**PART A – EXPLANATORY NOTE PURSUANT TO FRS 134**

1. **Basis of preparation**

The interim financial statements is unaudited and has been prepared under the historical cost convention except for the revaluation of land, building and farm shed, included within properties, plant and equipment and investment properties that have been measured at their fair value.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the period ended 31 December 2012. These explanation notes attached to the interim 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 since the financial period ended 31 December 2012.

1. **Significant Accounting Policies**

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements for the period ended 31 December 2012 except for adoption of the certain relevant new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretations which are applicable to its financial statements from 1 January 2013.

The adoption of the new FRSs, Amendments to FRSs and IC Interpretations does not have significant financial impact on the Group.

On 19 November 2011, MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRSs”) tin conjunction with its planned convergence of FRSs with International Financial reporting Standards (“IFRS”) as issued by the International Accounting Standards Board on 1 January 2012.

The MFRSs are to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), are given an option to defer adoption of the MFRS framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013. Transitioning Entities also include those entities that consolidate, equity account or proportionately consolidate an entity that has chosen to continue to apply FRS framework for annual periods beginning on or after 1 January 2012.

On 30 June 2012, MASB has decided to allow agriculture and real estate companies (“Transitioning entities”) to defer the adoption of the MFRS Framework for another year. MFRS will therefore be mandated for all companies for annual periods beginning on or after 1 January 2014. This decision comes after extensive deliberation by MASB and taking into account both local and international developments affecting these standards.

**Significant Accounting Policies (“Continued”)**

The Group falls within the definition of Transitioning Entities and has opted to defer adoption of the new MFRS framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first financial statements for the quarter ending 31 March 2014. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

1. **Auditors’ report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the period ended 31 December 2012 was not qualified.

1. **Seasonal or cyclicality of interim operations**

The business operations of the Group are not significantly affected by any seasonal or cyclical factors.

1. **Unusual Items Due to Their Nature, Size or Incidence**

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size, or incidence during the current quarter.

1. **Changes in Estimates**

There were no changes in estimates of amounts that have a material effect in the current quarter.

1. **Debt and Equity Securities**

There were no issuances, cancellations, repurchase, resale or repayment of debt and equity securities in the current quarter.

1. **Dividends Paid**

No dividend was paid in the current quarter under review.

1. **Segmental Information**

There was no segmental analysis for the period under review as the Company is principally involved in poultry farming for the production of eggs for sale, which is predominantly carried out in Malaysia.

1. **Valuation of Property, Plant and Equipment**

There were no valuations carried out on property, plant and equipment of the Group during year ended 31 December 2013.

1. **Material Events subsequent to the end of the Current Quarter**

There were no material events subsequent to the end of the current quarter that has not been reflected in the financial statements, made up to a date not earlier than 7 days from the date of the issuance of this quarterly report.

1. **Change in the Composition of the Group**

There were no material changes in the composition of the Group for the current financial quarter under review.

1. **Events after interim period**

There are no material events that have arisen in the interval between the end of the current quarter ended 31 December 2013 to the date of this announcement, which would substantially affect the financial results of the Group for the current quarter and the financial year to date.

1. **Changes in composition of the Group**

There were no changes in the composition of the group during the quarter.

1. **Change in Contingent Liabilities and Contingent Assets**

There were no material changes in the contingent liabilities and contingent assets for the current financial year.

**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

1. **Performance Review**

For the current year quarter ended 31 December 2013, the Group generated a revenue RM21,231 million which represent 40.51% increase over that of RM15,110 million achieved in the preceding year corresponding quarter. The Group recorded a loss after income tax of RM4,647 million for the 3 months period ended 31 December 2013. Loss for 3 months period ended 31 December 2013 was due to impairment losses of livestock during the current quarter.

1. **Material Changes In The Quarterly Results Compared To The Results Of The Preceding Quarter**

|  |  |  |
| --- | --- | --- |
|  | **Individual Period** | |
|  | **Current Quarter** | **Immediate Preceding Quarter** |
|  | **31/12/13** | **30/9/13** |
|  | **RM’000** | **RM’000** |
|  |  |  |
| Revenue | 21,231 | 18,317 |
|  |  |  |
| (Loss)/Profit after income tax | (4,647) | 58 |
|  |  |  |

For the current quarter ended 31 December 2013, the Group’s revenue increased from RM18,317 million to RM21,231 million against the immediate preceding quarter.

