

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	RESTATED	Current Year	RESTATED
	Quarter	Preceding Year Corresponding Quarter	To Date	Preceding Year Corresponding Period
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Revenue	125,262	109,292	343,064	306,036
Operating expense	(115,658)	(108,016)	(322,310)	(314,987)
Other income	1,098	1,665	1,925	4,712
Finance cost	(2,098)	(1,843)	(6,193)	(5,278)
Profit/(Loss) before taxation	8,604	1,098	16,486	(9,517)
Tax expense	(1,588)	31	(3,388)	(1,491)
Profit/(Loss) for the period	7,016	1,129	13,098	(11,008)
Other comprehensive income:				
Available-for-sale financial assets	1	-	(4)	2
Currency translation differences	344	(99)	85	(23)
<b>Total comprehensive income/(expense) for the period</b>	<b>7,361</b>	<b>1,030</b>	<b>13,179</b>	<b>(11,029)</b>
Profit/(Loss) for the period attributable to:				
Equity holders of the parent	7,016	1,129	13,098	(11,008)
Total comprehensive income/(expense) attributable to:				
Equity holders of the parent	7,361	1,030	13,179	(11,029)
<b>Basic EPS (sen)</b>	<b>2.34</b>	<b>0.38</b>	<b>4.37</b>	<b>(3.67)</b>
<b>Diluted EPS (sen)</b>	<b>2.34</b>	<b>0.38</b>	<b>4.37</b>	<b>(3.67)</b>

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 2017.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at Current Quarter Ended 30-Sep-18 RM000	Audited As at Preceding Financial Year Ended 31-Dec-17 RM000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant & equipment	331,205	316,060
Other investments	9	14
Deferred tax asset	12	-
	<u>331,226</u>	<u>316,074</u>
<b>Current Assets</b>		
Biological assets	51,683	45,031
Inventories	32,687	38,256
Trade receivables	52,823	50,931
Other receivables and prepaid expenses	5,852	13,492
Tax recoverable	10,357	11,829
Fixed deposit, bank and cash balances	20,737	19,368
	<u>174,139</u>	<u>178,907</u>
<b>TOTAL ASSETS</b>	<b><u>505,365</u></b>	<b><u>494,981</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Owners of the Company</b>		
Share capital	60,002	60,002
Treasury shares	(376)	(376)
Reserves	200,832	189,156
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b><u>260,458</u></b>	<b><u>248,782</u></b>
<b>Non-Current Liabilities</b>		
Term loan	36,322	39,410
Hire purchase payable	11,588	11,643
Deferred tax liabilities	17,989	17,697
	<u>65,899</u>	<u>68,750</u>
<b>Current Liabilities</b>		
Trade payables	31,576	31,341
Other payables and accrued expenses	19,241	18,119
Hire purchase payable	8,541	8,533
Other borrowings	119,030	118,184
Tax Liabilities	620	1,272
	<u>179,008</u>	<u>177,449</u>
<b>TOTAL LIABILITIES</b>	<b><u>244,907</u></b>	<b><u>246,199</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>505,365</u></b>	<b><u>494,981</u></b>
<b>Net asset per share attributable to Ordinary Equity Holders of the Parent (RM)</b>	<b>0.87</b>	<b>0.83</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 2017.

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 2018	60,002	(26,078)	-	(376)	-	15	420	214,799	248,782
Profit after taxation for the period								13,098	13,098
Other Comprehensive Income/(Expense) for the period						(8)	85		77
Dividend paid								(1,499)	(1,499)
Balance as at 30 Sep 2018	60,002	(26,078)	-	(376)	-	7	505	226,398	260,458
Balance as at 1 January 2017 as previously audited	60,001	(26,078)	1	(376)	4,032	15	860	169,610	208,065
Adoption of MFRS					29,652			8,045	37,697
Transfer to retained earnings	1		(1)		(33,684)			33,684	-
Balance as at 1 January 2017 - as restated	60,002	(26,078)	-	(376)	-	15	860	211,339	245,762
Profit/(Loss) after taxation for the period								(11,008)	(11,008)
Other Comprehensive Income/(Expense) for the period						2	(23)		(21)
Balance as at 30 Sep 2017 (restated)	60,002	(26,078)	-	(376)	-	17	837	200,331	234,733

Notes:

