

8. FINANCIAL INFORMATION

8.1 Consolidated Profit and Dividend Record

A summary of the proforma consolidated audited results of the TPC Group for the five(5) financial years ended 31 December 1998 to 2002 and 9-month financial period ended 30 September 2003 (being the last practicable date prior to the printing of the Prospectus) has been prepared for illustrative purposes only based on the audited accounts of the TPC Group and the assumption that the current structure of the Group has been in existence throughout the period under review:-

	Financial Year Ended 31 December					9-month
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	period ended 30 Sept 2003 RM'000
Revenue	22,670	26,463	26,386	28,680	37,951	32,478
Results of operating activities, including finance costs, research and development expense, depreciation, preliminary expenses etc	5,164	7,413	4,508	5,453	9,669	10,172
EBIDTA	5,164	7,413	4,508	5,453	9,669	10,172
Less: Interest expense	(1,903)	(838)	(984)	(1,292)	(1,375)	(1,366)
Depreciation & amortisation	(1,261)	(1,389)	(1,468)	(1,885)	(2,247)	(2,184)
Profit before exceptional items	2,000	5,186	2,056	2,276	6,047	6,622
Exceptional items	-	-	-	-	-	-
Share of profits and losses of associated corporations and joint ventures	-	-	-	-	-	-
PBT	2,000	5,186	2,056	2,276	6,047	6,622
Less: Taxation	(488)	(411)	(684)	(584)	(1,564)	(1,177)
Profit after taxation from ordinary activities	1,512	4,775	1,372	1,692	4,483	5,445
Extraordinary items	-	-	-	-	-	-
Minority interest	-	-	-	-	-	-
Net profit	1,512	4,775	1,372	1,692	4,483	5,445
No. of Shares assumed to be in issue of RM0.50 each ('000)	80,000	80,000	80,000	80,000	80,000	80,000
Gross EPS (sen)	2.50	6.48	2.57	2.84	7.56	11.04
Net EPS (sen)	1.89	5.97	1.71	2.11	5.60	9.07
Basic and diluted EPS (sen)	1.89	5.97	1.71	2.11	5.60	9.07
Dividend rate (%)	-	-	-	-	-	5.24

Notes:-

- (i) The proforma consolidated financial results have been prepared based on the applicable Approved Accounting Standards adopted during the years under review
- (ii) The proforma consolidated financial results have been prepared based on the audited financial statements after incorporate the results provided by the management for each of the proposed subsidiaries, in order to be coterminous with the financial year end of the Proforma Group.
- (iii) For financial period ended 30 September 2003, the Group has declared an interim tax exempt dividend of RM4,195,976

8.2 Analysis and Commentary on Financial Performance

Financial Year Ended 31 December 1999

Revenue for financial ended 31 December 1999 has increased by approximately 16.7% mainly due to increase in the Group's production capacity as a result of the Group's expansion in the previous year to meet the increasing market demand. Higher production volume in financial year 1999 has enabled the Group to achieve economies of scale.

8. FINANCIAL INFORMATION (Cont'd)

The PAT has increased by approximately 153% as compared to previous year mainly contributed by the increase in sales and the stringent cost control carried out by the Group. The Group has managed to employ bankers' acceptance facility with lower interest rate, which has caused a reduction in the interest expense.

There is no taxation charge for the year as the amount payable is waived in accordance with the Income Tax (Amendment) Act, 1999. The tax charged during the year was in relation to deferred taxation.

Financial Year Ended 31 December 2000

Revenue for financial year ended 31 December 2000 has slightly decreased by approximately 0.3% as compared to previous year due to reduction in sales of feed to third party.

The PAT has decreased by approximately 69% mainly contributed by the decrease in the profit margin resulted from the reduction in the market price for eggs. Higher marketing and selling expenses during the year as a result of increase in the Group's marketing activities also contributed to the decrease in PAT.

