

TADMAX RESOURCES BERHAD (Company No. 8184-W)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2014

(The figures have not been audited)

	1st Quarter 3 months ended		Cumulative to Date → 3 months ended	
	31/03/2014 RM'000	31/03/2013 RM'000	31/03/2014 RM'000	31/03/2013 RM'000
Continuing Operations				
Revenue	3,104	124	3,104	124
Cost of sales	(2,935)	-	(2,935)	-
Gross profit	169	124	169	124
Other operating income/(expenses)	914	2	914	2
Operating expenses	(3,194)	(3,360)	(3,194)	(3,360)
Operating (loss)/profit	(2,111)	(3,234)	(2,111)	(3,234)
Finance costs	(3,024)	(2,995)	(3,024)	(2,995)
Share of net results of an associated company	-	(1,950)	-	(1,950)
(Loss)/Profit before taxation	(5,135)	(8,179)	(5,135)	(8,179)
Taxation	124	122	124	122
Net (loss)/profit from continuing operations	(5,011)	(8,057)	(5,011)	(8,057)
Discontinued Operations				
Net loss from discontinued operation	-	(294)	-	(294)
Net (loss)/profit for the financial period	(5,011)	(8,351)	(5,011)	(8,351)
Other comprehensive income/(loss)				
Reversal of translation reserve	-	-	-	-
Foreign currency translation differences	(254)	(508)	(254)	(508)
Total comprehensive (loss)/profit for the period	(5,265)	(8,859)	(5,265)	(8,859)
Net (loss)/profit attributable to :				
Owners of the Company	(4,974)	(8,307)	(4,974)	(8,307)
Non-controlling interests	(37)	(44)	(37)	(44)
	(5,011)	(8,351)	(5,011)	(8,351)
Total comprehensive (loss)/profit attributable to:				
Owners of the Company	(5,228)	(8,815)	(5,228)	(8,815)
Non-controlling interests	(37)	(44)	(37)	(44)
	(5,265)	(8,859)	(5,265)	(8,859)
Basic (Loss)/Earnings per ordinary share (sen)				
- from continuing operations	(1.34)	(2.22)	(1.34)	(2.22)
- from discontinuing operations	-	(0.08)	-	(0.08)
	(1.34)	(2.30)	(1.34)	(2.30)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 31 MARCH 2014

	(UNAUDITED) As At End Of Current Quarter 31/03/2014 RM'000	(AUDITED) As At Preceding Financial Year End 31/12/2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	6,407	6,484
Prepaid land lease payments	2,515	2,538
Prepaid land lease payments with cultivation rights	64,564	65,057
Investment in associate	-	-
Investment in joint venture	14	14
Other investment	50	50
Timber concession rights	218,000	218,000
Deferred tax assets	2,795	2,619
Goodwill on consolidation	67,210	67,210
Other receivables	-	2,662
	361,555	364,634
Current assets		
Inventories	164,402	164,402
Amount due from customers on contracts	-	5
Trade receivables	16,193	14,985
Other receivables, deposits and prepayments	25,948	24,112
Tax recoverable	2,993	2,993
Fixed deposits placed with licensed bank	2,000	500
Cash and bank balances	313	961
	211,849	207,958
Assets classified as held for sale	-	-
	211,849	207,958
TOTAL ASSETS	573,404	572,592
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	186,616	186,616
Share premium	1,367	1,367
Treasury shares	(155)	(155)
Reserves:		
- translation reserve	822	1,076
- accumulated losses	(17,153)	(12,179)
Shareholders' funds	171,497	176,725
Non-controlling interest	28,606	28,643
Total equity	200,103	205,368

TADMAX RESOURCES BERHAD (Company No. 8184-W)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014 - continued

	(UNAUDITED)	(AUDITED)
	As At End Of Current Quarter 31/03/2014 RM'000	As At Preceding Financial Year End 31/12/2013 RM'000
Non-current liabilities		
Deferred tax liabilities	70,662	70,785
Hire purchase liabilities	259	288
Bank borrowings	135,845	136,261
	206,766	207,334
Current liabilities		
Trade payables	13,899	14,373
Other payables and accruals	19,965	10,384
Amount owing to a director	40,179	41,919
Hire purchase liabilities	117	115
Bank borrowings	88,136	88,860
Tax payables	4,239	4,239
	166,535	159,890
Liabilities classified as held for sale	-	-
	166,535	159,890
TOTAL LIABILITIES	373,301	367,224
TOTAL EQUITY AND LIABILITIES	573,404	572,592
Net assets per share attributable to ordinary equity holders of the parent (sen)	46	47

