

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	RESTATED Preceding Year Corresponding Quarter	Current Year To Date	RESTATED Preceding Year Corresponding Period
	31-Dec-17 RM'000	31-Dec-16 RM'000	31-Dec-17 RM'000	31-Dec-16 RM'000
Revenue	118,173	111,645	424,209	433,712
Operating expense	(103,911)	(107,263)	(417,047)	(402,621)
Other income	(346)	2,019	4,366	5,124
Finance cost	(2,054)	(1,601)	(7,332)	(6,676)
Profit before tax	11,862	4,800	4,196	29,539
Tax expense	930	(188)	(742)	(5,990)
Profit for the period	12,792	4,612	3,454	23,549
Other comprehensive income:				
Available-for-sale financial assets	(1)	(2)	1	2
Currency translation differences	(430)	291	(453)	345
Total comprehensive income for the period	12,361	4,901	3,002	23,896
Profit/(Loss) for the period attributable to:				
Equity holders of the parent	12,792	4,612	3,454	23,549
Total comprehensive income/(expense) attributable to:				
Equity holders of the parent	12,361	4,901	3,002	23,896
<i>Basic EPS (sen)</i>	4.27	1.54	1.15	7.86
<i>Diluted EPS (sen)</i>	4.27	1.54	1.15	7.86

**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 Financial Year Ended	Restated As at Preceding Financial Year Ended
	31-Dec-17 RM'000	31-Dec-16 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant & equipment	315,046	293,478
Investment properties	894	913
Other investments	14	18
	<u>315,954</u>	<u>294,409</u>
<b>Current Assets</b>		
Biological assets	45,031	51,866
Inventories	38,256	28,785
Trade receivables	50,931	40,330
Other receivables and prepaid expenses	7,906	11,231
Tax recoverable	10,557	7,452
Derivative assets	-	1
Fixed deposit, bank and cash balances	19,368	34,264
	<u>172,049</u>	<u>173,929</u>
<b>TOTAL ASSETS</b>	<b>488,003</b>	<b>468,338</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	194,734	191,734
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<u>254,359</u>	<u>251,358</u>
<b>Non-Current Liabilities</b>		
Term loan	39,410	42,421
Hire purchase payable	11,643	8,999
Deferred tax liabilities	11,997	17,145
	<u>63,050</u>	<u>68,565</u>
<b>Current Liabilities</b>		
Trade payables	31,341	28,232
Other payables and accrued expenses	12,536	21,141
Hire purchase payables	8,533	6,722
Overdraft & short term borrowings	118,184	92,320
	<u>170,594</u>	<u>148,415</u>
<b>TOTAL LIABILITIES</b>	<u>233,644</u>	<u>216,980</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>488,003</b>	<b>468,338</b>
<b>Net asset per share attributable to Ordinary Equity Holders of the Parent (RM)</b>	<b>0.85</b>	<b>0.84</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 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 (restated)	60,000	(26,078)	1	(376)	(0)	15	861	216,935	251,358
Profit after taxation for the financial year								3,454	3,454
Other Comprehensive Income/(Expense) for the period						1	(454)		(453)
Effect of changes in Companies Act 2016	1		(1)						-
Balance as at 31 Dec 2017	60,001	(26,078)	-	(376)	(0)	16	407	220,389	254,359
Balance as at 1 January 2016 as previously audited	60,000	(26,078)	1	(376)	4,032	13	516	153,554	191,662
Adoption of MFRS					29,652			13,643	43,295
Transfer to retained earnings					(33,684)			33,684	-
Balance as at 1 January 2016 - as restated	60,000	(26,078)	1	(376)	-	13	516	200,881	234,957
Profit after taxation for the financial year								23,549	23,549
Other Comprehensive Income for the period						2	345		347
Dividend paid								(7,495)	(7,495)
Balance as at 31 December 2016 (restated)	60,000	(26,078)	1	(376)	-	15	861	216,935	251,358

