

**TADMAX RESOURCES BERHAD (Company No. 8184-W)**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2013**

(The figures have not been audited)

	← 3rd Quarter → 3 months ended		← Cumulative to Date → 9 months ended	
	30/09/2013 RM'000	30/09/2012 RM'000	30/09/2013 RM'000	30/09/2012 RM'000
<b>Continuing Operations</b>				
Revenue	3,554	151	3,678	470
Cost of sales	(3,351)	-	(3,351)	-
Gross profit	203	151	327	470
Other operating income/(expenses)	213	(612)	1,904	6,382
Operating expenses	(5,990)	4,815	(18,233)	(8,912)
Operating (loss)/profit	(5,574)	4,354	(16,002)	(2,060)
Finance costs	(2,992)	(2,508)	(9,013)	(8,489)
Share of net results of an associated company	(298)	(651)	(10,298)	3,584
<b>(Loss)/Profit before taxation</b>	<b>(8,864)</b>	<b>1,195</b>	<b>(35,313)</b>	<b>(6,965)</b>
Taxation	294	(23)	539	157
<b>Net (loss)/profit from continuing operations</b>	<b>(8,570)</b>	<b>1,172</b>	<b>(34,774)</b>	<b>(6,808)</b>
<b>Discontinued Operations</b>				
Net loss from discontinued operation	-	(684)	(433)	(1,359)
<b>Net (loss)/profit for the financial period</b>	<b>(8,570)</b>	<b>488</b>	<b>(35,207)</b>	<b>(8,167)</b>
<b>Other comprehensive income/(loss)</b>				
Reversal of translation reserve	586	-	(1,756)	-
Foreign currency translation differences	159	158	878	110
<b>Total comprehensive (loss)/profit for the period</b>	<b>(7,825)</b>	<b>646</b>	<b>(36,085)</b>	<b>(8,057)</b>
<b>Net (loss)/profit attributable to :</b>				
Owners of the Company	(8,522)	534	(35,071)	(7,879)
Non-controlling interests	(48)	(46)	(136)	(288)
	<b>(8,570)</b>	<b>488</b>	<b>(35,207)</b>	<b>(8,167)</b>
<b>Total comprehensive (loss)/profit attributable to:</b>				
Owners of the Company	(7,777)	692	(35,949)	(7,769)
Non-controlling interests	(48)	(46)	(136)	(288)
	<b>(7,825)</b>	<b>646</b>	<b>(36,085)</b>	<b>(8,057)</b>
<b>Basic (Loss)/Earnings per ordinary share (sen)</b>				
- from continuing operations	(2.33)	0.39	(9.54)	(2.29)
- from discontinuing operations	-	(0.23)	(0.12)	(0.46)
	<b>(2.33)</b>	<b>0.16</b>	<b>(9.66)</b>	<b>(2.75)</b>

**(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)**

**TADMAX RESOURCES BERHAD (Company No. 8184-W)**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2013**

	(UNAUDITED) As At End Of Current Quarter 30/09/2013 RM'000	(AUDITED) As At Preceding Financial Year End 31/12/2012 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6,574	14,093
Prepaid land lease payments	2,561	4,255
Prepaid land lease payments with cultivation rights	65,550	67,029
Investment in associate	23,712	34,010
Investment in joint venture	14	14
Other investment	50	50
Timber concession rights	218,000	218,000
Deferred tax assets	2,646	3,000
Goodwill on consolidation	67,210	66,810
Other receivables	5,025	4,619
	391,342	411,880
<b>Current assets</b>		
Inventories	164,317	163,860
Trade receivables	2,761	6,213
Other receivables, deposits and prepayments	22,400	10,303
Tax recoverable	3,049	2,960
Fixed deposits placed with licensed bank	-	30
Cash and bank balances	124	623
	192,651	183,989
Assets classified as held for sale	-	37,460
	192,651	221,449
<b>TOTAL ASSETS</b>	<b>583,993</b>	<b>633,329</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to Owners of the Company</b>		
Share capital	186,616	363,232
Share premium	1,367	1,367
Treasury shares	(155)	(155)
Reserves:		
- translation reserve	450	1,328
- accumulated losses	(1,955)	(148,500)
Shareholders' funds	186,323	217,272
Non-controlling interest	28,707	28,843
<b>Total equity</b>	<b>215,030</b>	<b>246,115</b>