The effective tax rate for the year is higher than the statutory tax rate mainly due to certain expenses disallowed for taxation purposes.

Financial Year Ended 31 Dec 2001

Revenue for the year has increased by approximately 9% as compared to year 2000 mainly due to increase in sales orders and expansion in the Group's customers base resulted from the continuous marketing effort carried out by its marketing team. Increase in sales is also contributed by the increase in the Group's production capacity due to the automation of the Group's production process.

PAT has increased by approximately 64% mainly due to increase in revenue and crystallization of deferred taxation.

There is no taxation charge for the year due to tax loss position. The tax charge for the year was in relation to deferred taxation.

Financial Year Ended 31 Dec 2002

Revenue has increased significantly by approximately 32% mainly due to increase in the market demand contributed by the launch of the Group's "Organic Selenium Eggs" which fetches higher selling price. Increase is also contributed by the increase in production capacity and expansion in sales base. Increase in the volume of production has also enabled the company to enjoy the economies of scale.

PAT has increased by approximately 142% mainly contributed by higher gross profit margin resulted from the economies of scale. Increase is also consistent with the increase in revenue during the year.

The effective tax rate for the year is lower than the statutory tax rate mainly due to the utilisation of unutilised capital allowances brought forward and claims of reinvestment allowances.

8. FINANCIAL INFORMATION (Cont'd)

8.3 Analysis of Revenue by Products

	Financial Years Ended 31 December									
	1998 RM	** %	1999 RM	** %	2000 RM	** %	2001 RM	** %	2002 RM	** %
Eggs										
- Ordinary	19,410,015	85.62	21,693,865	81.98	20,128,829	76.29	19,362,580	67.51	27,165,429	71.59
- Premium	681,574	3.00	2,073,210	7.83	4,528,897	17.16	6,747,383	23.53	8,012,604	21.11
Chicken Manure	323,546	1.43	296,096	1.12	334,087	1.27	316,991	1.10	440,675	1.16
End-of-lay hens	590,706	2.61	894,378	3.38	778,813	2.95	1,126,731	3.93	1,011,372	2.66
Others*	1,249,037	5.51	12,019	0.04	69,538	0.26	325,953	1.14	351,045	0.92
	22,254,878	98.17	24,969,568	94.35	25,840,164	97.93	27,879,638	97.21	36,981,125	97.44
Sales of feed	14,995,817		14,896,831		15,948,434		19,800,001		24,965,599	
Less intercompany transactions	(14,579,942)		(13,402,861)		(15,403,452)		(18,999,818)		(23,995,701)	
Net sales of feed after intercompany sales	415,875	1.83	1,493,970	5.65	544,982	2.07	800,183	2.79	969,898	2.56
Proforma group Turnover N1	22,670,753	100	26,463,538	100	26,385,146	100	28,679,821	100	37,951,023	100

*Others in 1998 include the turnover of an operation that was sold in August 1998.

N1 Proforma turnover based in audited financial statements with the assumption that TPC has acquired TPCA and TPC (1976) prior to 2000.

** all percentages are computed based on the Group's proforma turnover

8.4 Basis of Accounting Policies

The proforma consolidated results of the Group have been prepared under the acquisition method of accounting. The financial information has been prepared in accordance with approved accounting standards in Malaysia.

There has been no significant change in the accounting policies applied by the Group for the past five (5) years.

8.5 Directors' Declaration on Financial Performance

As at 30 September 2003, being the latest practicable date prior to the printing of this Prospectus, the financial conditions and operations of the Company and its subsidiaries are not affected by any of the following:

- i) Known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of the TPC Group;
- ii) Material commitment for capital expenditure;
- iii) Unusual, infrequent events or transactions or any significant economic changes that materially affected the financial performance, position and operations of the TPC Group; and
- iv) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

8. FINANCIAL INFORMATION (Cont'd)

8.6 Working Capital, Borrowings, Contingent Liabilities, Material Commitment and Litigation

■ Working Capital

The Directors of the Company are of the opinion that, after taking into account the cashflow forecast and projections, the banking facilities available and the net proceeds from the IPO, the Group will have adequate working capital for a period not less than twelve (12) months from the date of issue of this Prospectus.