1. *The Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Consolidated Financial Statements for the year ended 31 December 2017.*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	Current Year To Date 30-Sep-18 RM'000	Restated Preceding Year To Date 30-Sep-17 RM'000
Profit/(Loss) before taxation	16,486	(9,517)
Adjustments for non-cash flow:		
Non-cash items	16,062	12,501
Non-operating items	5,818	4,914
Operating profit before working capital changes	<u>38,366</u>	<u>7,898</u>
Changes in working capital		
Net changes in current assets	(1,710)	(2,832)
Net changes in current liabilities	6,920	(15,083)
Cash generated from operations	<u>43,576</u>	<u>(10,017)</u>
Interest income received	151	140
Income tax paid	(2,288)	(6,684)
<b>Net Cash Flow from Operating Activities</b>	<b><u>41,439</u></b>	<b><u>(16,561)</u></b>
Proceeds from disposal of property, plant and equipment	18	485
Proceeds from disposal available for sales assets	-	5
Purchase of property, plant and equipment	(23,282)	(16,347)
<b>Net Cash Flow from/(used in) Investing Activities</b>	<b><u>(23,264)</u></b>	<b><u>(15,857)</u></b>
Bank borrowings	(9,114)	21,296
Finance cost paid	(6,193)	(5,278)
Dividend paid	(1,499)	-
<b>Net Cash Flow from/(used in) Financing Activities</b>	<b><u>(16,806)</u></b>	<b><u>16,018</u></b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>1,369</b>	<b>(16,400)</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>19,368</b>	<b>34,264</b>
<b>Cash and cash equivalents at the end of the financial period</b>	<b><u>20,737</u></b>	<b><u>17,864</u></b>
<b>Cash and cash equivalents comprise:</b>		
Bank and cash balances	<b><u>20,737</u></b>	<b><u>17,864</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 2017.

**NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED  
30 SEPTEMBER 2018**

**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 2017 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 financial statements of the Group and Company have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention, as modified by the biological assets, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with the Malaysian Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group’s and Company’s accounting policies. Although these estimates and judgement are based on the Directors’ best knowledge of current events and actions, actual results may differ.

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 2017.

**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 single-tier interim dividend of RM0.005 per share amounting to approximately RM1,500,000 in respect of the current financial year was paid on 28 September 2018.

**A9. Segmental Reporting**

The segmental revenue and results of business segments for the current financial year to date are as follows:

<b>Segmental Analysis (by Activities)</b>	<b>Segmental Revenue</b>	<b>Profit/(Loss) before Taxation</b>
	RM'000	RM'000
a. Poultry Farming	298,054	10,803
b. Investment and Trading of related poultry products	45,010	5,683
Total	<u>343,064</u>	<u>16,486</u>

## Business Segments

	Investment and Trading of related poultry products RM'000	Poultry Farming RM'000	Consolidation Adjustments RM'000	Group RM'000
Revenue				
- external	45,010	298,054		343,064
- internal	19,084		(19,084)	-
	<u>64,094</u>	<u>298,054</u>	<u>(19,084)</u>	<u>343,064</u>
Segment profit before interest & tax	9,197	16,785	(3,303)	22,679
Finance cost				(6,193)
Unaudited Consolidated Profit/(Loss) before Tax				<u>16,486</u>
Tax expense				(3,388)
Unaudited Consolidated Profit/(Loss) after Tax				<u>13,098</u>
<b>Assets</b>				
Segment Assets	76,933	421,451	(3,386)	494,998
Unallocated assets: Income producing assets				9
Unallocated assets: Tax recoverable				10,357
				<u>505,364</u>
<b>Liabilities</b>				
Segment Liabilities	15,288	54,121	18	69,427
Unallocated liabilities: Borrowings				175,481
				<u>244,908</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>511</u>
Approved but not contracted for	<u>15,907</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 RM333.4 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-18 RM'000	Cumulative 9-months ended 30-Sep-18 RM'000
Sales of eggs, veterinary products, egg trays and others	6,842	20,885
Purchase of day-old-chick, veterinary products and raw materials	8,742	26,532
Transportation	1,956	6,061
Other services	162	204



**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		
	Restated			Restated		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes %	Current year-to- date	Preceding Year Corresponding Period	Changes %
	30-Sep-18	30-Sep-17		30-Sep-18	30-Sep-17	
	RM'000	RM'000		RM'000	RM'000	
<b>REVENUE</b>						
Poultry Farming	109,689	96,833	13%	298,054	269,562	11%
Investment and Trading	15,573	12,459	25%	45,010	36,474	23%
	<u>125,262</u>	<u>109,292</u>	<u>15%</u>	<u>343,064</u>	<u>306,036</u>	<u>12%</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>						
Poultry Farming	6,663	(53)	12672%	10,803	(14,288)	176%
Investment and Trading	1,941	1,151	69%	5,683	4,771	19%
	<u>8,604</u>	<u>1,098</u>	<u>684%</u>	<u>16,486</u>	<u>(9,517)</u>	<u>273%</u>

The Group recorded an improved pre-tax profit of approximately RM16.5 million on the back of higher revenue of RM343.1 million for the current period under review.

Poultry Farming

The higher revenue of RM298.1 million representing an increase of 11% and a better pre-tax profit of RM10.8 million due to the improved selling price of eggs and higher sales quantities coupled with the lower feed cost for the period under review.

Investment and Trading

The increasing demand of the animal health products has contributed to the increase in revenue by 23%. In line with the increase in revenue, pre-tax profit increased by 19%.

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

	Current Quarter Ended 30 Sep 2018	Immediate Preceding Quarter Ended 30 Jun 2018	Changes	
	RM'000	RM'000	RM'000	%
Revenue	125,262	102,727	22,535	21.9
Profit/(Loss) before Interest & Tax	10,702	1,377	9,325	677.2
Profit/(Loss) before Tax	8,604	(706)	9,310	(1,318.7)
Profit/(Loss) after Tax	7,016	(528)	7,544	(1,428.8)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent holders of the parent	7,016	(528)	7,544	(1,428.8)

The revenue increased by RM22.5 million representing 21.9% higher mainly due to the continued improved selling price of eggs and higher sales quantity. In view of the higher revenue, the Group recorded a pre-tax profit of RM8.6 million.