**TADMAX RESOURCES BERHAD (Company No. 8184-W)**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2013 - continued**

	<b>(UNAUDITED)</b>	<b>(AUDITED)</b>
	<b>As At End Of Current Quarter 30/09/2013 RM'000</b>	<b>As At Preceding Financial Year End 31/12/2012 RM'000</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	70,908	71,296
Hire purchase liabilities	318	404
Bank borrowings	187,817	179,303
	<b>259,043</b>	<b>251,003</b>
<b>Current liabilities</b>		
Trade payables	2,892	-
Other payables and accruals	12,166	7,409
Amount owing to a director	57,726	69,426
Hire purchase liabilities	114	110
Bank borrowings	32,791	37,188
Tax payables	4,231	4,295
	<b>109,920</b>	<b>118,428</b>
Liabilities classified as held for sale	-	17,783
	<b>109,920</b>	<b>136,211</b>
<b>TOTAL LIABILITIES</b>	<b>368,963</b>	<b>387,214</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>583,993</b>	<b>633,329</b>
Net assets per share attributable to ordinary equity holders of the parent (sen)	50	60

Note: Net assets per share is calculated based on total assets minus total liabilities divided by the total number of ordinary shares of RM0.50 each in issue.

**(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)**

**TADMAX RESOURCES BERHAD (Company No. 8184-W)**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2013**

(The figures have not been audited)

	←----- Attributable to Owners of the Company ----->						-----> Distributable		Non-controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	ICULS - Equity Component RM'000	Treasury ICULS Equity Component RM'000	Other Reserves RM'000	Accumulated Losses RM'000	Total RM'000		
<b>9 months ended 30 September 2013</b>										
As at 1 January 2013	363,232	1,367	(155)	-	-	1,328	(148,500)	217,272	28,843	246,115
Total comprehensive loss for the period	-	-	-	-	-	-	(35,071)	(35,071)	(136)	(35,207)
Capital reduction	(181,616)	-	-	-	-	-	181,616	-	-	-
Issuance of ordinary shares - Capitalisation of amount owing to Director	5,000	-	-	-	-	-	-	5,000	-	5,000
Realisation of other comprehensive income arising from disposal of foreign subsidiary	-	-	-	-	-	(1,756)	-	(1,756)	-	(1,756)
Exchange differences on translation of foreign entities	-	-	-	-	-	878	-	878	-	878
As at 30 September 2013	186,616	1,367	(155)	-	-	450	(1,955)	186,323	28,707	215,030
<b>9 months ended 30 September 2012</b>										
As at 1 January 2012	287,901	1,104	(155)	74,720	(455)	3,496	(115,058)	251,553	28,510	280,063
Total comprehensive loss for the period	-	-	-	-	-	-	(7,879)	(7,879)	(288)	(8,167)
Exchange differences on translation of foreign entities	-	-	-	-	-	67	-	67	-	67
Conversion of ICULS	75,331	1,323	-	(74,265)	-	-	-	2,389	-	2,389
As at 30 September 2012	363,232	2,427	(155)	455	(455)	3,563	(122,937)	246,130	28,222	274,352

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

**TADMAX RESOURCES BERHAD (Company No. 8184-W)**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2013**

(The figures have not been audited)

	<b>CUMULATIVE QUARTER</b>	
	<b>Current</b>	<b>Preceding Year</b>
	<b>Year</b>	<b>Corresponding</b>
	<b>To Date</b>	<b>Period</b>
	<b>30/09/2013</b>	<b>30/09/2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax from continuing operations	(35,313)	(6,965)
Loss before tax from discontinued operations	(433)	(1,359)
Loss before taxation	<u>(35,746)</u>	<u>(8,324)</u>
<u>Adjustments for non-cash items:</u>		
Amortisation of financial assets and liabilities	(770)	476
Amortisation of prepaid land lease payments		
- Continuing operations	38	1,581
- Discontinued operations	12	35
Amortisation of prepaid land lease payments with cultivation rights	1,479	-
Depreciation		
- Continuing operations	269	537
- Discontinued operations	144	241
Gain on disposal of a property, plant and equipment & prepaid land lease payments	(500)	-
Plant and equipment written off	2	-
Gain on disposal of subsidiary companies	(1,387)	-
Loss/(Gain) on foreign exchange	10,016	(6,032)
Interest expense	9,013	8,489
Interest income	(15)	(35)
Share of net results of associate	10,298	(3,584)
Operating loss before working capital changes	<u>(7,147)</u>	<u>(6,616)</u>
Changes in working capital:		
Inventories	(457)	(484)
Receivables	(2,751)	7,952
Payables	7,560	674
Cash (used in)/from operations	<u>(2,795)</u>	<u>1,526</u>
Interest received	15	35
Interest paid	(9,051)	(8,132)
Tax paid	(102)	(1,950)
Net cash used in operating activities	<u>(11,933)</u>	<u>(8,521)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash inflow from disposal of subsidiaries	123	-
Proceeds from disposal of property, plant and equipment & prepaid lease payment	12,000	-
Purchase of property, plant and equipment	(13)	(3,655)
Dividend received from an associated company	-	2,700
Additional investment in associated company and other investment	-	(238)
Net cash from/(used in) investing activities	<u>12,110</u>	<u>(1,193)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advance/(repayment) from a director	5,300	(2,128)
Term loan drawn down	2,000	15,000
Repayment of term loan	(7,500)	(45)
Repayment of hire purchase liabilities	(82)	-
Release of fixed deposit held as security value	20	-
Net cash (used in)/from financing activities	<u>(262)</u>	<u>12,827</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(85)</b>	<b>3,113</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>(465)</b>	<b>287</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>674</b>	<b>368</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b><u>124</u></b>	<b><u>3,768</u></b>