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 2013 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 FINANCIAL YEAR ENDED 31 MARCH 2014

(The figures have not been audited)

<----- Attributable to Owners of the Company ----->
 <----- Non-Distributable -----> Distributable

	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Other Reserves RM'000	Accumulated Losses RM'000	Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
<u>3 months ended 31 March 2014</u>								
As at 1 January 2014	186,616	1,367	(155)	1,076	(12,179)	176,725	28,643	205,368
Total comprehensive loss for the period	-	-	-	-	(4,974)	(4,974)	(37)	(5,011)
Exchange differences on translation of foreign entities	-	-	-	(254)	-	(254)	-	(254)
As at 31 March 2014	186,616	1,367	(155)	822	(17,153)	171,497	28,606	200,103
					-	-		-
<u>3 months ended 31 March 2013</u>								
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	-	-	-	-	(8,307)	(8,307)	(44)	(8,351)
Exchange differences on translation of foreign entities	-	-	-	(508)	-	(508)	-	(508)
As at 31 March 2013	363,232	1,367	(155)	820	(156,807)	208,457	28,799	237,256

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 31 March 2014
(The figures have not been audited)

	CUMULATIVE QUARTER	Current	Preceding Year
		Year	Corresponding
		To Date	Period
		31/03/2014	31/03/2013
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax from continuing operations		(5,135)	(8,179)
Loss before tax from discontinued operations		-	(294)
Loss before taxation		(5,135)	(8,473)
<u>Adjustments for non-cash items:</u>			
Gain on recognition of financial assets		(189)	(271)
Amortisation of prepaid land lease payments			
- Continuing operations		23	-
- Discontinued operations		-	12
Amortisation of prepaid land lease payments with cultivation rights		493	493
Depreciation			
- Continuing operations		85	90
- Discontinued operations		-	144
Loss/(Gain) on foreign exchange		(640)	1,248
Interest expense			2,995
-Continuing operations		3,024	-
-Discontinuing operations		-	-
Interest income		(4)	(2)
Share of net results of associate		-	1,950
Operating loss before working capital changes		(2,343)	(1,814)
Changes in working capital:			
Inventories		-	(17)
Contract customer		5	-
Receivables		(191)	181
Payables		9,108	4,561
Cash (used in)/from operations		6,579	2,911
Interest received		4	2
Interest paid		(3,024)	(2,995)
Net of tax paid		-	(1)
Net cash used in/(from) operating activities		3,559	(83)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4)	-
Net cash from/(used in) investing activities		(4)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Advance/(repayment) from a director		(1,740)	(2)
Repayment of term loan		(500)	-
Repayment of hire purchase liabilities		(28)	(27)
Release of fixed deposit held as security value		-	-
Net cash (used in)/from financing activities		(2,268)	(29)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		1,287	(112)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(435)	(348)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD		1,461	674
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD		2,313	214
		-	

TADMAX RESOURCES BERHAD (Company No. 8184-W)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 31 March 2014 - continued

(The figures have not been audited)

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

	As at 31/03/2014 RM'000	As at 31/03/2013 RM'000
Deposits placement with licensed banks	2,000	30
Cash and bank balances	<u>313</u>	<u>127</u>
	2,313	157
Less: Deposit placements held as security value	-	(20)
Cash and cash equivalents from discontinued operations	<u>-</u>	<u>77</u>
	<u>2,313</u>	<u>214</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 31 March 2014

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 valuation 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 2013. 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 2013, except for the adoption of new MFRSs, amendments/improvements to MFRSs and New IC interpretations that are mandatory for the Group for the financial year beginning 1 January 2014. 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 2013 except for the following new Malaysia Financial Reporting Standards (MFRSs), amendments/improvements to MFRSs and new IC Interpretations that has been issued by the Malaysian Accounting Standards Board (“MASB”) which take effects on and/or after 1 January 2014.