■ Borrowings

As at 30 September 2003 (being the last practicable date prior to the printing of this Prospectus) the total bank borrowings in the form of term loans, trust receipts, letters of credit, banker's acceptance and hire purchase financing amounted to approximately RM35 million. The borrowings can be analysed further as follows: -

Borrowings	Amount (RM '000)
Long Term borrowings	
Interest Bearing	
• Term Loan	12,763
• Hire purchase	856
Non-interest Bearing	-
	13,619
Short Term borrowings	
Interest Bearing	
• Bank Overdraft	4,384
• Term Loan	1,871
• Trade Facilities	13,211
• Hire purchase	1,838
Non-interest Bearing	-
	21,304
Total	34,923

■ Contingent Liabilities

On 11 April 1996, Mestika Arif has charged nine (9) lots of land (P.T No 303 to 311) to Affin Bank Berhad, Bukit Baru branch, Melaka to secure banking facilities of RM2,850,000 granted to a former directors' related company namely Forward Paper Pulp Industries Sdn Bhd. The directors' and/or promoters' shares in Forward Paper Pulp Industries Sdn Bhd have been sold and transferred to two (2) unrelated individuals on 2 December 2002. As at 30 April 2003, the above-mentioned banking facilities have been reduced to the overdraft facility. As at 28 August 2003, the overdraft facility has been settled. In conjunction with the settlement of the above-mentioned overdraft facility, on 7 October 2003, the discharge of the above mentioned charge has been presented for registration at the relevant Land Registry.

8. FINANCIAL INFORMATION (Cont'd)

- **Material Capital Commitment**

As at 30 September 2003 (being the latest practicable date prior to the printing of Prospectus) save as disclosed below, the Directors are not aware of any material capital commitments which, upon enforceable, may have any material impact on the profit or net asset value of the Group.

On 17 April 2003, TPCA has entered into a sale and purchase agreement with Teck Ping Chan Realty Sdn. Bhd. to acquire 9 units of double-storey terrace shop offices for a purchase consideration of RM2,260,000.00 and further subject to the terms and conditions of the sale and purchase agreement. A supplemental agreement dated 2 June 2003 was entered into by the said parties to vary the terms on payment of the balance of purchase price amounting to Ringgit Malaysia Two Million Two Hundred and Fifty Nine Thousand Only (RM2,259,000.00) shall be paid or cause to be paid by TPCA or credited as paid in the following manner:-

- (a) by TPCA issuing a credit note to Teck Ping Chan Realty Sdn. Bhd. setting off the debt owing from TPCA's trading account amounting to RM667,780.51 whereupon the said debt shall also be credited as fully paid by Teck Ping Chan Realty Sdn. Bhd. to TPCA;
- (b) the balance thereof amounting to RM1,591,219.49 only shall be paid by TPCA within Ninety (90) days from the Unconditional Date (which is defined as upon obtaining the existing chargee's consent as provided in the sale and purchase agreement).

The above acquisition has been completed on 30 August 2003.

- **Material Litigation/Arbitration**

As at 30 September 2003, being the latest practicable date to the printing of the Prospectus, neither the Company nor its subsidiary corporations are engaged in any material litigation and arbitration, either as plaintiff or defendant, which has a material effect on the financial position of TPC or its subsidiary corporations and the Directors do not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of TPC or its subsidiary corporations.