**TADMAX RESOURCES BERHAD (Company No. 8184-W)**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2013 - continued**

(The figures have not been audited)

Cash and cash equivalents at the end of the financial period comprise the following:

	<b>As at 30/09/2013 RM'000</b>	<b>As at 30/09/2012 RM'000</b>
Fixed deposits placed with licensed banks	-	3,192
Cash and bank balances	124	618
	124	3,810
Less: Fixed deposit held as security value	-	(20)
Bank balance frozen by court order	-	(22)
Cash and cash equivalents from discontinued operations	-	-
	<b>124</b>	<b>3,768</b>

**(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)**

**TADMAX RESOURCES BERHAD (8184-W)**  
**(Incorporated in Malaysia)**

**Notes to the Interim Financial Statements**  
**For the quarter ended 30 September 2013**

**Explanatory Notes Pursuant to the Financial Reporting Standard (“FRS”) 134**

**1. Basis of Preparation**

The interim financial statements have been prepared under the historical cost convention except for the revaluation of timber concession rights, leasehold land & buildings and certain financial assets and liabilities that are stated at fair value.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2012. The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 December 2012 except for the adoption of new FRSs, amendments and IC interpretations that are mandatory for the Group for the financial year beginning 1 January 2012. The adoption of these FRSs, amendments and interpretations do not have a material impact on the interim financial information of the Group.

**2. Significant Accounting Policies**

The significant accounting policies and presentation adopted by the Group in this interim financial statement are consistent with those adopted in the audited financial statements for the year ended 31 December 2012 except for the following Malaysia Financial Reporting Standards (MFRSs), Amendments and other Interpretations which take effect 1 January 2013.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 101 Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)	1 July 2012
Amendments to FRS 101 : Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)	1 January 2013
MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investment in Associate and Joint Ventures	1 January 2013
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)	1 January 2013
Amendment to IC Interpretation 2 Members’ Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

**2. Significant Accounting Policies (continued)**

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards - Government Loans	1 January 2013
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 10: Consolidated Financial Statements : Transition Guidance	1 January 2013
Amendments to MFRS 11: Joint Arrangements: Transition Guidance	1 January 2013
Amendments to MFRS 12: Disclosure of Interests in Other Entities : Transition Guidance	1 January 2014
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities MFRS 9 Financial Instruments	1 January 2015

The adoption of the above MFRSs, IC Interpretation and Amendments to MFRS do not have significant impact on the financial statements of the Group upon their initial application.

**Malaysian Financial Reporting Standards (MFRS Framework)**

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”).

The MFRS Framework is 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 the Construction of Real Estate”, including its parent, significant investor and venturer (herein called “Transitioning Entities”). Transitioning Entities were originally allowed to defer adoption of the new MFRS Framework for an additional year. However, on 30 June 2012, MASB decided to allow Transitioning Entities to further defer the adoption of the MFRS Framework for another year, thereby making the adoption of the MFRS Framework by Transitioning Entities mandatory for annual periods beginning on or after 1 January 2014. This was followed by MASB decision on 7 August 2013 to further defer the adoption of the MFRS Framework by Transitioning Entities for an additional one year, hence extending the deadline from 1 January 2014 to 1 January 2015.



### **Malaysian Financial Reporting Standards (MFRS Framework) (continued)**

The Group falls within the scope definition of Transitioning Entities but had adopted the MFRS Framework, including MFRS 1 'First-time adoption of MFRSs' for the financial year ending 31 December 2012. In presenting its first MFRS financial statements, the Group has restated the comparative financial statements to amounts reflecting the application of MFRS Framework. Adjustments required on transition, if any, will be made retrospectively against opening retained earnings. The transition to MFRSs does not have any significant effect on the financial statements of the Group.