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 9	Financial Instruments	To be announced by the MASB
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1st July 2014
MFRS 2	Share-based Payment	1st July 2014
MFRS 3	Business Combinations	1st July 2014
MFRS 7	Financial Instruments: Disclosures	Applies when MFRS is applied
MFRS 8	Operating Segments	1st July 2014
MFRS 9	Financial Instruments	To be announced by the MASB
MFRS 10	Consolidated Financial Statements	1st January 2014
MFRS 12	Disclosure of Interests in Other Entities	1st January 2014
MFRS 13	Fair Value Measurement	1st July 2014
MFRS 116	Property, Plant and Equipment	1st July 2014
MFRS 119	Employee Benefits	1st July 2014
MFRS 124	Related Party Disclosures	1st July 2014

2. Significant Accounting Policies (continued)

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs</u>		
MFRS 127	Separate Financial Statements	1st January 2014
MFRS 132	Financial Instruments: Presentation	1st January 2014
MFRS 136	Impairment of Assets	1st January 2014
MFRS 138	Intangible Assets	1st July 2014
MFRS 139	Financial Instruments: Recognition and Measurement	Applies when MFRS 9 is applied
MFRS 140	Investment Property	1st July 2014
<u>New IC Int</u>		
IC Int 21	Levies	1st January 2014

The adoption of the above new MFRSs, amendments/improvements to MFRSs and new IC Int do not have significant impact on the financial statements of the Group upon their initial application.

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 2013 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 save for the Industrial Supply business segment, namely Rock Supply business located at the east coast state of Peninsular Malaysia which is affected by the monsoon period from October to February annually.

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.

8. Dividends Paid

There was no dividend paid during the current quarter ended 31 March 2014 (31 March 2013: Nil).

9. Segmental Reporting

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

Business Activity	1st Quarter 3 months ended				Cumulative 3 months ended			
	31/3/2014		31/3/2013		31/3/2014		31/3/2013	
	Revenue RM'000	Profit/(Loss) Before Taxation RM'000	Revenue RM'000	Profit/(Loss) Before Taxation RM'000	Revenue RM'000	Profit/(Loss) Before Taxation RM'000	Revenue RM'000	Profit/(Loss) Before Taxation RM'000
Timber	-	(8)	-	(123)	-	(8)	-	(123)
Investment holding	-	(1,561)	-	(2,664)	-	(1,561)	-	(2,664)
Property	76	(191)	-	(1)	76	(191)	-	(1)
Licensed money Lending	-	-	124	124	-	-	124	124
Agricultural cultivation and trading #	-	-	410	(294)	-	-	410	(294)
Industrial supplies	3,028	161	-	-	3,028	161	-	-
Others	-	(521)	-	(570)	-	(521)	-	(570)
	3,104	(2,111)	534	(3,528)	3,104	(2,111)	534	(3,528)
Finance costs	-	(3,024)	-	(2,995)	-	(3,024)	-	(2,995)
Share of net results of an associated company	-	-	-	(1,950)	-	-	-	(1,950)
	3,104	(5,135)	534	(8,473)	3,104	(5,135)	534	(8,473)

- 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 2013.

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.

12. Changes in Composition of the Group

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

13. Changes in Contingent Liabilities and Contingent Assets

There were no additional contingent liabilities or contingent assets since 31 December 2013 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 31 March 2014 except as below :-

	RM'000
Approved and contracted for:	
- Property, plant and equipment	<u>3,192</u>

15. Significant Related Party Transactions

There are no significant related party transaction in the current quarter and financial year to date.

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		
	2014	2013	% +/-	4Q 2013	% +/-	1Q 2014	1Q 2013	% +/-	
Revenue									
Timber	-	-	-	-	-	-	-	-	-
Investment holding	-	-	-	-	-	-	-	-	-
Property	76	-	100	10,431	-99	76	-	100	100
Licensed money lending	-	124	-100	-	-	-	124	-100	-100
Agricultural cultivation and trading #	-	410	-100	-	-	-	410	-100	-100
Industrial supplies	3,028	-	100	2,404	26	3,028	-	100	100
Others	-	-	-	-	-	-	-	-	-
	<u>3,104</u>	<u>534</u>	481	<u>12,835</u>	-76	<u>3,104</u>	<u>534</u>	481	481
Profit/(Loss) before tax									
Timber	(8)	(123)	-94	346	-102	(8)	(123)	-94	-94
Investment holding	(1,561)	(2,664)	-41	(6,840)	-77	(1,561)	(2,664)	-41	-41
Property	(191)	(1)	190x	300	-164	(191)	(1)	190x	190x
Licensed money lending	-	124	-100	-	-	-	124	-100	-100
Agricultural cultivation and trading #	-	(294)	-100	-	-	-	(294)	-100	-100
Industrial supplies	161	-	100	222	-28	161	-	100	100
Others	(512)	(570)	-10	(3,374)	-85	(512)	(570)	-10	-10
	<u>(2,111)</u>	<u>(3,528)</u>	-40	<u>(9,347)</u>	-77	<u>(2,111)</u>	<u>(3,528)</u>	-40	-40
Finance costs	(3,024)	(2,995)	1	(3,071)	-2	(3,024)	(2,995)	1	1
Share of associates results	-	(1,950)	-100	10	-100	-	(1,950)	-100	-100
(Loss)/profit before tax	<u>(5,135)</u>	<u>(8,473)</u>	-39	<u>(12,408)</u>	-59	<u>(5,135)</u>	<u>(8,473)</u>	-39	-39

