

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 MARCH 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31-Mar-17 RM'000	31-Mar-16 RM'000	31-Mar-17 RM'000	31-Mar-16 RM'000
Revenue	101,478	101,935	101,478	101,935
Operating Expenses	(104,910)	(95,690)	(104,910)	(95,690)
Other Income	1,832	44	1,832	44
Finance Cost	(1,676)	(1,686)	(1,676)	(1,686)
Profit/(Loss) before Taxation	<u>(3,276)</u>	<u>4,603</u>	<u>(3,276)</u>	<u>4,603</u>
Tax Expense	(1,410)	(1,013)	(1,410)	(1,013)
<b>Profit/(Loss) for the Period</b>	<b><u>(4,686)</u></b>	<b><u>3,590</u></b>	<b><u>(4,686)</u></b>	<b><u>3,590</u></b>
Other Comprehensive Income:				
Available-for-sale Financial Assets	(4)	3	(4)	3
Currency Translation Differences	284	(403)	284	(403)
<b>Total Comprehensive Income/(expense) for the Period</b>	<b><u>(4,406)</u></b>	<b><u>3,190</u></b>	<b><u>(4,406)</u></b>	<b><u>3,190</u></b>
<i>Profit/(Loss) for the period attributable to:</i>				
Equity holders of the parent	(4,686)	3,590	(4,686)	3,590
Non-controlling interest	-	-	-	-
	<u>(4,686)</u>	<u>3,590</u>	<u>(4,686)</u>	<u>3,590</u>
<i>Total Comprehensive Income/(Expense) attributable to:</i>				
Equity holders of the parent	(4,406)	3,190	(4,406)	3,190
Non-controlling interest	-	-	-	-
	<u>(4,406)</u>	<u>3,190</u>	<u>(4,406)</u>	<u>3,190</u>
<b>Basic Earnings/(Loss) per Share (sen)</b>	<b><u>(1.56)</u></b>	<b><u>1.20</u></b>	<b><u>(1.56)</u></b>	<b><u>1.20</u></b>
<b>Diluted EPS (sen)</b>	<b><u>(1.56)</u></b>	<b><u>1.17</u></b>	<b><u>(1.56)</u></b>	<b><u>1.17</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 2016.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at Current Quarter Ended	As at Preceding Financial Year Ended
	31-Mar-17 RM'000	31-Dec-16 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant & equipment	264,490	262,265
Investment properties	908	913
Other investments	13	18
	<u>265,411</u>	<u>263,196</u>
<b>Current Assets</b>		
Biological assets	41,268	39,324
Inventories	25,005	28,785
Trade receivables	38,868	40,330
Other receivables and prepaid expenses	7,023	11,231
Tax recoverable	8,488	7,452
Derivative assets	-	1
Fixed deposit, bank and cash balances	21,589	34,264
	<u>142,241</u>	<u>161,387</u>
<b>TOTAL ASSETS</b>	<b><u>407,652</u></b>	<b><u>424,583</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Owners of the Company</b>		
Share capital	60,001	60,000
Treasury shares	(376)	(376)
Reserves	144,032	148,439
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<u>203,657</u>	<u>208,063</u>
<b>Non-Current Liabilities</b>		
Term loan	40,662	42,421
Hire purchase payable	9,850	8,999
Deferred tax liabilities	16,854	16,685
	<u>67,366</u>	<u>68,105</u>
<b>Current Liabilities</b>		
Trade payables	22,890	28,232
Other payables and accrued expenses	12,856	21,141
Hire purchase payables	7,363	6,722
Overdraft & short term borrowings	93,520	92,320
	<u>136,629</u>	<u>148,415</u>
<b>TOTAL LIABILITIES</b>	<u>203,995</u>	<u>216,520</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>407,652</u></b>	<b><u>424,583</u></b>
<i>Net asset per share attributable to Ordinary Equity Holders of the Parent (RM)</i>	<i>0.68</i>	<i>0.69</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 2016.*