#### **3. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report of the annual financial statements of the Group for the financial year ended 31 December 2012 was not subject to any qualification.

#### **4. Seasonal or Cyclical Factors**

The business of the Group was not affected by any significant seasonal or cyclical factors during the quarter under review.

#### **5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the financial quarter under review except as disclosed.

#### **6. Material Changes in Estimates**

There were no significant changes made in the estimates of amounts reported in prior financial years

#### **7. Changes in Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during current quarter under review. In relation to the corporate exercises undertaken by the Company, pursuant to section 64 of the Companies Act, 1965, the proposed par value reduction via the cancellation of RM0.50 of the par value of every existing ordinary share of RM1.00 each in the issued and paid up share capital of the Company has taken effect on 18 July 2013 following the lodgement with the Companies Commission of Malaysia on even date of the sealed copy of the order of the High Court of Malaya at Kuala Lumpur confirming the par value reduction ("Lodgement of Order"), of which a copy of the certificate of the Lodgement of Order was received by the Company on 23 July 2013. With this, the issued and paid up share capital of the Company will be adjusted to RM181,615,873 comprising 363,231,746 ordinary shares of RM0.50 each.

On 16 August 2013, 10,000,000 shares of RM0.50 each of Tadmax Resources Berhad were issued to Dato Faizal bin Abdullah at RM0.50 each pursuant to the partial settlement of debt owing to Dato Faizal bin Abdullah ('Settlement Shares') as approved by the shareholders of the Company at the Extraordinary General Meeting held on 11 April 2013. The Settlement Shares were granted listing and quotation on the Main Market of Bursa Malaysia Securities Berhad on 19 August 2013 and the issued and paid up capital of the Company is now at RM186,378,723 divided into 372,757,446 Tadmax Resources Berhad shares of RM0.50 each which amount is exclusive of 474,300 shares held as treasury shares.

**8. Dividends Paid**

There was no dividend paid during the current quarter ended 30 September 2013 (30 September 2012: Nil).

**9. Segmental Reporting**

Segmental information is presented in respect of the Group's business segment.

Business Activity	3 <sup>rd</sup> Quarter				Cumulative			
	3 months ended				9 months ended			
	30/9/2013		30/9/2012		30/9/2013		30/9/2012	
	Revenue	Profit/(Loss)	Revenue	Profit/(Loss)	Revenue	Profit/(Loss)	Revenue	Profit/(Loss)
	Before Taxation		Before Taxation		Before Taxation		Before Taxation	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Timber	-	(108)	-	(270)	-	111	-	(957)
Investment holding	-	(4,391)	-	4,666	-	(13,944)	-	991
Property	2,493	211	-	(43)	2,493	134	-	(48)
Licensed money Lending	-	-	151	132	124	124	470	416
Agricultural cultivation and trading #	-	-	614	(684)	575	(433)	1,370	(1,359)
Industrial supplies	1,061	63	-	-	1,061	63	-	-
Others	-	(1,349)	-	(131)	-	(2,490)	-	(2,462)
	<b>3,554</b>	<b>(5,574)</b>	<b>765</b>	<b>3,670</b>	<b>4,253</b>	<b>(16,435)</b>	<b>1,840</b>	<b>(3,419)</b>
Finance costs	-	(2,992)	-	(2,508)	-	(9,013)	-	(8,489)
Share of net results of an associated company	-	(298)	-	(651)	-	(10,298)	-	3,584
	<b>3,554</b>	<b>(8,864)</b>	<b>765</b>	<b>511</b>	<b>4,253</b>	<b>(35,746)</b>	<b>1,840</b>	<b>(8,324)</b>

# - Classified as held for sale and discontinued operations in the Financial Statements.

**10. Carrying Amount of Revalued Assets**

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the financial year ended 31 December 2012.

**11. Subsequent Material Events**

There were no material events subsequent to the end of the current financial quarter under review to the date of announcement which were likely to substantially affect the results and the operations of the Group except as below :-

- (a) On 30<sup>th</sup> October 2013, the Group had entered into a share sale agreement ('SSA') to dispose of 45% equity interest in Wijaya Baru Sdn Bhd for a total sale consideration of RM20,000,000/- and the SSA was duly completed on the date of execution of the SSA.

**12. Changes in Composition of the Group**

There were no changes in the composition of the Group for the current financial quarter under review except as below :-

- (a) On 31 July 2013, the Company has incorporated a wholly owned subsidiary company, Tadmax Builders Sdn Bhd.
- (b) On 15 August 2013, the Company has acquired two shelf companies which are wholly owned subsidiary companies, Kirana Abadi Sdn Bhd and Platinum Frigate Sdn Bhd.

