



# TPC PLUS BERHAD

(Company No. 615330-T)

## **A. Selected explanatory notes pursuant to FRS 134 Interim Financial Reporting**

### **A1. Basis of preparation**

The financial statements are unaudited and have been prepared in compliance with 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 2014. These explanation 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 since the financial period ended 31 December 2014.

### **A2. Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2014, except for the adoption of the following new FRSS, Amendments to FRSS, and IC Interpretations that are effective for the Group from 1 January 2014:

#### **FRSS and IC Interpretations (Including the Consequential Amendments)**

Amendments to FRS 119 : Defined Benefit Plans-Employee Contributions

Annual Improvements to FRSS 2010-2012 Cycle

Annual Improvements to FRSS 2011-2013 Cycle

The above accounting standards and interpretations (including the consequential amendments) do not have any material impact on the Group's financial statements.

The Malaysian Accounting Standards Board ("MASB") has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRSs") that are to be applied by all entities other than private entities; with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venture (herein called "transitioning entities").

As announced by MASB on 2 September 2014, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2017.



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## **Changes in Accounting Policies (“Continued”)**

Accordingly, as a transitioning entity as defined above the Group has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 31 December 2017. The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

### **A3. Auditors’ report**

The auditors’ report on the financial statements for the year ended 31 December 2014 was not qualified.

### **A4. Seasonal and Cyclical Factors**

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

### **A5. Unusual Items Due to Their Nature, Size or Incidence**

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

### **A6. Changes in Estimates**

There were no significant changes in estimates of amounts reported in the current interim period of the current financial year.

### **A7. Debt and Equity Securities**

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

### **A8. Dividends Paid**

No dividend was paid in the current quarter under review.

### **A9. 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.

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

There were no valuations carried out on property, plant and equipment of the Group during period ended 31 December 2014.



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## A11. Material Subsequent Events

There were no material events subsequent to the end of the current quarter that have not been reflected in the current financial statements.

## A12. Change in the Composition of the Group

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

## A13. Change in Contingent Liabilities and Contingent Assets

Changes in material contingent liabilities of the Group and Company since 31 December 2014 were as follows:

	Group		Company	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
Guarantees granted by the Company to third parties for credit facilities extended to subsidiaries	Nil	Nil	46,997	46,997
Outstanding guarantees granted by the Company to third parties for credit facilities extended to subsidiaries	Nil	Nil	38,247	43,503



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

### **B1. Performance Review**

	<b>Current Quarter 30/6/15</b>	<b>Cumulative Quarter 30/6/15</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	20,876	44,681
Profit before tax	30	1,862

For the current year quarter ended 30 June 2015, the Group generated the revenue of RM20.876 million which represent 17.05% increase over that of RM17.835 million for the corresponding quarter ended 30 June 2014. The increase in revenue is mainly due to higher level of egg production.

The Group recorded the pretax profit of RM 0.030 million for the quarter period ended 30 June 2015 compared to a pretax profit of RM 0.118 million in the corresponding quarter last year. This is due to the lower egg selling price in the current quarter.

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

	<b>Individual Period</b>		<b>Variance</b>	
	<b>Current Quarter 30/6/15</b>	<b>Immediate Preceding Quarter 31/3/15</b>		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	20,876	23,805	(2,929)	(12.3)
Profit before taxation	30	1,832	(1,802)	(98.4)

For the current quarter ended 30 June 2015, the Group recorded a decrease in revenue from RM23.805 million to RM20.876 million due to the lower egg selling price.

In tandem with the lower revenue in Q2 2015, the Group's registered a pretax profit of RM0.030 million for the current quarter compared to the preceding quarter pretax profit of RM1.832 million, representing a decrease of approximately 98.36% in the current quarter.



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## B3. Commentary on the Prospects

The average egg selling prices have dropped during the second quarter of the year largely attributed by the market oversupply situation. However, directors are in the opinion that the market will return to normalcy.

Barring any unforeseen circumstances, the Board is confident that the Group's performance will be better.

## B4. Variance on forecast profit/profit guarantee

Not applicable as no profit guarantee was issued.

## B5. Statement by Directors

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

## B6. Income tax

Income tax comprises the following:

	Individual Period		Cumulative period	
	Current period quarter	Preceding year corresponding quarter	Current year-to-date (6 months)	Preceding year-to-date (6 months)
	30/6/15	30/6/14	30/6/15	30/6/14
	RM'000	RM'000	RM'000	RM'000
Deferred tax liabilities:	-	-	-	-

## B7. Status of Corporate Proposal

On 28 February 2014, it was announced that the Company had been classified as an affected listed issuer under Practice Note 17 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirement ("the MMLR"), whereby the auditors of the Company has expressed an emphasis of matter on the Company's ability to continue as a going concern in its audited statement for FYE 31 December 2012. In addition, the Company's shareholders equity of RM16.04 million is less than 50% of its issued and paid up capital of RM40.00 million based on its unaudited financial statement for FYE 31 December 2013. Accordingly, the Company is required to inter alia submit a regularisation plan to the relevant authority within 12 months from the date of such announcement.