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 Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2017	60,000	(26,078)	1	(376)	4,032	15	860	169,609	208,063
Profit/(Loss) after taxation for the financial year								(4,686)	(4,686)
Other Comprehensive Income/(Loss) for the period						(4)	284		280
Dividend paid									-
Effect of changes in Company Act 2016	1		(1)						-
Balance as at 31 March 2017	60,001	(26,078)	-	(376)	4,032	11	1,144	164,923	203,657
Balance as at 1 January 2016	60,000	(26,078)	1	(376)	4,032	13	516	153,554	191,662
Profit after taxation for the financial year								3,590	3,590
Other Comprehensive Income for the period						3	(403)		(400)
Balance as at 31 March 2016	60,000	(26,078)	1	(376)	4,032	15	113	157,144	194,852

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 2016.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	Current Year To Date 31-Mar-17 RM'000	Preceding Year To Date 31-Mar-16 RM'000
Profit/(Loss) before taxation	(3,276)	4,603
Adjustments for non-cash flow:		
Non-cash items	3,855	5,222
Non-operating items	1,490	1,608
Operating profit before working capital changes	<u>2,069</u>	<u>11,433</u>
Changes in working capital		
Net changes in current assets	7,219	(1,793)
Net changes in current liabilities	(13,277)	6,223
Cash generated from operations	<u>(3,989)</u>	<u>15,863</u>
Income tax paid	(2,276)	(3,465)
<b>Net Cash Flow from Operating Activities</b>	<b><u>(6,265)</u></b>	<b><u>12,398</u></b>
Interest income received	69	50
Proceeds from disposal of property, plant and equipment	5	-
Purchase of property, plant and equipment	(2,420)	(26,821)
<b>Net Cash Flow from/(used in) Investing Activities</b>	<b><u>(2,346)</u></b>	<b><u>(26,771)</u></b>
Bank borrowings	(2,388)	29,279
Finance cost paid	(1,676)	(1,686)
<b>Net Cash Flow from/(used in) Financing Activities</b>	<b><u>(4,064)</u></b>	<b><u>27,593</u></b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>(12,675)</b>	<b>13,220</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>34,264</b>	<b>30,239</b>
<b>Cash and cash equivalents at the end of the financial period</b>	<b><u>21,589</u></b>	<b><u>43,459</u></b>
<b>Cash and cash equivalents comprise:</b>		
Bank and cash balances	<b><u>21,589</u></b>	<b><u>43,459</u></b>

*Notes:*

- The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016.*

**NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2017**

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**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 2016 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 2016 except for the adoption of the following new and revised FRSs effective on or after 1 January 2017:

<u>FRSs and/or IC Interpretations (including the Consequential Amendments)</u>	<u>Effective Date</u>
FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 2: Classification and Measurement of Share-based Payment	1 January 2018
Amendments to FRS 4: Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts	1 January 2018 *
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 140: Transfer of Investment Property	1 January 2018
Annual Improvements to FRS Standards 2014-2016 Cycles:	
● Amendments to FRS 12: Clarification of the Scope of Standard	1 January 2017
Annual Improvements to FRS Standards 2014-2016 Cycles:	
● Amendments to FRS 1: Deletion of Short-term Exemptions for First-time Adopters	
● Amendments to FRS 128: Measuring an Associate or Joint Venture at Fair Value Adopters	1 January 2018

*\* Entities that meet the specific criteria in FRS 4.20B may choose to defer the application of FRS 9 until the earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

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.

### **Malaysia 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 114 (Agriculture) and IC Interpretation 15 (Agreements for Construction Contract of Real Estate), including its parent, significant 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 may consider the early adoption of MFRSs in Year 2017 and is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still on-going.

#### **A3. Auditors’ Report**

There was no qualification on the audited financial statements for the financial year ended 31 December 2016.

#### **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	89,946	(4,706)
b. Investment and Trading of related poultry products	11,532	1,430
Total	<u>101,478</u>	<u>(3,276)</u>

**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>6,234</u>
Approved but not contracted for	<u>6,499</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 RM299.9 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 31-Mar-17 RM'000	Cumulative YTD 3-months ended 31-Mar-17 RM'000
Sales of eggs, veterinary products, egg trays and others	5,729	5,729
Purchase of day-old-chick, verterinary products and raw materials	9,046	9,046
Transportation	1,919	1,919
Other services	20	20