**13. Changes in Contingent Liabilities and Contingent Assets**

There were no additional contingent liabilities or contingent assets since 31 December 2012 till the date of announcement of this quarterly report.

**14. Capital Commitments**

There are no authorised capital commitments not provided for in the interim financial statements as at 30 September 2013.

**15. Significant Related Party Transactions**

The following related party transactions of the Group had been entered into the ordinary course of business in the current quarter and financial year-to-date:

	<b>Current Quarter Ended 30/9/13 RM'000</b>	<b>Cumulative Quarter Ended 30/9/13 RM'000</b>
<u>Transaction with an associated company</u>		
Rental expense	-	40

### Additional Explanatory Notes in compliance with Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

#### 16. Review of Performance

The performance of the Group by operating segments are analysed below :-

RM'000	CURRENT QUARTER		%	PRECEDING QUARTER		FINANCIAL YEAR-TO-DATE		%
	2013	2012		2Q 2013	2Q 2012	3Q 2013	3Q 2012	
<u>Revenue</u>								
Timber	-	-	-	-	-	-	-	-
Investment holding	-	-	-	-	-	-	-	-
Property	2,493	-	100	-	-	2,493	-	100
Licensed money lending	-	151	-100	-	-	124	470	-74
Agricultural cultivation and trading #	-	614	-100	165	-100	575	1,370	-58
Industrial supplies	1,061	-	100	-	100	1,061	-	100
Others	-	-	-	-	-	-	-	-
	<u>3,554</u>	<u>765</u>	<u>365</u>	<u>165</u>	<u>2054</u>	<u>4,253</u>	<u>1,840</u>	<u>131</u>
<u>Profit/(Loss) before tax</u>								
Timber	(108)	(270)	-60	341	-132	111	(957)	-112
Investment holding	(4,391)	4,666	-194	(6,888)	-36	(13,944)	991	-1507
Property	211	(43)	-590	(76)	-378	134	(48)	-379
Licensed money lending	-	132	-100	-	-100	124	416	-70
Agricultural cultivation and trading #	-	(684)	-100	(139)	-100	(433)	(1,359)	-68
Industrial supplies	63	-	100	-	100	63	-	100
Others	(1,349)	(131)	930	(571)	137	(2,490)	(2,462)	1
	<u>(5,574)</u>	<u>3,670</u>	<u>-252</u>	<u>(7,333)</u>	<u>-24</u>	<u>(16,435)</u>	<u>(3,419)</u>	<u>381</u>
Finance costs	(2,992)	(2,508)	19	(3,026)	-1	(9,013)	(8,489)	6
Share of associates results	(298)	(651)	-54	(8,050)	-96	(10,298)	3,584	-387
<b>(Loss)/profit before tax</b>	<u>(8,864)</u>	<u>511</u>	<u>-1835</u>	<u>(18,409)</u>	<u>-52</u>	<u>(35,746)</u>	<u>(8,324)</u>	<u>329</u>

# - Classified as held for sale and discontinued operations in the Financial Statements.

#### Review on Performance - Current Quarter compared to Corresponding Quarter

TURNOVER increased by RM2.8 mil Vs last year corresponding quarter contributed by the revenue from property and industrial supplies business segments set off by the discontinued recognition of the revenue of its agricultural cultivation cum trading and money lending business segments following the disposal of the said companies during the year. The current quarter turnover comprises revenue from property and Industrial Supplies business segments.

Loss before tax increased by RM9.4 million due mainly to recognition of unrealised loss of RM2.6 mil vis-a vis the recognition of unrealised profit of RM6.5 million in the corresponding preceding quarter, both arising from conversion of term loan denominated in US dollar.

**17. Variation of Results against Preceding Quarter**

TURNOVER increased by RM3.4 mil Vs preceding quarter contributed by the positive contribution from the property and Industrial Supplies business segments.

Loss before tax is lower by RM9.5 million due mainly to lower unrealised forex loss of RM3.5 million and lower share of associate loss of RM7.7 mil set off by gain of RM1.2 million on the disposal of subsidiary company, Chongqing Liangshan Wijaya Foods Ltd on 29 April 2013 and profit on sale of property of RM0.5 million.

**18. Prospects**

The Property business segment has contributed to the group's revenue from the construction works currently being undertaken. The Industrial Supplies business segment contribution was much lower than expected due to some operational constraints but is expected to move to a higher gear in the 4<sup>th</sup> quarter of the current financial year.

The Board of Directors is optimistic that the measures taken and to be taken would enable the Group to turnaround its performance in the near future.

**19. Profit Forecast and Profit Guarantee**

There is no profit forecast and profit guarantee that is applicable to the Group.