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8. FINANCIAL INFORMATION (Cont'd)

8.7 Consolidated Profit Estimate and Forecast

The Directors of TPC forecast that, barring any unforeseen circumstances, the proforma consolidated PBT and PAT for the years ending 31 December 2003 and 2004 will be as follows:-

	Estimate 31 December 2003 RM'000	Forecast 31 December 2004 RM'000
Revenue	45,183	50,610
Consolidated PBT	7,900	10,374
Less: taxation	(1,706)	(1,521)
Consolidated PAT and minority interest	6,194	8,853
Number of shares in issue ('000)	80,000	80,000
Gross EPS (Sen)*	9.88	12.97
Net EPS (Sen)*	7.74	11.07
Gross PE ratio based on indicative Public Issue price of RM0.90 per Share (times)	9.11	6.94
Net PE ratio based on indicative Public Issue price of RM0.90 per Share (times)	11.63	8.13

* Based on the enlarged issued and paid-up share capital of 80.0 million Shares.

Directors' Commentary on Achievability of Consolidated Profit Estimate and Forecast

The Board of TPC confirms that the consolidated profit estimate and forecast of TPC for financial years ending 31 December 2003 and 31 December 2004 have been prepared on the basis and accounting principles consistent with those previously adopted in the preparation of the audited financial statements. The Board also confirms that the underlying bases and assumptions stated therein have been reviewed by them after due and careful enquiry and after taking into account the future prospects of the industry, the future plans of TPC Group and its level of gearing, liquidity and working capital requirements. The Board confirms that the profit estimate and forecast of the Group are achievable and the assumptions made are reasonable.

Nevertheless, in the light of the current economic environment in Malaysia, certain assumptions, including interest and exchange rates, may defer significantly from actual should the economic situation differ significantly from the date of this Prospectus and this may have a material impact on TPC Group's profit estimate and forecast.

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8. FINANCIAL INFORMATION (Cont'd)**8.8 Sensitivity Analysis**• **Deviation of 5% on selling prices**

	As estimated/ forecasted RM'000	Assuming selling price increase by 5% RM'000	% change	Assuming selling price decrease by 5% RM'000	% change
Estimate year ending 31 December 2003					
Net revenue	45,183	47,114	4.27	43,252	-4.28
Profit before taxation	7,900	9,831	24.45	5,969	-24.44
Forecast year ending 31 December 2004					
Net revenue	50,610	52,785	4.30	48,434	-4.30
Profit before taxation	10,374	12,549	20.97	8,198	-20.98

• **Deviation of 5% on cost of production**

	As estimated/ forecasted RM'000	Assuming cost increase by 5% RM'000	% change	Assuming cost decrease by 5% RM'000	% change
Estimate year ending 31 December 2003					
Cost of production	29,744	31,231	5.00	28,257	-5.00
Profit before taxation	7,900	6,413	-18.83	9,387	-18.83
Forecast year ending 31 December 2004					
Cost of production	32,609	34,239	5.00	30,979	-5.00
Profit before taxation	10,374	8,743	-15.72	12,004	15.72

The directors have assessed the sensitiveness of the forecast to fluctuation in major variables thereof. The directors' view is that the main vulnerability, in so far as the achievement of the forecast is concerned, are fluctuations in the selling price and cost of raw material.

The directors are of the opinion that the forecasted selling price and raw material are realistic. The directors are satisfied with the adequacy and reliability of management accounting and forecast procedures and are confident of the achievability of the forecast.

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8. FINANCIAL INFORMATION (Cont'd)

8.9 Auditors' Letter on the Consolidated Profit Estimate and/or Forecast of the TPC Group for the Financial Years Ending 31 December 2003 and 2004



■ Chartered Accountants
Fingkat 10, Lot 1
Graha Maju (Bgn PKNM)
Jalan Graha Maju
75300 Malacca

■ Phone : (06) 283-1399
Fax : (06) 284-1799
www.ey.com/my

Date: 28 OCT 2003

The Board of Directors
TPC PLUS BERHAD
535 B, Jalan Merdeka
Melaka Raya
75000 Melaka

Dear Sirs

TPC PLUS BERHAD ("TPC") CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE TWO YEARS ENDING 31 DECEMBER 2003 AND 2004