**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 31 Mar 2017  RM'000	Preceding Year Corresponding Quarter 31 Mar 2016  RM'000	Current year-to-date 31 Mar 2017  RM'000	Preceding Year Corresponding Period 31 Mar 2016  RM'000
<b>REVENUE</b>				
Poultry Farming	89,946	91,951	89,946	91,951
Investment and Trading	11,532	9,984	11,532	9,984
	<u>101,478</u>	<u>101,935</u>	<u>101,478</u>	<u>101,935</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>				
Poultry Farming	(4,706)	3,466	(4,706)	3,466
Investment and Trading	1,430	1,137	1,430	1,137
	<u>(3,276)</u>	<u>4,603</u>	<u>(3,276)</u>	<u>4,603</u>

The Group recorded a pre-tax loss of approximately RM3.3 million on the back of revenue of RM101.5 million for the current period under review.

Poultry Farming

The Group recorded a slight decreased revenue by 2.2% due to a slight increase in sales quantity of eggs which was mainly offset by a lower selling price of eggs. As the result of lower selling price of eggs coupled with the increase in feed cost, the segment recorded a pre-tax loss of RM4.7 million.

Investment and Trading

There was an increase in revenue by 15.5% in the segment and recorded a higher pre-tax profit by 25.8% due to higher demand.

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

	Current Quarter ended 31 Mar 2017 RM'000	Preceding Quarter ended 31 Dec 2016 RM'000	Variance	
			RM'000	%
Revenue	101,478	111,645	(10,167)	(9.1)
Profit/(Loss) before taxation	(3,276)	4,800	(8,076)	(168.3)

The revenue decreased from RM111.6 million to RM101.5 million representing approximately 9.1% lower mainly due to decrease in selling price and sales quantity of eggs resulting from early depopulation of old hens in the current quarter. Coupled with the increase in feed cost, the Group recorded a pre-tax loss of RM3.3 million representing a decrease of approximately 168.3% in the current quarter.

**B3. Current Year Prospects**

In view of the recent depressed selling price, the Directors are in the opinion that the Group's financial performance for the remaining nine (9) months period ending 31 December 2017 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 31 Mar 2017 RM'000	Current YTD ended 31 Mar 2017 RM'000
Current year provision	1,330	1,330
Deferred taxation/(Reversal)	80	80
	<u>1,410</u>	<u>1,410</u>

**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 31 March 2017 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings	4,200	81,221	85,421
Hire Purchase - current	7,363	-	7,363
Hire Purchase - non-current	9,850	-	9,850
Long term borrowings - current	7,219	880	8,099
Long term borrowings - non-current	39,715	947	40,662
Total	<u>68,347</u>	<u>83,048</u>	<u>151,395</u>

The Group borrowings are denominated in following currency:

		'000
Ringgit Malaysia	RM	136,976
Singapore Dollar	SGD	4,553

**B8. Financial Instruments**

There was no foreign currency contract entered into as at 31 March 2017.

**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 interim dividend for the current quarter under review.

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

	Current Quarter ended 31 Mar 2017 RM'000	Preceding Quarter ended 31 Dec 2016 RM'000
Realised profit	181,765	186,660
Unrealised loss	(16,842)	(17,051)
Retained profit	<u>164,923</u>	<u>169,609</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 31-Mar-17	Preceding Year Corresponding Quarter 31-Mar-16	Current YTD 31-Mar-17	Preceding YTD 31-Mar-16
Profit/(Loss) attributable to Ordinary Equity Holders of the Parent (RM'000)	(4,686)	3,590	(4,686)	3,590
Number of ordinary shares in issue ('000)	299,792	299,792	299,792	299,792
Basic earnings/(loss) per share (sen)	<u>(1.56)</u>	<u>1.20</u>	<u>(1.56)</u>	<u>1.20</u>
Diluted earnings/(loss) per share (sen)	<u>(1.56)</u>	<u>1.17</u>	<u>(1.56)</u>	<u>1.17</u>

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

	Current Quarter ended 31 Mar 2017 RM'000	Current Year-to-date 31 Mar 2017 RM'000
Interest income	(43)	(43)
Other income	(1,018)	(1,018)
Depreciation and amortisation	4,160	4,160
(Gain) on disposal of PPE	(110)	(110)
(Gain)/Loss on derivative	(1)	(1)
(Gain)/Loss on foreign exchange	(746)	(746)

**B14. Authorisation for Issue**

The financial statements were authorised for issue by the Board of Directors on 26 May 2017.