

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

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30-Sep-17 RM'000	30-Sep-16 RM'000	30-Sep-17 RM'000	30-Sep-16 RM'000
Revenue	109,292	112,175	306,036	322,067
Operating Expenses	(104,758)	(103,810)	(313,136)	(295,358)
Other Income	1,666	1,371	4,712	3,105
Finance Cost	(1,843)	(1,629)	(5,278)	(5,075)
Profit/(Loss) before Taxation	<u>4,357</u>	<u>8,107</u>	<u>(7,666)</u>	<u>24,739</u>
Tax (Expense)/Reversal	227	(2,457)	(1,672)	(5,802)
Profit/(Loss) for the Period	<u>4,584</u>	<u>5,650</u>	<u>(9,338)</u>	<u>18,937</u>
Other Comprehensive Income:				
Available-for-sale Financial Assets	-	2	2	4
Currency Translation Differences	(99)	137	(23)	54
Total Comprehensive Income/(expense) for the Period	<u>4,485</u>	<u>5,789</u>	<u>(9,359)</u>	<u>18,995</u>
<i>Profit/(Loss) for the period attributable to:</i>				
Equity holders of the parent	4,584	5,650	(9,338)	18,937
Non-controlling interest	-	-	-	-
	<u>4,584</u>	<u>5,650</u>	<u>(9,338)</u>	<u>18,937</u>
<i>Total Comprehensive Income/(Expense) attributable to:</i>				
Equity holders of the parent	4,485	5,789	(9,359)	18,995
Non-controlling interest	-	-	-	-
	<u>4,485</u>	<u>5,789</u>	<u>(9,359)</u>	<u>18,995</u>
Basic Earnings/(Loss) per Share (sen)	<u>1.53</u>	<u>1.88</u>	<u>(3.11)</u>	<u>6.32</u>
Diluted EPS (sen)	<u>1.53</u>	<u>1.62</u>	<u>(3.11)</u>	<u>5.41</u>

Notes:

1. The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Consolidated 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-Sep-17 RM'000	31-Dec-16 RM'000
ASSETS		
Non-Current Assets		
Property, plant & equipment	274,941	262,265
Investment properties	898	913
Other investments	15	18
	<u>275,854</u>	<u>263,196</u>
Current Assets		
Biological assets	38,721	39,324
Inventories	28,288	28,785
Trade receivables	47,450	40,330
Other receivables and prepaid expenses	9,844	11,231
Tax recoverable	10,200	7,452
Derivative assets	-	1
Fixed deposit, bank and cash balances	17,864	34,264
	<u>152,367</u>	<u>161,387</u>
TOTAL ASSETS	<u>428,221</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	139,079	148,439
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>198,704</u>	<u>208,063</u>
Non-Current Liabilities		
Term loan	37,110	42,421
Hire purchase payable	13,129	8,999
Deferred tax liabilities	14,556	16,685
	<u>64,795</u>	<u>68,105</u>
Current Liabilities		
Trade payables	20,568	28,232
Other payables and accrued expenses	13,589	21,141
Hire purchase payables	8,964	6,722
Overdraft & short term borrowings	121,598	92,320
Derivative liabilities	3	-
	<u>164,722</u>	<u>148,415</u>
TOTAL LIABILITIES	<u>229,517</u>	<u>216,520</u>
TOTAL EQUITY AND LIABILITIES	<u>428,221</u>	<u>424,583</u>
<i>Net asset per share attributable to Ordinary Equity Holders of the Parent (RM)</i>	<i>0.66</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								(9,338)	(9,338)
Other Comprehensive Income/(Expense) for the period						2	(23)		(21)
Effect of changes in Companies Act 2016	1		(1)						-
Balance as at 30 Sep 2017	60,001	(26,078)	-	(376)	4,032	17	837	160,271	198,704
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								18,937	18,937
Other Comprehensive Income for the period						4	54		58
Dividend paid								(2,998)	(2,998)
Balance as at 30 Sep 2016	60,000	(26,078)	1	(376)	4,032	17	570	169,493	207,659