We have reviewed the consolidated profit estimate and forecast of TPC and its subsidiaries ("the Group or TPC Group") for the two years ending 31 December 2003 and 2004 respectively as set out in the Prospectus to be dated 1 Dec 2003, in accordance with the professional standard in Malaysia applicable to the review of forecasts, AI 810. The estimate and forecast have been prepared in connection with the Public Issue of 19,700,000 new ordinary shares of RM0.50 each and Offer For Sale of 10,800,000 ordinary shares of RM0.50 each in TPC at an issue/offer price of RM0.90 per ordinary share and the listing of and quotation for the entire enlarged issued and paid-up share capital of TPC comprising 80,000,000 ordinary shares of RM0.50 each on the Second Board of the Kuala Lumpur Stock Exchange.

Our review has been undertaken to enable us to form an opinion as to whether the estimate and forecast, in all material respects, are properly prepared on the basis of the assumptions made by the Directors as set out in the Prospectus and are presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the period ended 30 September 2003. The directors of TPC are solely responsible for the preparation and presentation of the estimate and forecast and the assumptions on which the estimate and forecast are based.

Estimate and forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the estimate and forecast are based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the estimate and forecast since anticipated events frequently do not occur as expected and the variations could be material.

8. FINANCIAL INFORMATION (Cont'd)



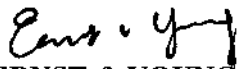
TPC Plus Berhad
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Subject to the matters stated in the preceding paragraphs:

- (a) nothing has come to our attention which causes us to believe that the assumptions made by the directors, as set out in aforementioned Prospectus, do not provide a reasonable basis for the preparation of the estimate and forecast of consolidated profit after taxation; and
- (b) in our opinion, the estimate and forecast of consolidated profit after taxation so far as the calculations are concerned, are properly prepared on the basis of the assumptions made by the directors and are presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the period ended 30 September 2003.

The accompanying estimate and forecast and this letter have been prepared solely for the purposes stated above, in connection with the aforementioned prospectus. This letter is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully


ERNST & YOUNG
AF:0039
Chartered Accountants


LEE AH TOO
No. 2187/09/05
Partner

8. FINANCIAL INFORMATION (Cont'd)

APPENDIX

TPC PLUS BERHAD**CONSOLIDATED PROFIT ESTIMATE AND FORECAST
AND ASSUMPTIONS**

The Directors estimate and forecast that, in the absence of unforeseen circumstances, the consolidated profit after taxation for the years ending 31 December 2003 and 2004 will be as follows:

	2003	2004
	RM'000	RM'000
Revenue	<u>45,183</u>	<u>50,610</u>
Profit before taxation	7,900	10,374
Taxation	<u>(1,706)</u>	<u>(1,521)</u>
Post after taxation before pre-acquisition profit	6,194	8,853
Pre-acquisition profit	<u>(4,646)</u>	<u>-</u>
Profit after taxation	<u>1,548</u>	<u>8,853</u>
Number of shares ('000)	80,000	80,000
Gross earnings per shares (sen)	9.88	12.97
Net earnings per share (sen)	7.74	11.07
Gross price-earnings multiple*	9.11	6.94
Net price-earnings multiple*	11.63	8.13

* Based on the issue price of RM0.90 per ordinary share of RM0.50 each.

The principal assumptions upon which the above consolidated profit estimate and forecast have been made are as follows:

1. There will be no significant changes in the present principal activities and the structure of the Group.
2. The prevailing Malaysian and world economic conditions will not adversely affect the activities or performance of the Group as currently planned. There will be no further significant changes affecting the Malaysian economy which will adversely affect the Group.
2. There will be no significant changes in the present legislations and government regulations, which will adversely affect the activities of the Group or the market in which it operates.
3. There will be no significant fluctuations in inflation and interest rates.
4. Foreign currency exchange rate will not fluctuate significantly from the prevailing exchange rate of RM3.80 : USD1.00.
5. There will be no material changes in prices, wages, costs of production and other related costs which will adversely affect the performance of the Group except for the raw material price which is estimated to reduce by RM2 per kg with effective from January 2004.