**20. Taxation**

Taxation comprises the following:

	Current Quarter (3 months ended)		Cumulative Quarter (9 months ended)	
	30/9/2013 RM'000	30/9/2012 RM'000	30/9/2013 RM'000	30/9/2012 RM'000
Current tax:				
Malaysian income tax	36	-	37	1
	<u>36</u>	<u>-</u>	<u>37</u>	<u>1</u>
Under/ (Over) provision of Malaysian income tax in prior years	(113)	-	(113)	-
	<u>(77)</u>	<u>-</u>	<u>(76)</u>	<u>1</u>
Deferred tax	(217)	23	(463)	(158)
Total income tax expense	<u>(294)</u>	<u>23</u>	<u>(539)</u>	<u>(157)</u>

Included in the income tax figure for the quarter ended 30 September 2013 are the net adjustment for deferred tax charges in respect of amortization of prepaid land lease payment with cultivation rights, revaluation of leasehold lands and temporary timing difference.

## 21. Corporate Proposals

### Status of Corporate Proposals Announced but Not Completed

#### (A) Multiple Proposals

On 19th March 2013 the Company had announced the followings:

- (i) A proposed par value reduction via the cancellation of RM0.50 of the par value of every existing ordinary share of RM1.00 each in the issued and paid up share capital of the Company pursuant to Section 64 of the Companies Act, 1965 in Malaysia.
- (ii) A proposed partial settlement of debt owing to a director of the Company, namely Dato' Faizal bin Abdullah via the issuance of new ordinary shares of RM0.50 each in the Company at an indicative issue price of RM0.50 per settlement share.
- (iii) A proposed establishment of an Employee Share Option Schemes of up to 10% of the issued and paid up share capital of the Company.
- (iv) Proposed amendments to the Memorandum and Articles of Association of the Company arising from (i) and (iii).

The above mentioned proposals were approved by shareholders during the Extraordinary General Meeting held on 11th April 2013. This was followed by application to the High Court of Malaya to secure the Court's sanction on the proposed Par Value Reduction which was obtained by the Company during the hearing on 10 July 2013. This was followed by the lodgement of the sealed order and the Company received a copy of the certificate of the Lodgement of Order from Companies Commission of Malaysia on 18 July 2013, the effective date of the Par Value Reduction.

In relation to the proposed partial settlement of debt owing to a director of the Company, namely Dato' Faizal bin Abdullah via the issuance of new ordinary shares of RM0.50 each in the Company at an indicative issue price of RM0.50 per settlement share, 10,000,000 shares of RM0.50 each were issued and allotted at RM0.50 each on 16 August 2013 and the settlement shares were granted listing and quotation on the Main Market of Bursa Malaysia Securities Berhad on 19 August 2013.

In relation to the proposed establishment of an Employee Share Option Schemes of up to 10% of the issued and paid up share capital of the Company, the implementation of the same was with effect from 14 November 2013.

#### (B) Proposed Establishment of Joint Venture

On 3 August 2012, the Company had entered into a conditional Joint Venture Agreements ("JV Agreement") with Bumimas Raya Sdn Bhd ("BRBS"), Pacific Inter-Link Sdn Bhd ("PIL") Yakin Dijaya Sdn. Bhd ("YDSB") and Al Salam Bank Bahrain ("ASBB") for the establishment of a proposed joint venture company, namely Tulen Jayamas Sdn. Bhd ("TJSB" or "JV Company") for the construction of an Integrated Timber Complex ('ITC') at District of Jair and District of Mandobo, Boven Digoel Regency, Papua Province, Republic of Indonesia ("Subject Properties") and on completion of the ITC, undertaking the business of processing timber logs extracted from the Subject

Properties into plywood, sawn timber, wood chips and other timber products as TJSB's Board may determine from time to time ("Project").

Pursuant to the terms and conditions of the JV Agreement, the JV Company has on 19 October 2012 increase it paid up share capital from RM2 to RM100,000 and Company's share of the allotment was 14,000 ordinary shares of RM 1.00 each, equivalent to 14% equity interest in Tulen Jayamas Sdn. Bhd.

All the parties to the JV Company are presently working towards fulfilment of the conditions precedent set out in the JV Agreement. The conditions precedent comprise :-

- (i) Entry of a formal agreement by the relevant parties having the requisite rights over the Subject Properties with BRSB for the extraction of timber over the Subject Properties ; and
- (ii) Entry of a formal agreement by the relevant parties having the requisite rights over the Subject Properties with BRSB for land clearing of the Subject Properties suitable for cultivation of oil palm on mutually agreed terms in accordance with the market practice and market rate.