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-Sep-17 RM'000	Preceding Year To Date 30-Sep-16 RM'000
Profit/(Loss) before taxation	(7,666)	24,739
Adjustments for non-cash flow:		
Non-cash items	12,489	12,208
Non-operating items	4,914	4,811
Operating profit before working capital changes	<u>9,737</u>	<u>41,758</u>
Changes in working capital		
Net changes in current assets	(4,806)	(3,139)
Net changes in current liabilities	(15,083)	(7,094)
Cash generated from operations	<u>(10,152)</u>	<u>31,525</u>
Income tax paid	(6,549)	(10,299)
Net Cash Flow from Operating Activities	<u>(16,701)</u>	<u>21,226</u>
Interest income received	140	186
Proceeds from disposal of property, plant and equipment	485	151
Proceeds from disposal available for sales assets	5	-
Purchase of property, plant and equipment	(16,347)	(46,280)
Net Cash Flow from/(used in) Investing Activities	<u>(15,717)</u>	<u>(45,943)</u>
Bank borrowings	21,296	21,757
Finance cost paid	(5,278)	(5,075)
Dividend paid	-	(2,998)
Net Cash Flow from/(used in) Financing Activities	<u>16,018</u>	<u>13,684</u>
Net Increase/(Decrease) in cash and cash equivalents	(16,400)	(11,033)
Cash and cash equivalents at the beginning of the financial period	<u>34,264</u>	<u>30,239</u>
Cash and cash equivalents at the end of the financial period	<u>17,864</u>	<u>19,206</u>
Cash and cash equivalents comprise:		
Bank and cash balances	<u>17,864</u>	<u>19,206</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 THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 (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 of 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	269,562	(12,437)
b. Investment and Trading of related poultry products	36,474	4,771
Total	<u>306,036</u>	<u>(7,666)</u>

Business Segments

	Poultry Farming RM'000	Investment and Trading of related poultry products RM'000	Consolidation Adjustments RM'000	Group RM'000
Revenue				
- external	269,562	36,474		306,036
- internal	6,354	18,199	(24,553)	-
	<u>275,916</u>	<u>54,673</u>	<u>(24,553)</u>	<u>306,036</u>
Segment profit before interest & tax	(7,569)	5,047	134	(2,388)
Finance cost				(5,278)
Unaudited Consolidated Profit/(Loss) before Tax				<u>(7,666)</u>
Tax expense				(1,672)
Unaudited Consolidated Profit/(Loss) after Tax				<u>(9,338)</u>
Assets				
Segment Assets	493,426	156,164	(231,584)	418,006
Unallocated assets: Income producing assets				15
Unallocated assets: Tax recoverable				10,200
				<u>428,221</u>
Liabilities				
Segment Liabilities	147,258	18,276	(116,818)	48,716
Unallocated liabilities: Borrowings				180,801
				<u>229,517</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>8,052</u>
Approved but not contracted for	<u>5,528</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 RM332.4 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-17 RM'000	Cumulative YTD 9-months ended 30-Sep-17 RM'000
Sales of eggs, veterinary products, egg trays and others	6,081	17,596
Purchase of day-old-chick, veterinary products and raw materials	4,403	21,959
Transportation	2,069	5,841
Other services	41	93

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 Period			Cumulative Period		
	Current Year	Preceding Year	Changes %	Current	Preceding Year	Changes %
	Quarter	Corresponding Quarter		year-to-date	Corresponding Period	
	30-Sep-17	30-Sep-16		30-Sep-17	30-Sep-16	
	RM'000	RM'000		RM'000	RM'000	
REVENUE						
Poultry Farming	96,833	101,944	-5%	269,562	290,868	-7%
Investment and Trading	12,459	10,231	22%	36,474	31,199	17%
	<u>109,292</u>	<u>112,175</u>	<u>-3%</u>	<u>306,036</u>	<u>322,067</u>	<u>-5%</u>
PROFIT/(LOSS) BEFORE TAX						
Poultry Farming	3,206	7,576	-58%	(12,437)	21,672	-157%
Investment and Trading	1,151	531	117%	4,771	3,067	56%
	<u>4,357</u>	<u>8,107</u>	<u>-46%</u>	<u>(7,666)</u>	<u>24,739</u>	<u>-131%</u>

The Group recorded a pre-tax loss of approximately RM7.7 million on the back of revenue of RM306.0 million for the current period under review.