The Group’s registered RM4,647 million loss after income tax for the current quarter compared to the preceding quarter profit after income tax of RM58,000. Loss is due to impairment losses of livestock of RM4 million and additional depreciation of RM1 million to conform with the holding company’s depreciation policy.

1. **Commentary on the Prospects**

The prospect of poultry industry is expected to get better for the remaining of 2014.

1. **Statement by the directors**

The Group did not issue any profit forecast or projection in a public document in current quarter or prior financial year.

1. **Variance of Actual Profit from Forecast Profit for the current quarter under review**

Not applicable for this interim reporting.

1. **Income tax**

Income tax comprises the following:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Individual Period** | |  | **Cumulative period** | |
|  | **Current period quarter**  **31/12/13** | **Preceding year corresponding quarter**  **31/12/12** |  | **Current year-to-date**  **(12 months)**  **31/12/13** | **Preceding year-to-date**  **(12 months)**  **31/12/12** |
|  | **RM’000** | **RM’000** |  | **RM’000** | **RM’000** |
|  |  |  |  |  |  |
| Current income tax  liabilities: | - | - |  | - | - |
|  |  |  |  |  |  |

1. **Status of Corporate Proposal and Utilisation of Proceeds**

Not applicable for this interim reporting.

1. **Group Borrowings and Debt Securities**

**The Group’s borrowings as at 31 December 2013 are all denominated in Ringgit Malaysia and are as follows:**

|  |  |
| --- | --- |
|  | **RM’000** |
| **Current** |  |
| Banker's acceptances - secured 30,897 | |
| Bank Overdrafts – secured 1,955 | |
| Term Loan – secured 1,842 | |
| Hire Purchase 494 | |
|  | 35,188 |
|  |  |
| **Non-Current** |  |
| Term Loan-secured 9,558 | |
| Hire Purchase 595 | |
|  | 10,153 |
| **TOTAL** | **45,341** |

1. **Realised and Unrealised Accumulated Losses**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **As at** |  | **As at** |
|  | **31/12/2013** |  | **31/12/2012** |
|  | **RM’000** |  | **RM’000** |
| Total accumulated losses of Company and its subsidiaries: |  |  |  |
| - Realised | (34,563) |  | (30,490) |
| - Unrealised | (433) |  | (433) |
| Consolidation adjustments | 451 |  | 451 |
| Total Group accumulated losses | (34,545) |  | (30,472) |

1. **Changes in Material Litigation Since the Last Annual Balance Sheet Date**

As at the date of this announcement, the Group is not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group.

1. **Dividend Payable**

The Group has not recommended or declared any dividend during the current quarter and period to date ended 31 December 2013.

1. **(Loss)/Profit before income tax**

(Loss)/Profit before income tax is stated after charging/(crediting):-

|  | **Current period quarter**  **31/12/2013** |  | **Current year-to-date**  **31/12/2013** |
| --- | --- | --- | --- |
|  | **RM’000** |  | **RM’000** |
|  |  |  |  |
| Other income including investment income | (15) |  | (129) |
| Interest expense | 711 |  | 2,735 |
| Depreciation of property, plant and  equipment | 2,564 |  | 6,221 |

## (Loss)/Earning Per Share (“(L)/EPS”)

The (loss)/earning per share is calculated by dividing the Group’s (loss)/profit after income tax by:-

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Current Period**  **Quarter** | **Previous Period**  **Quarter** |  | **Current Year**  **To-Date**  **(12 months)** | **Previous Year**  **To-Date**  **(12 months)** |
|  | **31 Dec 2013** | **31 Dec 2012** |  | **31 Dec 2013** | **31 Dec 2012** |
|  |  |  |  |  |  |
| Number of shares in issue (‘000) | 80,000 | 80,000 |  | 80,000 | 80,000 |
|  |  |  |  |  |  |
| (Loss)/Profit per share (sen) | (5.81) | 0.04 |  | (5.09) | (16.50) |
|  |  |  |  |  |  |

**BY ORDER OF THE BOARD**

**TPC PLUS BERHAD**

Dated: 26 February 2014