**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-Dec-17 RM'000	Restated Preceding Year To Date 31-Dec-16 RM'000
Profit/(Loss) before taxation	4,196	29,539
Adjustments for non-cash flow:		
Non-cash items	16,314	17,769
Non-operating items	7,004	6,488
Operating profit before working capital changes	<u>27,514</u>	<u>53,796</u>
Changes in working capital		
Net changes in current assets	(11,325)	6,653
Net changes in current liabilities	(5,473)	(8,616)
Cash generated from operations	<u>10,716</u>	<u>51,833</u>
Interest income received	181	229
Income tax paid	(7,395)	(11,791)
<b>Net Cash Flow from Operating Activities</b>	<b><u>3,502</u></b>	<b><u>40,271</u></b>
Proceeds from disposal of property, plant and equipment	610	214
Proceeds from disposal available for sales assets	5	-
Purchase of property, plant and equipment	(26,140)	(52,214)
<b>Net Cash Flow from/(used in) Investing Activities</b>	<b><u>(25,525)</u></b>	<b><u>(52,000)</u></b>
Bank borrowings	14,459	29,925
Finance cost paid	(7,332)	(6,676)
Dividend paid	-	(7,495)
<b>Net Cash Flow from/(used in) Financing Activities</b>	<b><u>7,127</u></b>	<b><u>15,754</u></b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>(14,896)</b>	<b>4,025</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>19,368</u></b>	<b><u>34,264</u></b>
<b>Cash and cash equivalents comprise:</b>		
Bank and cash balances	<b><u>19,368</u></b>	<b><u>34,264</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 2016.

**NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2017**

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**A. SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) NO. 134 – INTERIM FINANCIAL REPORTING**

**A1. Basis of Preparation**

The financial statements are unaudited and have been prepared in accordance with the MFRS 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**

As the Group falls within the scope of MFRS 141, ‘Agriculture’, it is a transitional entity and hence it is only required to adopt the MFRS reporting framework for financial statements beginning on 1 January 2018. However, the Group has decided to early adopt the MFRS framework for the preparation of the financial statements of the Group and the Company for the financial year ended 31 December 2017. These financial statements will be the first set of financial statements prepared in accordance with MFRSs, including MFRS 1 ‘First-time adoption of MFRS’. Subject to certain transition elections, the Group and Company have consistently applied the same accounting policies in its opening MFRS statement of financial position at 1 January 2016 (transition date) and throughout all periods presented, as if these policies had always been in effect. Comparative figures for 2016 in the financial statements have been restated to give effect to these changes.

The preparation of consolidated financial statements in conformity with MFRS, requires certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures at the reporting date of the consolidated financial statements, and the reported amounts of the revenue and expenses during the reporting periods end.

Standards where the Group is currently assessing and has yet to quantify the potential impact as follows:

1. MFRS 9 ‘Financial Instruments’

MFRS 9 replaces MFRS 139 ‘Financial Instruments: Recognition and Measurement’. The Standard introduces new requirements for classification and measurement, impairment and hedge accounting, and will be effective for the annual reporting periods beginning on or after 1 January 2018.

2. MFRS 16 ‘Leases’

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a leased liability representing its obligation to make lease payments. MFRS 16 will be effective for annual reporting periods beginning on or after 1 January 2019.

**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	374,262	(4,250)
b. Investment and Trading of related poultry products	49,947	8,446
Total	<u>424,209</u>	<u>4,196</u>

## Business Segments

	Poultry Farming	Investment and Trading of related poultry products	Consolidation Adjustments	Group
	RM'000	RM'000	RM'000	RM'000
Revenue				
- external	374,262	49,947		424,209
- internal	-	23,513	(23,513)	-
	<u>374,262</u>	<u>73,460</u>	<u>(23,513)</u>	<u>424,209</u>
Segment profit before interest & tax	1,532	8,607	1,389	11,528
Finance cost				(7,332)
Unaudited Consolidated Profit/(Loss) before Tax				<u>4,196</u>
Tax expense				(742)
Unaudited Consolidated Profit/(Loss) after Tax				<u><u>3,454</u></u>
<b>Assets</b>				
Segment Assets	566,152	135,100	(223,820)	477,432
Unallocated assets: Income producing assets				14
Unallocated assets: Tax recoverable				10,557
				<u>488,003</u>
<b>Liabilities</b>				
Segment Liabilities	146,626	19,581	(110,332)	55,875
Unallocated liabilities: Borrowings				177,769
				<u>233,644</u>

### A10. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment of the Group have been brought forward to reflect the adoption of MFRS from the previous annual financial statements as at 1 January 2016.