Poultry Farming

The Group recorded a lower revenue by 7% due to lower selling price of eggs. As the result, the segment recorded a pre-tax loss of RM12.4 million.

Investment and Trading

The improved revenue by 17% in the segment had resulted a higher pre-tax profit by 56% mainly due to the increasing demand of existing and new animal health products.

B2. Comparison with the Immediate Preceding Quarter's Results

	Current Quarter	Immediate Preceding Quarter	Changes	
	30 Sep 2017	30 June 2017	RM'000	%
	RM'000	RM'000		
Revenue	109,292	95,266	14,026	14.7
Profit/(Loss) before Interest & Tax	6,200	(6,988)	13,188	188.7
Profit/(Loss) before Tax	4,357	(8,747)	13,104	149.8
Profit/(Loss) after Tax	4,584	(9,236)	13,820	149.6
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent holders of the parent	4,584	(9,236)	13,820	149.6

The revenue increased by RM14.0 million representing 14.7% higher mainly due to the increase in selling price of eggs by approximately 13%. In line with the increase in revenue, the Group recorded a pre-tax profit of RM4.4 million representing an increase of approximately 149.8% in the current quarter.

B3. Current Year Prospects

Despite the improved selling price of eggs in the current quarter under review the over-supply situation in the market is still not completely cushioned from the early depopulation of old hen which may impact the financial performance of the Group for the remaining 3 months period ending 31 December 2017. Other business segment's contribution remains stable which is in line with the customer's demand.

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 2017 RM'000	Current YTD ended 30 Sep 2017 RM'000
Current year provision/ (Reversal)	887	3,617
(Over)/Under provision in prior year	194	194
Deferred taxation/ (Reversal)	(1,308)	(2,139)
	<u>(227)</u>	<u>1,672</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

a. Details of the group borrowing as at 30 September 2017 are as follows:

	Long Term				Short Term				TOTAL Borrowings			
	SGD Denominated	RM Equivalent	RM Denominated	TOTAL RM	SGD Denominated	RM Equivalent	RM Denominated	TOTAL RM	SGD Denominated	RM Equivalent	RM Denominated	TOTAL RM
as at 3rd Quarter ended 30 Sep 2017												
Secured												
Term loan	3,776	11,739	5,951	17,690	465	1,447	1,030	2,477	4,241	13,186	6,981	20,167
Bankers' acceptance	-	-	-	-	-	-	-	-	-	-	-	-
Revolving credit/Overdraft	-	-	-	-	1,000	3,110	-	3,110	1,000	3,110	-	3,110
Hire purchase	14	43	13,086	13,129	45	140	8,824	8,964	59	183	21,910	22,093
Sub total (1)				30,819				14,551				45,370
Unsecured												
Term loan	-	-	19,420	19,420	-	-	4,864	4,864	-	-	24,284	24,284
Bankers' acceptance	-	-	-	-	-	-	106,147	106,147	-	-	106,147	106,147
Revolving credit/Overdraft	-	-	-	-	-	-	5,000	5,000	-	-	5,000	5,000
Hire purchase	-	-	-	-	-	-	-	-	-	-	-	-
Sub total (2)				19,420				116,011				135,431
TOTAL Borrowings				50,239				130,562				180,801
as at 3rd Quarter ended 30 Sep 2016												
Secured												
Term loan	4,246	12,873	11,548	24,421	454	1,376	2,676	4,052	4,700	14,249	14,224	28,473
Bankers' acceptance	-	-	-	-	-	-	1,607	1,607	-	-	1,607	1,607
Revolving credit/Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Hire purchase	59	178	10,153	10,331	57	172	6,892	7,064	116	350	17,045	17,395
Sub total (1)				34,752				12,723				47,475
Unsecured												
Term loan	-	-	15,970	15,970	-	-	3,309	3,309	-	-	19,279	19,279
Bankers' acceptance	-	-	-	-	-	-	67,526	67,526	-	-	67,526	67,526
Revolving credit/Overdraft	-	-	-	-	-	-	5,000	5,000	-	-	5,000	5,000
Hire purchase	-	-	-	-	-	-	-	-	-	-	-	-
Sub total (2)				15,970				75,835				91,805
TOTAL Borrowings				50,722				88,558				139,280