8. FINANCIAL INFORMATION (Cont'd)

APPENDIX (Cont'd)

6. The average selling price and the average cost of eggs estimated and forecasted by the Group are as follows :

	2003 RM/egg	2004 RM/egg
Average selling price of egg	<u>0.18</u>	<u>0.19</u>
Average cost of egg	<u>0.15</u>	<u>0.14</u>

There will be no significant changes in the selling prices of egg that will adversely affect the profitability of the Group.

7. There will be no major industrial disputes or disruptions in the production operations or other abnormal factors, both domestic and overseas, which will adversely affect the activities and performance of the Group. The production quantity is estimated and forecasted to be approximately 239,075,000 and 254,683,000 eggs respectively.
8. There will be no event or combination of events, including but not limited to terrorist attacks, the Severe Acute Respiratory Syndrome ("SARS") or the outbreak of other diseases, that will lead to a recession and impact the Group from achieving its estimated and forecasted results and have an adverse effect on the value or quality of the Group's assets.
9. Existing financing facilities will remain available and the level of interest rates will not change materially from those prevailing. The Group will also be able to obtain additional financing facilities at interest rates that approximate to those currently available to the Group.
10. Capital expenditure will take place as planned with no material changes in the costs or prices.
11. There will be no significant changes in the present income tax rate of 28%. It is also assumed that the Group will continue to enjoy reinvestment allowance incentive during the period covered by the estimate and forecast.
12. There will be no significant changes in management structure and accounting policies normally adopted by the companies within the Group.
13. The proceeds from public issue of approximately RM17,730,000 will be utilised in the following manner:

	RM'000
(i) Repayment of bank borrowings	7,106
(ii) Working capital	8,524
(iii) Share issue expenses	<u>2,100</u>
	<u>17,730</u>



8. FINANCIAL INFORMATION (Cont'd)

8.10 Dividend Forecast and Policy

On the basis of the consolidated profit estimate and forecast and on the assumption that the present basis for calculating taxation and the rates of taxation will remain unchanged, the Directors of TPC Group anticipate that they will be in a position to propose, based on the enlarged issued share capital of 80,000,000 Shares, a tax exempt dividend of 3.00 sen per Share for the financial year ending 31 December 2004.

It will be the policy of the Directors in recommending dividend to allow shareholders to participate in the profits of the Group as well as leaving adequate reserves for the future growth of the TPC Group.

The intended appropriation of consolidated profit for the financial years ending 31 December 2003 and 2004 respectively will be as follows:-

	Estimate Financial Year Ending 31 December 2003 RM'000	Forecast Financial Year Ending 31 December 2004 RM'000
Consolidated PBT	7,900	10,374
Less : Taxation	(1,706)	(1,521)
Consolidated PAT	6,194	8,853
Less : Tax exempt dividend	(4,196) ^{N1}	(2,400)
Consolidated retained profit for the year	<u>1,998</u>	<u>6,453</u>
Tax exempt dividend per Share (sen)	-	3.00
Dividend yield based on the issue price of RM0.90 per Share (%)	-	3.33
Dividend cover (times)	-	3.69

Note:

N1 For financial period ended 30 September 2003, TPCA has declared an interim tax exempt dividend of RM4,195,976 prior to the acquisition of TPCA by TPC pursuant to the Proposed Listing.

The forecast tax exempt dividend of RM2,400,000 for financial year ending 31 December 2004 will be waived if:-

- a) the Group could not meet its financial forecasts; and
- b) the payment of the dividend would adversely affect the Group's cashflow and operations.

