)
Balance as at 30 September 2016	60,000	(26,078)	1	(376)	4,032	17	570	169,493	207,659	-	207,659
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								36,732	36,732	105	36,837
Other Comprehensive Income for the period						(2)	118		116		116
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 September 2015	60,000	(26,078)	1	(376)	4,032	6	56	156,785	194,426	-	194,426

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-Sep-16 RM'000	Preceding Year To Date 30-Sep-15 RM'000
Profit before taxation	24,739	44,720
Adjustments for non-cash flow:		
Non-cash items	12,208	5,528
Non-operating items	4,811	2,929
Operating profit before working capital changes	<u>41,758</u>	<u>53,177</u>
Changes in working capital		
Net changes in current assets	(3,139)	(11,175)
Net changes in current liabilities	(7,094)	801
Cash generated from operations	<u>31,525</u>	<u>42,803</u>
Income tax paid	(10,299)	(10,491)
<b>Net Cash Flow from Operating Activities</b>	<b><u>21,226</u></b>	<b><u>32,312</u></b>
Interest income received	186	225
Proceeds from disposal of property, plant and equipment	151	332
Purchase of property, plant and equipment	(46,280)	(22,877)
Acquisition of subsidiary company	-	(25,621)
Acquisition of non-controlling interest	-	(551)
<b>Net Cash Flow from/(used in) Investing Activities</b>	<b><u>(45,943)</u></b>	<b><u>(48,492)</u></b>
Bank borrowings	21,757	17,081
Finance cost paid	(5,075)	(3,405)
Net (increase)/decrease in fixed deposit pledged	-	473
Share repurchased	-	(376)
Dividend paid	(2,998)	-
<b>Net Cash Flow from/(used in) Financing Activities</b>	<b><u>13,684</u></b>	<b><u>13,773</u></b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>(11,033)</b>	<b>(2,407)</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>19,206</u></b>	<b><u>36,769</u></b>
<b>Cash and cash equivalents comprise:</b>		
Bank and cash balances	<b><u>19,206</u></b>	<b><u>36,769</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 THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 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**

A final single-tier dividend of 5% equivalent to RM2,997,922 in respect of the previous financial year ended 31 December 2015 was paid on 22 July 2016.

**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>	Segmental Revenue RM'000	Profit/(Loss) before Taxation RM'000
a. Poultry Farming	195,348	16,914
b. Investment and Trading of related poultry products	126,719	7,825
<b>Total</b>	<b>322,067</b>	<b>24,739</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	9,583
Approved but not contracted for	1,177

**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 RM294.4 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-Sep-16 RM'000	Cumulative YTD 9-months ended 30-Sep-16 RM'000
Sales of eggs, veterinary products, egg trays and others	6,546	19,038
Purchase of day-old-chick, verterinary products and raw materials	11,822	25,305
Transportation	1,365	3,737
Other services	50	127

**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 Sep 2016  RM'000	Preceding Year Corresponding Quarter 30 Sep 2015  RM'000	Current year-to-date 30 Sep 2016  RM'000	Preceding Year Corresponding Period 30 Sep 2015  RM'000
<b>REVENUE</b>				
Poultry Farming	69,410	61,677	195,348	195,637
Investment and Trading	42,765	40,795	126,719	110,034
	<u>112,175</u>	<u>102,472</u>	<u>322,067</u>	<u>305,671</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>				
Poultry Farming	6,122	9,172	16,914	36,336
Investment and Trading	1,985	2,914	7,825	8,384
	<u>8,107</u>	<u>12,086</u>	<u>24,739</u>	<u>44,720</u>

The Group recorded a lower pre-tax profit of approximately RM24.7 million on the back of revenue of RM322.1 million for the current period under review.

Poultry Farming

Despite the slight increase in sales quantity of eggs in domestic market which was mainly offset by a lower selling price of eggs, the Group recorded a sustainable revenue. Higher production cost coupled with decreased foreign exchange gain for the period under review, had resulted a lower pre-tax profit from RM36.3 million to RM16.9 million.

Investment and Trading

For the current period under review, the increase in revenue by RM16.7 million was mainly due to the increase in sales of eggs by our foreign subsidiary in Singapore. However, the lower selling price had resulted a slight decrease in pre-tax profit by RM0.6 million.

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

	Current	Preceding	Variance	
	Quarter ended 30 Sep 2016 RM'000	Quarter ended 30 June 2016 RM'000	RM'000	%
Revenue	112,175	107,957	4,218	3.9
Profit before taxation	8,107	12,029	(3,922)	(32.6)

The revenue increased from RM108.0 million to RM112.2 million representing approximately 3.9% higher due to increase in sales volume of eggs coupled with the improved selling price in the current quarter. The Group recorded a lower pre-tax profit of RM8.1 million representing a decrease of approximately 32.6% in the current quarter due to the higher production cost.



**B3. Current Year Prospects**

In view of no significant improvement on consumers' spending in the market, the Directors are in opinion that the remaining 3-month financial performance is still 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 Sep 2016 RM'000	Current Year to date ended 30 Sep 2016 RM'000
Current year provision	1,708	5,873
(Over)/Under provision in prior year	(232)	(232)
Deferred taxation/(Reversal)	981	161
	<u>2,457</u>	<u>5,802</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 Sep 2016 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings	1,607	72,522	74,129
Hire Purchase - current	7,064	-	7,064
Hire Purchase - non-current	10,331	-	10,331
Long term borrowings - current	6,485	880	7,365
Long term borrowings - non-current	39,004	1,387	40,391
Total	<u>64,491</u>	<u>74,789</u>	<u>139,280</u>

The Group borrowings are denominated in following currency:

		'000
Ringgit Malaysia	RM	124,681
Singapore Dollar	SGD	4,839

**B8. Financial Instruments**

The Group do not have foreign currency contract to hedge its foreign purchases as at 30 September 2016.

**B9. Material Litigations**

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

**B10 Dividend Payable**

In view of the satisfactory financial performance, the Board of Directors declared an interim single-tier dividend of 5% amounting to approximately RM4,500,000 in respect of the current financial year.

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

	Current Quarter ended 30 Sep 2016 RM'000	Preceding Quarter ended 30 Jun 2016 RM'000
Realised profit	186,055	179,347
Unrealised loss	(16,562)	(15,506)
Retained profit	<u>169,493</u>	<u>163,841</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-Sep-16	Preceding Year Corresponding Quarter 30-Sep-15	Current YTD 30-Sep-16	Preceding YTD 30-Sep-15
Profit attributable to Ordinary Equity Holders of the Parent (RM'000)	5,650	11,972	18,937	36,732
Number of ordinary shares in issue ('000)	299,792	289,280	299,792	289,280
Basic earnings per share (sen)	<u>1.88</u>	<u>4.14</u>	<u>6.32</u>	<u>12.70</u>
Diluted earnings per share (sen)	<u>1.62</u>	<u>3.58</u>	<u>5.41</u>	<u>11.00</u>

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

	Current Quarter ended 30 Sep 2016 RM'000	Current Year-to-date 30 Sep 2016 RM'000
Interest income	(55)	(186)
Other income	(629)	(1,984)
Depreciation and amortisation	4,062	11,698
(Gain)/Loss on derivative	(14)	16
(Gain)/Loss on foreign exchange	(674)	(951)

**B14. Authorisation for Issue**

The financial statements were authorised for issue by the Board of Directors on 8 November 2016.