*(C) Proposed Disposal of 60 acres of leasehold land located at Pulau Indah*

On 9th April 2013, the Group had entered into a sale and purchase agreement to dispose of a land measuring approximately 60 acres to a third party for a total cash consideration of RM48,351,600/-.

The Company is presently working towards fulfilment of the conditions precedent set out in the sale and purchase agreement. The conditions precedent comprise the procurement of the approval for the sub-division of the master land and thereafter consent to transfer the land to the Purchaser.

## 22. Group Borrowings and Debts Securities

Group borrowings are as follows:-

	<b>As at 30/9/2013 RM'000</b>	<b>As at 30/9/2012 RM'000</b>
(a) Current borrowing – secured		
Term loans	32,791	-
Hire purchase payable	114	108
	<u>32,905</u>	<u>108</u>
(b) Non-current borrowing – secured		
Term loans	10,500	15,000
Term loan denominated in USD	177,317	195,058
	<u>187,817</u>	<u>210,058</u>
Hire purchase payable	318	432
	<u>188,135</u>	<u>210,490</u>

**23. Financial Instruments****(a) Derivatives**

There were no outstanding derivatives as at 30 September 2013.

**(b) Gain / (loss) arising from fair value changes in financial assets and liabilities**

The Group policy is to recognise the following financial assets and liabilities at amortised cost.

The changes in accounting policies in line with the adoption of FRS139, have the effect of net profit / (loss) as stated below:

	Current Quarter (3 months ended)		Cumulative Quarter (9 months ended)	
	30/9/2013 RM'000	30/9/2012 RM'000	30/9/2013 RM'000	30/9/2012 RM'000
Gain/(loss) arising from staff loan	1	1	2	3
Loss arising from other payables	-	(159)	-	(478)
Gain arising from other receivable	240	-	768	-
Net gain/(loss) from fair value adjustment	241	(158)	770	(475)

The above gain/(loss) arose from amortization of staff loan, other payables and other receivable.

**24. Material Litigation**

Other than the cases shown below, there was no other material litigation pending as at 29 November 2013 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).

**Usama Industries Sdn. Bhd. Cases**

- (1) **Civil Suit No: 22-11-2009 at the High Court in Sabah and Sarawak at Miri (Formerly under Civil Suit No:S22-32-2007 at the High Court in Sabah and Sarawak at Sib)Usama Industries Sdn. Bhd. (“UISB”) vs Victor L.F. Wong trading as Victor Wong & Chiew Advocates and Solicitors and Victor Wong & Chiew Advocates and Solicitors (a firm) (“Defendants”)**

Usama Industries Sdn. Bhd. filed a suit against Victor L.F. Wong trading as Victor Wong & Chiew (1<sup>st</sup> Defendant) and Victor Wong & Chiew Advocates and Solicitors (2<sup>nd</sup> Defendant) for professional negligence and claiming Special Damages in the sum of RM27,440,000.00, General Damages, interest at such and for such period as the Court shall think fit and costs. This is due to the fact that Victor L.F. Wong had failed to take active steps or sufficient actions to prosecute our claims nor serve the summons of the three cases after the same had been filed, sealed and issued by the High Court in Kuching i.e. Kuching High Court Suit No.22-164-2004-II, 22-165-2004-II and 22-166-2004-I resulting in UISB’s claim for damages against Jati Bahagia Sdn. Bhd. to



become statute barred by virtue of Section 2 of the Limitation Act Ordinance. Victor Wong & Chiew, as UISB's solicitors had misinformed the Company on 14 November 2007 that the Writ Of Summons together with the Statement of Claim had been served on both the 1<sup>st</sup> and 2<sup>nd</sup> Defendants when that was not so.

The case had been fixed for hearing on the 7 February 2012 to 10 February 2012. On 8 February 2012 and 9 February 2012, the High Court had dismissed our case and awarded cost of RM70,000.00 against us and since the Defendant withdrew the counter claim, the Court has awarded cost of RM15,000.00 in favour of UISB. The commitment of the court fee has been fulfilled and paid by UISB.

However, UISB appealed to the Court of Appeal. The Court fixed a hearing date for 27 August 2013 in Kuching, where the Court of Appeal ruled that the trial judge was not wrong in his direction, the appeal by UISB was dismissed with the Court awarding costs of RM10,000.00 against UISB in favour of the Respondent. Our solicitor advised that we have no further grounds to appeal further.

The outcome of the above legal case has no adverse financial impact to the Group.