The increase of RM41.5 million in the total borrowings representing approx. 29.8% was mainly due to higher utilization of bankers' acceptance from the increase in trade purchase of raw material in line with the expansion of the layer farming segments and the financing for capital expenditure.

b. The foreign currency exchange rate of SGD1=RM3.1093 was used for the reporting as at 30 Sep 2017, whereas the interest rates are in the range of 2.35% p.a. to 5.0% p.a.

B8. Financial Instruments

The Group entered into the following foreign currency contract to hedge its foreign purchase as at 30 September 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	603	600	(3)

B9. Trade Receivables

	<60 days RM'000	61-120 days RM'000	> 120 days RM'000	TOTAL RM'00	Credit Term (days)
External	36,620	2,667	2,534	41,820	Cash-150 days
Related parties	3,454	594	37	4,084	Cash-150 days
KPF Farming Sdn Bhd	2,894		277	3,171	
TOTAL Trade Receivables	42,968	3,260	2,847	49,076	
Impairment loss of trade receivables			(1,625)	(1,625)	
NET Trade Receivables	42,968	3,260	1,222	47,450	

The Net Trade Receivables of 97.4% is within the normal credit term of cash to 150 days according to the industry norm. Of the total, RM1.63 million has been assessed the recoverability and impaired due to the possibility to become bad. The transactions with the related party, KPF Farming Sdn Bhd (“KPF”) is under contract farming scheme and the amount owing will be contra against the eggs and old hens sold by KPF to Teo Seng. The Management is of the opinion that the remaining sum exceeding 120 days is recoverable.

B10. Material Litigations

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

B11 Dividend Payable

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

B12. Realised and Unrealised Profit/(Loss)

	Current Quarter ended 30 Sep 2017 RM'000	Preceding Quarter ended 30 June 2017 RM'000
Realised profit	174,824	171,585
Unrealised loss	(14,553)	(15,898)
Retained profit	160,271	155,687

B13. 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-17	Preceding Year Corresponding Quarter 30-Sep-16	Current YTD 30-Sep-17	Preceding YTD 30-Sep-16
Profit/(Loss) attributable to Ordinary Equity Holders of the Parent (RM'000)	4,584	5,650	(9,338)	18,937
Number of ordinary shares in issue ('000)	299,792	299,792	299,792	299,792
Basic earnings/(loss) per share (sen)	1.53	1.88	(3.11)	6.32
Diluted earnings/(loss) per share (sen)	1.53	1.62	(3.11)	5.41

B14. Notes to the Statement of Comprehensive Income

	Current Quarter ended 30 Sep 2017 RM'000	Current Year-to-date 30 Sep 2017 RM'000
Interest income	(31)	(140)
Other income	(821)	(2,378)
Reversal of Impairment loss from trade receivables	(224)	(224)
(Gain) on disposal of PPE	(107)	(373)
(Gain)/Loss on derivative	(3)	(4)
(Gain)/Loss on foreign exchange	(488)	(1,602)
Depreciation and amortisation	4,314	12,664

B15. Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors on 17 November 2017.