

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30-Jun-17 RM'000	30-Jun-16 RM'000	30-Jun-17 RM'000	30-Jun-16 RM'000
Revenue	95,266	107,957	196,744	209,892
Operating Expenses	(103,469)	(95,858)	(208,379)	(191,548)
Other Income	1,215	1,690	3,047	1,734
Finance Cost	(1,759)	(1,760)	(3,435)	(3,446)
Profit/(Loss) before Taxation	<u>(8,747)</u>	<u>12,029</u>	<u>(12,023)</u>	<u>16,632</u>
Tax Expense	(489)	(2,332)	(1,899)	(3,345)
Profit/(Loss) for the Period	<u>(9,236)</u>	<u>9,697</u>	<u>(13,922)</u>	<u>13,287</u>
Other Comprehensive Income:				
Available-for-sale Financial Assets	6	(1)	2	2
Currency Translation Differences	(208)	320	76	(83)
Total Comprehensive Income/(expense) for the Period	<u>(9,438)</u>	<u>10,016</u>	<u>(13,844)</u>	<u>13,206</u>
<i>Profit/(Loss) for the period attributable to:</i>				
Equity holders of the parent	(9,236)	9,697	(13,922)	13,287
Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(9,236)</u>	<u>9,697</u>	<u>(13,922)</u>	<u>13,287</u>
<i>Total Comprehensive Income/(Expense) attributable to:</i>				
Equity holders of the parent	(9,438)	10,016	(13,844)	13,206
Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(9,438)</u>	<u>10,016</u>	<u>(13,844)</u>	<u>13,206</u>
Basic Earnings/(Loss) per Share (sen)	<u>(3.08)</u>	<u>3.23</u>	<u>(4.64)</u>	<u>4.43</u>
Diluted EPS (sen)	<u>(3.08)</u>	<u>3.22</u>	<u>(4.64)</u>	<u>4.41</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 2016.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at Current Quarter Ended	As at Preceding Financial Year Ended
	30-Jun-17 RM'000	31-Dec-16 RM'000
ASSETS		
Non-Current Assets		
Property, plant & equipment	269,349	262,265
Investment properties	903	913
Other investments	15	18
	<u>270,267</u>	<u>263,196</u>
Current Assets		
Biological assets	39,511	39,324
Inventories	27,885	28,785
Trade receivables	39,901	40,330
Other receivables and prepaid expenses	9,043	11,231
Tax recoverable	9,631	7,452
Derivative assets	2	1
Fixed deposit, bank and cash balances	18,100	34,264
	<u>144,073</u>	<u>161,387</u>
TOTAL ASSETS	<u>414,340</u>	<u>424,583</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Company		
Share capital	60,001	60,000
Treasury shares	(376)	(376)
Reserves	134,594	148,439
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>194,219</u>	<u>208,063</u>
Non-Current Liabilities		
Term loan	38,447	42,421
Hire purchase payable	9,071	8,999
Deferred tax liabilities	15,880	16,685
	<u>63,398</u>	<u>68,105</u>
Current Liabilities		
Trade payables	25,231	28,232
Other payables and accrued expenses	17,984	21,141
Hire purchase payables	7,566	6,722
Overdraft & short term borrowings	105,942	92,320
	<u>156,723</u>	<u>148,415</u>
TOTAL LIABILITIES	<u>220,121</u>	<u>216,520</u>
TOTAL EQUITY AND LIABILITIES	<u>414,340</u>	<u>424,583</u>
<i>Net asset per share attributable to Ordinary Equity Holders of the Parent (RM)</i>	0.65	0.69

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								(13,922)	(13,922)
Other Comprehensive Income/(Expense) for the period						2	76		78
Effect of changes in Companies Act 2016	1		(1)						-
Balance as at 30 June 2017	60,001	(26,078)	-	(376)	4,032	17	936	155,687	194,219
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								13,287	13,287
Other Comprehensive Income for the period						2	(83)		(81)
Dividend paid								(3,000)	(3,000)
Balance as at 30 June 2016	60,000	(26,078)	1	(376)	4,032	14	433	163,841	201,868

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 30-Jun-17 RM'000	Preceding Year To Date 30-Jun-16 RM'000
Profit/(Loss) before taxation	(12,023)	16,632
Adjustments for non-cash flow:		
Non-cash items	8,155	8,270
Non-operating items	3,146	3,264
Operating profit before working capital changes	<u>(722)</u>	<u>28,166</u>
Changes in working capital		
Net changes in current assets	3,323	(1,998)
Net changes in current liabilities	(6,156)	(4,519)
Cash generated from operations	<u>(3,555)</u>	<u>21,649</u>
Income tax paid	(4,883)	(7,590)
Net Cash Flow from Operating Activities	<u>(8,438)</u>	<u>14,059</u>
Interest income received	109	131
Proceeds from disposal of property, plant and equipment	378	31
Proceeds from disposal available for sales assets	5	-
Purchase of property, plant and equipment	(10,588)	(38,134)
Net Cash Flow from/(used in) Investing Activities	<u>(10,096)</u>	<u>(37,972)</u>
Bank borrowings	5,805	22,538
Finance cost paid	(3,435)	(3,446)
Net Cash Flow from/(used in) Financing Activities	<u>2,370</u>	<u>19,092</u>
Net Increase/(Decrease) in cash and cash equivalents	(16,164)	(4,821)
Cash and cash equivalents at the beginning of the financial period	34,264	30,239
Cash and cash equivalents at the end of the financial period	<u>18,100</u>	<u>25,418</u>
Cash and cash equivalents comprise:		
Bank and cash balances	<u>18,100</u>	<u>25,418</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 2016.*

NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2017

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</u> <u>(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	172,729	(15,643)
b. Investment and Trading of related poultry products	24,015	3,620
Total	<u>196,744</u>	<u>(12,023)</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>10,117</u>
Approved but not contracted for	<u>2,396</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 RM309.5 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:

	3-months ended 30-Jun-17 RM'000	6-months ended 30-Jun-17 RM'000
Sales of eggs, veterinary products, egg trays and others	5,786	11,515
Purchase of day-old-chick, veterinary products and raw materials	8,510	17,556
Transportation	1,853	3,772
Other services	32	52

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 2017 RM'000	Preceding Year Corresponding Quarter 30 June 2016 RM'000	Current year-to-date 30 June 2017 RM'000	Preceding Year Corresponding Period 30 June 2016 RM'000
REVENUE				
Poultry Farming	82,783	96,973	172,729	188,924
Investment and Trading	12,483	10,984	24,015	20,968
	<u>95,266</u>	<u>107,957</u>	<u>196,744</u>	<u>209,892</u>
PROFIT/(LOSS) BEFORE TAX				
Poultry Farming	(10,937)	10,630	(15,643)	14,096
Investment and Trading	2,190	1,399	3,620	2,536
	<u>(8,747)</u>	<u>12,029</u>	<u>(12,023)</u>	<u>16,632</u>

The Group recorded a pre-tax loss of approximately RM12.0 million on the back of revenue of RM196.7 million for the current period under review.

Poultry Farming

The Group recorded a lower revenue by 8.6% due to lower selling price of eggs coupled with higher feed cost. As the result, the segment recorded a pre-tax loss of RM15.6 million.

Investment and Trading

The improved revenue by 14.5% in the segment had resulted a higher pre-tax profit by 42.7% mainly due to higher demand of animal health products.

B2. Comparison with the Immediate Preceding Quarter's Results

	Current Quarter ended 30 June 2017 RM'000	Preceding Quarter ended 31 Mar 2017 RM'000	Variance	
			RM'000	%
Revenue	95,266	101,478	(6,212)	(6.1)
Profit/(Loss) before taxation	(8,747)	(3,276)	(5,471)	167.0

The revenue decreased by RM6.2 million representing approximately 6.1% lower mainly due to the decrease in selling price of eggs. In line with the decrease in revenue, the Group recorded a pre-tax loss of RM8.7 million representing a decrease of approximately 167.0% in the current quarter.

B3. Current Year Prospects

In view of the lower selling price, the Directors are in the opinion that the Group's financial performance for the remaining six (6) 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 30 June 2017 RM'000	Current YTD ended 30 June 2017 RM'000
Current year provision/(Reversal)	1,400	2,730
Deferred taxation/(Reversal)	(911)	(831)
	<u>489</u>	<u>1,899</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 30 June 2017 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings	5,420	92,442	97,862
Hire Purchase - current	7,566	-	7,566
Hire Purchase - non-current	9,071	-	9,071
Long term borrowings - current	2,440	5,640	8,080
Long term borrowings - non-current	18,392	20,055	38,447
Total	<u>42,889</u>	<u>118,137</u>	<u>161,026</u>

The Group borrowings are denominated in following currency:

		'000
Ringgit Malaysia	RM	144,094
Singapore Dollar	SGD	5,383

B8. Financial Instruments

The Group entered into the following foreign currency contract to hedge its foreign purchase as at 30 June 2017:

Forward Foreign Currency Contracts	Notional Value (RM'000)	Fair Value (RM'000)	Fair Value Change (RM'000)
US Dollar (USD)			
- less than 1 year	212	214	2

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 30 June 2017 RM'000	Preceding Quarter ended 31 Mar 2017 RM'000
Realised profit	171,585	181,765
Unrealised loss	(15,898)	(16,842)
Retained profit	<u>155,687</u>	<u>164,923</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-17	Preceding Year Corresponding Quarter 30-Jun-16	Current YTD 30-Jun-17	Preceding YTD 30-Jun-16
Profit/(Loss) attributable to Ordinary Equity Holders of the Parent (RM'000)	(9,236)	9,697	(13,922)	13,287
Number of ordinary shares in issue ('000)	299,792	299,792	299,792	299,792
Basic earnings/(loss) per share (sen)	<u>(3.08)</u>	<u>3.23</u>	<u>(4.64)</u>	<u>4.43</u>
Diluted earnings/(loss) per share (sen)	<u>(3.08)</u>	<u>3.22</u>	<u>(4.64)</u>	<u>4.41</u>

B13. Notes to the Statement of Comprehensive Income

	Current Quarter ended 30 June 2017 RM'000	Current Year-to-date 30 June 2017 RM'000
Interest income	(66)	(109)
Other income	(539)	(1,557)
Depreciation and amortisation	4,190	8,350
(Gain) on disposal of PPE	(156)	(266)
(Gain)/Loss on derivative	-	(1)
(Gain)/Loss on foreign exchange	(368)	(1,114)

B14. Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors on 29 August 2017.