### A11. Capital Commitments

Capital commitments as at end of the current quarter are as follows:

	Total RM'000
Contracted but not provided for	<u>961</u>
Approved but not contracted for	<u>3,579</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 RM333.3 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-Dec-17 RM'000	Cumulative YTD ended 31-Dec-17 RM'000
Sales of eggs, veterinary products, egg trays and others	6,218	23,814
Purchase of day-old-chick, veterinary products and raw materials	7,367	29,326
Transportation	2,231	8,072
Other services	71	164



**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 Quarter	Restated Preceding Year	Changes %	Current year-to-date	Restated Preceding Year	Changes %
		Corresponding Quarter			Corresponding Period	
	31-Dec-17	31-Dec-16		31-Dec-17	31-Dec-16	
	RM'000	RM'000		RM'000	RM'000	
<b>REVENUE</b>						
Poultry Farming	104,700	99,435	5%	374,262	390,303	-4%
Investment and Trading	13,473	12,210	10%	49,947	43,409	15%
	<u>118,173</u>	<u>111,645</u>	6%	<u>424,209</u>	<u>433,712</u>	-2%
<b>PROFIT/(LOSS) BEFORE TAX</b>						
Poultry Farming	8,187	990	727%	(4,250)	22,664	-119%
Investment and Trading	3,675	3,810	-4%	8,446	6,875	23%
	<u>11,862</u>	<u>4,800</u>	147%	<u>4,196</u>	<u>29,539</u>	-86%

The Group recorded a pre-tax profit of approximately RM4.2 million on the back of revenue of RM424.2 million for the current period under review.

Poultry Farming

The Segment recorded a lower revenue and pre-tax losses was mainly affected by the lower selling price of eggs resulting from the over-supply of eggs in domestic market during the first (1<sup>st</sup>) half year under review. The rebound of selling price of eggs coupled with the lower feed cost in the second (2<sup>nd</sup>) half of the year under review resulted a lower pre-tax loss of RM4.3 million.

Investment and Trading

The improved revenue by 15% in the segment had resulted a higher pre-tax profit by 23% mainly due to the increasing demand of existing and new animal health products.

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

	Current Quarter 31 Dec 2017  RM'000	Restated	
		Immediate Preceding Quarter 30 Sep 2017 RM'000	Changes <i>RM'000</i> %
Revenue	118,173	109,292	8,881      8.1
Profit/(Loss) before Interest & Tax	13,916	4,949	8,967      181.2
Profit/(Loss) before Tax	11,862	3,106	8,756      281.9
Profit/(Loss) after Tax	12,792	3,633	9,159      252.1
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent holders of the parent	12,792	3,633	9,159      252.1

The revenue increased by RM8.9 million representing 8.1% higher mainly due to the increase in selling price of eggs and sales quantity. Coupled with the lower raw material and operating cost, the pre-tax profit increased from RM3.1 million to RM11.9 million representing an increase of 281.9%.

**B3. Current Year Prospects**

Despite the recent strengthening of Ringgit Malaysia, The Directors are in opinion that the forthcoming year's 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 31 Dec 2017 RM'000	Current YTD ended 31 Dec 2017 RM'000
Current year provision/(Reversal)	16	3,633
(Over)/Under provision in prior year	129	323
Deferred taxation/(Reversal)	(1,075)	(3,214)
	<u>(930)</u>	<u>742</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 31 December 2017 are as follows:

	Long Term				Short Term				TOTAL Borrowings			
	SGD	RM Equivalent	RM	TOTAL RM	SGD	RM Equivalent	RM	TOTAL RM	SGD	RM Equivalent	RM	TOTAL RM
<b>as at 4th Quarter ended 31 Dec 2017</b>												
<b>Secured</b>												
Term loan	3,657	11,086	11,093	<b>22,179</b>	468	1,419	1,930	<b>3,349</b>	4,125	12,505	13,023	<b>25,528</b>
Bankers' acceptance	-	-	-	-	-	-	2,000	<b>2,000</b>	-	-	2,000	<b>2,000</b>
Revolving credit/OD	-	-	-	-	-	-	-	-	-	-	-	-
Hire purchase	6	18	11,625	<b>11,643</b>	42	126	8,407	<b>8,533</b>	48	144	20,031	<b>20,175</b>
<b>Sub total (1)</b>				<b>33,822</b>				<b>13,882</b>				<b>47,703</b>
<b>Unsecured</b>												
Term loan	-	-	17,231	<b>17,231</b>	-	-	5,643	<b>5,643</b>	-	-	22,874	<b>22,874</b>
Bankers' acceptance	-	-	-	-	-	-	102,192	<b>102,192</b>	-	-	102,192	<b>102,192</b>
Revolving credit/OD	-	-	-	-	-	-	5,000	<b>5,000</b>	-	-	5,000	<b>5,000</b>
Hire purchase	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sub total (2)</b>				<b>17,231</b>				<b>112,835</b>				<b>130,066</b>
<b>TOTAL Borrowings</b>				<b>51,053</b>				<b>126,716</b>				<b>177,769</b>
<b>as at 4th Quarter ended 31 Dec 2016</b>												
<b>Secured</b>												
Term loan	4,133	12,820	<b>6,727</b>	<b>19,547</b>	452	1,404	1,216	<b>2,620</b>	4,585	14,224	7,943	<b>22,167</b>
Bankers' acceptance	-	-	-	-	-	-	3,100	<b>3,100</b>	-	-	3,100	<b>3,100</b>
Revolving credit/OD	-	-	-	-	-	-	-	-	-	-	-	-
Hire purchase	47	147	8,852	<b>8,999</b>	52	160	6,562	<b>6,722</b>	99	307	15,414	<b>15,721</b>
<b>Sub total (1)</b>				<b>28,546</b>				<b>12,442</b>				<b>40,988</b>
<b>Unsecured</b>												
Term loan	-	-	22,874	<b>22,874</b>	-	-	5,642	<b>5,642</b>	-	-	28,516	<b>28,516</b>
Bankers' acceptance	-	-	-	-	-	-	75,958	<b>75,958</b>	-	-	75,958	<b>75,958</b>
Revolving credit/OD	-	-	-	-	-	-	5,000	<b>5,000</b>	-	-	5,000	<b>5,000</b>
Hire purchase	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sub total (2)</b>				<b>22,874</b>				<b>86,600</b>				<b>109,474</b>
<b>TOTAL Borrowings</b>				<b>51,420</b>				<b>99,042</b>				<b>150,462</b>

The increase of RM27.3 million in the total borrowings representing approx. 18.1% 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=RM3.0314 was used for the reporting as at 31 December 2017, whereas the interest rates are in the range of 2.35% p.a. to 5.0% p.a.

**B8. Financial Instruments**

There were no foreign currency contracts entered into as at 31 December 2017:

**B9. Trade Receivables**

	<60 days RM'000	61-120 days RM'000	> 120 days RM'000	TOTAL RM'00	Credit Term (days)
External	37,734	3,472	3,668	44,874	Cash-150 days
Related parties	2,040	1,767	224	4,031	Cash-150 days
KPF Farming Sdn Bhd		2,894	-	2,894	
TOTAL Trade Receivables	39,774	8,133	3,892	51,799	
Impairment loss of trade receivables			(868)	(868)	
NET Trade Receivables	39,774	8,133	3,024	50,931	

The Net Trade Receivables is within the normal credit term of cash to 150 days according to the industry norm. Out of the total impairment loss of RM1.6 million, RM0.7 million has been collected and recovered during the quarter under review. The remaining RM0.9m 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 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 dividend for the current quarter under review.

**B12. Realised and Unrealised Profit/(Loss)**

	Restated	
	Current Quarter ended 31 Dec 2017 RM'000	Preceding Quarter ended 30 Sep 2017 RM'000
Realised profit	232,277	220,568
Unrealised loss	(11,888)	(19,916)
Retained profit	<u>220,389</u>	<u>200,652</u>

**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:

	Restated		Restated	
	Current Quarter ended	Preceding Year Corresponding Quarter	Current YTD	Preceding YTD
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Profit/(Loss) attributable to Ordinary Equity Holders of the Parent (RM'000)	12,792	4,612	3,454	23,549
Number of ordinary shares in issue ('000)	299,792	299,792	299,792	299,792
Basic earnings/(loss) per share (sen)	4.27	1.54	1.15	7.86
Diluted earnings/(loss) per share (sen)	4.27	1.54	1.15	7.86

**B14. Notes to the Statement of Comprehensive Income**

	Current Quarter ended 31 Dec 2017 RM'000	Current Year-to-date 31 Dec 2017 RM'000
Interest income	(41)	(181)
Other income	868	(1,500)
Reversal of Impairment loss from trade receivables	(53)	(277)
(Gain) on disposal of PPE	(66)	(439)
(Gain)/Loss on derivative	5	1
(Gain)/Loss on foreign exchange	(367)	(1,969)
Depreciation and amortisation	3,767	16,431

**B15. Authorisation for Issue**

The financial statements were authorised for issue by the Board of Directors on 27 February 2018.