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8. FINANCIAL INFORMATION (Cont'd)**8.11 Proforma Consolidated Balance Sheets of TPC Group**

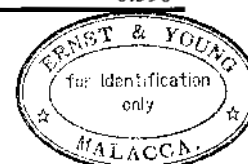
APPENDIX

TPC PLUS BERHAD**PROFORMA CONSOLIDATED BALANCE SHEETS**
AS AT 30 SEPTEMBER 2003

The proforma consolidated balance sheets of TPC PLUS BERHAD ("TPC") as at 30 September 2003 as set out below are provided for illustrative purposes only.

	Proforma Consolidated Balance Sheets			
	(I)	(II)	(III)	
Balance sheet of TPC as at date of incorporation RM'000	After Acquisitions RM'000	After (I) and Public Issue RM'000	After (II) and the proposed utilisation of proceeds from the Public Issue RM'000	
NON-CURRENT ASSETS				
Property, plant and equipment	-	66,453	66,453	66,453
CURRENT ASSETS				
Inventories	-	13,516	13,516	13,516
Trade receivables	-	5,685	5,685	5,685
Other receivables	-	3,822	3,822	3,822
Cash and bank balances	*	260	17,990	10,434
	*	23,283	41,013	33,457
CURRENT LIABILITIES				
Short term borrowings	-	21,305	21,305	15,849
Trade payables	-	10,810	10,810	10,810
Other payables	-	5,571	5,571	5,571
Taxation	-	45	45	45
	-	37,731	37,731	32,275
NET CURRENT ASSETS/ (LIABILITIES)				
	*	(14,448)	3,282	1,182
	*	52,005	69,735	67,635
FINANCED BY :				
Share capital	*	30,150	40,000	40,000
Share premium	-	175	8,055	5,955
Shareholders' equity	*	30,325	48,055	45,955
Reserve on consolidation	-	1,250	1,250	1,250
	-	31,575	49,305	47,205
Hire purchase payables	-	856	856	856
Term loans	-	12,763	12,763	12,763
Deferred taxation	-	6,811	6,811	6,811
Non-current liabilities	-	20,430	20,430	20,430
	*	52,005	69,735	67,635
Net Tangible Assets per share (RM)	0.500	0.524	0.616	0.590

* RM2



8. FINANCIAL INFORMATION (Cont'd)

APPENDIX (Cont'd)

TPC PLUS BERHAD**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS**

1. The proforma consolidated balance sheets of **TPC PLUS BERHAD** ("TPC") and the following subsidiaries ("the Group") as at 30 September 2003 have been prepared for illustrative purposes based on accounting policies and bases adopted in the preparation of the audited financial statements of the Group:

- (i) Teck Ping Chan Agriculture Sdn. Bhd. ("TPCA")
(ii) Teck Ping Chan (1976) Sdn. Bhd. ("TPC1976")

No audited financial statements have been prepared of TPC, as TPC was only incorporated on 16 May 2003 and commenced operations after 30 September 2003.

2. The Acquisitions and Public Issue are assumed to have been effected on 30 September 2003 in the following manner:

- (i) Proforma I incorporates the acquisition of the subsidiaries ("Acquisitions") based on the adjusted audited net tangible assets ("NTA") as at 31 December 2002 as follow:

	TPCA RM	TPC 1976 RM	Total RM
NTA based on the audited financial statements	31,862,599	1,080,659	32,943,258
Add : revaluation surplus	2,590,605	-	2,590,605
Less : Deferred taxation due to the adoption of MASB 25	<u>(5,208,895)</u>	<u>-</u>	<u>(5,208,895)</u>
	<u>29,244,309</u>	<u>1,080,659</u>	<u>30,324,968</u>

The acquisitions were satisfied by an issue of 60,299,996 new ordinary shares of RM0.50 each in TPC at an issue price of approximately RM0.503 per share as follows:

Company	No. of shares acquired	Equity interest acquired	Purchase consideration RM	Satisfied by new shares in TPC
TPCA	8,391,952	100%	29,244,309	58,151,148
TPC1976	700,000	100%	<u>1,080,659</u>	<u>2,148,848</u>
			<u>30,324,968</u>	<u>60,299,996</u>