(2) **Civil Suit No: 22-12/4-2013 at the High Court in Sabah and Sarawak at Sibul Usama Industries Sdn. Bhd. ("UISB") vs Jati Bahagia Sdn. Bhd. ("JBSB"), Datuk Wong Kie Nai, Wong Kie Yik, Lau Puong Ying, Habsah Binti Abdul Rahman, Audrey Wong Haw Ing, Patrick Wong Haw Yeong, Wong Hou Liang, Mimi Wong Haw Wai, Annie Wong Haw Bing, Loh Leh Fong @ Loh Leh Pong**

Due to similarity of the facts and points of law, the Court allowed for the actions on Court of Appeal case Q-02-1307-09, suit no SB-22-42 and suit no SB-22-17 to be consolidated under this suit.

UISB filed a Writ of Summons and Statement of Claim ("Writs") on 8<sup>th</sup> April 2013, which was subsequently served on the advocates of Jati Bahagia Sdn Bhd and the individuals named as above in their personal capacity, representing the owners, managers and controllers of Jati Bahagia Sdn Bhd.

This suit arose due to the inability of UISB to enforce judgment entered in its favour on 27<sup>th</sup> March 2013 in the 3 suits described above (relating to underpaid premium for logs felled) due to the insolvency of JBSB.

Based on Court of Appeal case Q-02-1307-09 (sum of RM17,178,820.51), suit no SB-22-42 (sum of RM15,570,644.00) and suit no SB-22-17 (RM4,322,627.13), UISB now seek to claim the full combined Judgment amount to the tune of RM 37,072,091.64 inclusive of interest at the rate of 8% against JBSB together with the above named Defendants as controllers of JBSB and therefore being knowing parties carrying out the business of JBSB with intent to defraud its creditors.

A hearing date was initially fixed for 26<sup>th</sup> July 2013 but was subsequently adjourned by the Court to 10<sup>th</sup> September 2013. However, the Courts have further postponed fixing a date and proceedings are now still in the interlocutory and discovery stage as both parties requested for an extension and indicated that they required more time to compile the necessary documentation for filing. Once both parties are ready, the Courts will fix a date for hearing. Our solicitors inform that filing will be done in December and expects that the Court will fix a date for the trial in March or April 2014.

The outcome of the above legal case has no adverse financial impact to the Group.

**25. Dividend Payable**

No interim ordinary dividend has been declared for the financial period ended 30 September 2013 (30 September 2012: Nil).

**26. Earnings / (Loss) Per Share**

(a) Basic Earnings / (Loss) Per Share

	<b>Current Quarter 30/9/2013</b>	<b>Cumulative Quarter 30/9/2013</b>
Loss for the financial period attributable to equity holders of the Company (RM'000)	<u>(8,522)</u>	<u>(35,071)</u>
Weighted average number of shares in issue ('000)	<u>367,866</u>	<u>364,479</u>
Basic loss per share (sen)	<u>(2.31)</u>	<u>(9.62)</u>

(b) Diluted Earnings / (Loss) Per Share

There are no outstanding ICULS and Warrants during the current quarter hence, there are no dilutive effect to the loss per share of the Group.

**27. Realised and Unrealised Retained Earnings / (Accumulated Losses)**

	<b>As at 30/9/2013 RM'000</b>	<b>As at 31/12/2012 RM'000</b>
Total accumulated losses of Company and its subsidiaries:		
- Realised	(12,684)	(176,532)
- Unrealised	(3,995)	3,010
Total shares of retained earnings from associated company :		
- Realised	21,986	31,892
- Unrealised	<u>( 7,262)</u>	<u>( 6,870)</u>
Total Group accumulated losses	<u>(1,955)</u>	<u>(148,500)</u>

**28. Additional disclosures for Profit / (Loss) for the period**

	<b>Current Quarter Ended 30/9/2013 RM'000</b>	<b>Cumulative Quarter Ended 30/9/2013 RM'000</b>
Profit / (Loss) for the period is arrived at after crediting:-		
Interest income	9	15
Gain on disposal of property plant and equipment and prepaid land lease payments	-	500
Gain on disposal of subsidiary companies	200	1,387
Amortisation of financial assets	241	770
	<hr/>	<hr/>
and after charging:-		
Interest expense	2,992	9,013
Depreciation of property, plant and equipment	89	413
Write off of plant and equipment	2	2
Amortisation of prepaid land lease payments	531	1,529
Foreign exchange loss	2,656	10,016
	<hr/>	<hr/>

Other than the above, there was no provision for and write off receivables; provision for and write off of inventories; gain or loss on disposal of quoted or unquoted investments or properties; gain or loss on derivatives; and exceptional items included in the results for the current quarter and financial period ended 30 September 2013.

**29. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 November 2013.