On 19 June 2014, Board announced that the Company proposed to undertake the following:



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- (i) Proposed reduction of the share premium account of TPC of RM5,739,995 pursuant to Sections 60(2) and 64(1) of the Act;
- (ii) Proposed reduction of the issued and paid up share capital of TPC pursuant to Section 64(1) of the Act involving the cancellation of RM0.30 of the par value of every existing ordinary share of RM0.50 each in TPC;
- (iii) Proposed amendments to the relevant clause and article of the M&A of TPC to facilitate the change in par value of the existing ordinary shares from RM0.50 to RM0.20 arising from the Proposed Par Value Reduction; and
- (iv) Proposed renounceable rights issue of 120,000,000 Rights Shares together with 80,000,000 Warrants at an indicative issue price of RM0.20 per Rights Share on the basis of three (3) Rights Shares for every two (2) TPC Shares held after the Proposed Share Premium Reduction and Proposed Par Value Reduction, and two (2) free Warrants for every three (3) Rights Shares subscribed, on an entitlement date to be determined later.

On 11 September 2014, the application in relation to the Previous Proposed Regularisation Plan together with the listing application for the new securities proposed to be issued had been submitted to Bursa Securities.

On 17 February 2015, the Company proposed to revise the Previous Proposed Regularisation Plan by undertaking an additional proposal vide the proposed settlement of an amount owing by TPCA, a wholly-owned subsidiary of TPC, to HLRB amounting to RM12,000,000 via the issuance of up to 60,000,000 Settlement Shares to HLRB as consideration at an issue price to be determined and announced at a later date by the Company after the Proposed Rights Issue with Warrants.

The remaining proposals of the Proposed Regularisation Plan, namely, the Proposed Share Premium Reduction, Proposed Par Value Reduction, Proposed M&A Amendment and Proposed Rights Issue with Warrants remain unchanged.

On 16 March 2015, the application in relation to the Proposed Regularisation Plan together with the listing application for the new securities to be issued had been submitted to Bursa Securities.

Bursa Securities had vide its letter dated 31 July 2015 approved the following:

- (i) the admission of 80,000,000 Warrants to the Official List of Bursa Securities; and
- (ii) the listing of and quotation for:



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- up to 180,000,000 new TPC Shares to be issued pursuant to the Proposed Rights Issue with Warrants and Proposed Capitalisation;
- 80,000,000 Warrants to be issued pursuant to the Proposed Rights Issue with Warrants; and
- 80,000,000 new TPC Shares to be issued pursuant to the exercise of the Warrants;

## B8. Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2015 are all denominated in Ringgit Malaysia and are as follows:

	RM'000
<b><u>Current</u></b>	
Banker's acceptances - secured	12,500
Bank Overdrafts – secured	1,540
Term Loan – secured	5,640
Hire Purchase	2,280
	<hr/>
	21,960
<b><u>Non-Current</u></b>	
Term Loan-secured	15,280
Hire Purchase	5,541
	<hr/>
	20,821
<b>TOTAL</b>	<hr/>
	<b>42,781</b>

## B9. Realised and Unrealised Accumulated Losses

	As at 30/6/2015 RM'000	As at 31/3/2015 RM'000
Total accumulated losses of Company and its subsidiaries:		
- Realised	(28,218)	(28,248)
- Unrealised	(152)	(152)
Consolidation adjustments	452	452
Total Group accumulated losses	<hr/>	<hr/>
	(27,918)	(27,948)



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## B10. Changes in Material Litigation since the Last Annual Statement of Financial Position

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.

## B11. Dividend Payable

The Group has not recommended or declared any dividend during the current quarter and period to date ended 30 June 2015.

## B12. Profit before income tax

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

	<b>Current period quarter 30/6/2015 RM'000</b>	<b>Current year- to-date 30/6/2015 RM'000</b>
Other income including investment income	(11)	(60)
Interest expense	934	1,918
Depreciation	1,745	3,509

Other than the above items, there were no provision for and write off of inventories, gain or loss on disposal of unquoted investment or properties, gain or loss on derivatives and exceptional items for the current and financial year to date.

## B13. Earning Per Share ("EPS")

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.06.15 RM'000</b>	<b>30.06.14 RM'000</b>	<b>30.06.15 RM'000</b>	<b>30.06.14 RM'000</b>
<i>Earnings per Share</i>				
Net profit for the period	30	118	1,862	1,775
Weighted average number of ordinary shares	80,000	80,000	80,000	80,000
Earnings per share (sen)	0.04	0.15	2.33	2.22





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## B14. Cash and cash equivalent at the end of financial year

	<b>RM'000</b>
Cash and bank balances	1,099
Fixed deposits with licensed bank	1,558
Bank Overdraft	<u>(1,540)</u>
	1,117
Less: Fixed deposits pledged	<u>(1,558)</u>
	<u>(441)</u>

**BY ORDER OF THE BOARD  
TPC PLUS BERHAD**

Dated: 27 AUGUST 2015