8. FINANCIAL INFORMATION (Cont'd)

APPENDIX (Cont'd)

- (ii) Proforma II incorporates Proforma I and the public issue of 19,700,000 new ordinary shares of RM0.50 each by the Company at an issue price of RM0.90 per share.
- (iii) Proforma III incorporates Proforma II and proposed utilisation of proceeds from the Public Issue as follows: -

	RM'000
Repayment of bank borrowings *	7,106
Working capital	8,524
Share issue expenses	2,100
	<u>17,730</u>

- * RM1,650,000 of the proceeds allocated for repayment of bank borrowings has been paid by the Group as at 30 September 2003, thus, the amount will be used to replenish the internally generated funds of the Group.

- (iv) All inter-company balances have been eliminated in arriving at the proforma consolidated balance sheets.
- (v) Estimated share issue expenses of RM2,100,000 is written off against the share premium account.
- (vi) The proforma consolidated balance sheets are arrived at using the acquisition method of accounting.

3. SHARE CAPITAL

The movement of the issued and paid-up share capital of TPC after taking into account the Acquisitions and Public Issue are as follows:

	RM'000
As at date of incorporation	*
Shares issued pursuant to the acquisition of the subsidiaries	30,150
Per Proforma Consolidated Balance Sheet (I)	<u>30,150</u>
Public Issue	9,850
Per Proforma Consolidated Balance Sheet (II)	<u>40,000</u>

* RM2



8. FINANCIAL INFORMATION (Cont'd)

APPENDIX (Cont'd)

4. SHARE PREMIUM

The movement of the share premium of TPC after taking into account the Acquisitions and Public Issue are as follows:

	RM'000
As at date of incorporation	-
Premium arising from the acquisitions	175
Per Proforma Consolidated Balance Sheet (I)	<u>175</u>
Share premium arising from the public issue	7,880
Per Proforma Consolidated Balance Sheet (II)	<u>8,055</u>
Estimated share issue expenses	(2,100)
Per Proforma Consolidated Balance Sheet (III)	<u><u>5,955</u></u>



8. FINANCIAL INFORMATION (Cont'd)

8.12 Auditors' Letter on the Proforma Consolidated Balance Sheets



■ Chartered Accountants
Tingkat 10, Lot 1
Graha Maju (Bgn PKNM)
Jalan Graha Maju
75300 Malacca

■ Phone : (06) 283-1399
Fax : (06) 284-1799
www.ey.com/my

Date: 28 OCT 2003

The Board of Directors
TPC PLUS BERHAD
535 B, Jalan Merdeka
Melaka Raya
75000 Melaka

Dear Sirs,

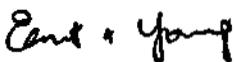
PROFORMA CONSOLIDATED BALANCE SHEETS


We have reviewed the presentation of the proforma consolidated balance sheets of **TPC PLUS BERHAD** ("TPC") and its subsidiaries ("the Group") as at 30 September 2003 together with the notes thereon for which the Directors are solely responsible, and which have been prepared for inclusion in the Prospectus to be dated 1 Dec 2003 in connection with the Public Issue of 19,700,000 new ordinary shares of RM0.50 each and Offer For Sale of 10,800,000 ordinary shares of RM0.50 each in TPC at an issue/offer price of RM0.90 per share and the listing and quotation for the entire enlarged issued and paid up share capital of TPC comprising 80,000,000 ordinary shares of RM0.50 each on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the proforma consolidated balance sheets of TPC, which are provided for illustrative purposes only, have been properly compiled to reflect the transactions as referred to in the notes as set out in the aforementioned prospectus.

This letter has been prepared solely for inclusion in the aforementioned prospectus and should not be used for any other purpose.

Yours faithfully


ERNST & YOUNG
No. AF 0039
Chartered Accountants


LEE AH TOO
No. 2187/09/05(J)
Partner