**B3. Current Year Prospects**

In view of the current stable selling price, the Directors are in opinion that the financial performance for the remaining 3 months period ending 31 December 2018 is satisfactory.

**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 2018 RM'000	Current 9-MTD ended 30 Sep 2018 RM'000
Current year provision/(Reversal)	1,109	3,106
(Over)/Under provision in prior year	(79)	(36)
Deferred taxation/(Reversal)	558	318
	<u>1,588</u>	<u>3,388</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 2018 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 3rd Quarter ended 30 SEPTEMBER 2018</b>												
<b>Secured</b>												
Term loan	3,306	10,000	9,664	19,664	477	1,443	2,115	3,558	3,783	11,443	11,779	23,222
Bankers' acceptance	-	-	-	-	-	-	-	-	-	-	-	-
Revolving credit/OD	-	-	-	-	-	-	-	-	-	-	-	-
Hire purchase	-	-	11,588	11,588	14	42	8,499	8,541	14	42	20,087	20,129
<b>Sub total (1)</b>				<b>31,252</b>				<b>12,099</b>				<b>43,351</b>
<b>Unsecured</b>												
Term loan	-	-	16,658	16,658	-	-	5,744	5,744	-	-	22,402	22,402
Bankers' acceptance	-	-	-	-	-	-	102,728	102,728	-	-	102,728	102,728
Revolving credit/OD	-	-	-	-	-	-	7,000	7,000	-	-	7,000	7,000
Hire purchase	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sub total (2)</b>				<b>16,658</b>				<b>115,472</b>				<b>132,130</b>
<b>TOTAL Borrowings</b>				<b>47,910</b>				<b>127,570</b>				<b>175,481</b>
<b>as at 3rd Quarter ended 30 SEPTEMBER 2017</b>												
<b>Secured</b>												
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/OD	-	-	-	-	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
<b>Sub total (1)</b>				<b>30,819</b>				<b>14,551</b>				<b>45,370</b>
<b>Unsecured</b>												
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/OD	-	-	-	-	-	-	5,000	5,000	-	-	5,000	5,000
Hire purchase	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sub total (2)</b>				<b>19,420</b>				<b>116,011</b>				<b>135,431</b>
<b>TOTAL Borrowings</b>				<b>50,239</b>				<b>130,562</b>				<b>180,801</b>

1. The decrease of RM5.3 million in the total borrowings representing approx. 2.9% was mainly due to lower utilization of bankers' acceptance from the trade purchase of raw material.
2. The foreign currency exchange rate of SGD1=RM3.0251 was used for the reporting as at 30 September 2018, whereas the interest rates are in the range of 2.39% p.a. to 4.84% p.a.

**B8. Financial Instruments**

There was no foreign currency contract entered into as at 30 September 2018.

**B9. Trade Receivables**

	<60 days RM'000	61-120 days RM'000	> 120 days RM'000	TOTAL RM'00	Credit Term (days)
External	43,557	4,296	4,299	52,152	Cash-150 days
Related parties	2,355	490	-	2,845	Cash-150 days
TOTAL Trade Receivables	45,912	4,786	4,299	54,997	
Impairment loss of trade receivables			(2,174)	(2,174)	
NET Trade Receivables	45,912	4,786	2,125	52,823	

The Net Trade Receivables is within the normal credit term of cash to 150 days according to the industry norm. 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 2018	Preceding Quarter ended 30 June 2018
	RM'000	RM'000
Realised profit	244,494	238,555
Unrealised loss	(18,096)	(17,673)
Retained profit	<u>226,398</u>	<u>220,881</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 30-Sep-18	Preceding Year Corresponding Quarter 30-Sep-17	Current YTD 30-Sep-18	Preceding YTD 30-Sep-17
Profit/(Loss) attributable to Ordinary Equity Holders of the Parent (RM'000)	7,016	1,129	13,098	(11,008)
Number of ordinary shares in issue ('000)	299,792	299,792	299,792	299,792
Basic earnings/(loss) per share (sen)	2.34	0.38	4.37	(3.67)
Diluted earnings/(loss) per share (sen)	2.34	0.38	4.37	(3.67)

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

	Current Quarter ended 30 Sep 2018 RM'000	Cummulative 9-MTD 30 Sep 2018 RM'000
Interest income	(58)	(151)
Other income	(506)	(968)
Reversal of Impairment loss from trade receivables	(32)	(224)
(Gain) on disposal of PPE	(8)	(8)
(Gain)/Loss on foreign exchange - realised	(575)	(926)
(Gain)/Loss on foreign exchange - unrealised	(156)	119
Depreciation and amortisation	4,977	14,614

**B15. Authorisation for Issue**

The financial statements were authorised for issue by the Board of Directors on 13 November 2018.