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

Review on Performance - Current Quarter compared to Corresponding Quarter

TURNOVER increased by RM2.6 million as compared to corresponding quarter of last year contributed by the higher revenue from industrial supplies business segment set off by the discontinued recognition of the revenue of its agricultural cultivation cum trading and money lending business segment following the disposal of the said companies during the preceding financial year.

Loss before tax decreased by RM3.3 million due mainly to nil share of associates losses in the current quarter vis-à-vis the corresponding quarter of last year of RM1.9 million, and foreign exchange gain on USD denominated term loan in the current quarter of RM0.64 million vis-à-vis reported preceding year's foreign exchange loss of RM1.2 million.

17. Variation of Results against Preceding Quarter

TURNOVER decreased by RM9.7 million as compared to preceding quarter contributed by the minimal recognition of construction contract in the current quarter due to completion of the contract works in January 2014 but set off by higher revenue by RM0.6 million from the Industrial supplies business segment.

Loss before tax is substantially lower by RM7.3 million due mainly to gain on foreign exchange on USD denominated term loan of RM0.64 million in the current quarter (as compared to foreign exchange loss of RM1.0 mil) and the recognition of loss on disposal of associated company, Wijaya Baru Sdn Bhd of RM3.7 million reported in the preceding quarter.

18. Prospects

The Proposed Disposals (under Corporate Proposals in sections 21(B) and 21(C) hereinbelow) form part of the Company's restructuring plan to strengthen the Group's financial position and working capital requirements, which was initiated when the Company completed its par value reduction exercise during the last financial year on 18 July 2013, to substantially reduce its accumulated losses.

Another part of the above restructuring plan includes the disposal of non-core subsidiaries and assets of the Tadmax Group. The Company had completed a few corporate exercises during the preceding financial year.

The Group intends to utilise the proceeds from the Proposed Disposals mainly for repayment of borrowings, strengthening its working capital requirements and as cash reserves for future strategic acquisitions to complement its existing businesses.

Pursuant to the anticipated improvement in the financial position arising from the restructuring plan as highlighted above, the Tadmax Group would be in a position to initiate timber extraction on its timber concession rights in Irian Jaya, Indonesia, subject to the establishment, construction and commencement of commercial production of an Integrated Timber Complex and thereafter start realising revenue stream from its timber business segment.

Further, with the significant reduction in gearing levels, Tadmax would have the flexibility to manage its capital requirements more effectively and provide a platform for the Group to expand its property business segment comprising property development and construction, via land banking for future property development and participating in property related construction contracts.

With the above forthcoming events, the Board of Directors is hopeful that these would turnaround the Group performance in the current financial year and also deliver long term sustainable shareholder value.

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 (3 months ended)	
	31/3/2014 RM'000	31/3/2013 RM'000	31/3/2014 RM'000	31/3/2013 RM'000
Current tax:				
Malaysian income tax	-	1	-	1
	-	1	-	1
Under/ (Over) provision of Malaysian income tax in prior years	-	-	-	-
	-	1	-	1
Deferred tax	(124)	(123)	(124)	(123)
Total income tax expense	(124)	(122)	(124)	(122)

Included in the income tax figure for the quarter ended 31 March 2014 are the net adjustment for deferred tax charges in respect of amortization of prepaid land lease payment with cultivation rights and temporary timing difference.

21. Corporate ProposalsStatus of Corporate Proposals Announced but Not Completed(A) 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 (“BRBSB”), 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 :-

21. Corporate Proposals (continued)

- (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.

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

On 9 April 2013, the Group had entered into a Sale and Purchase Agreement (“Initial SPA”) to dispose off a leasehold land (“the Land”) located at Pulau Indah, Port Klang, Selangor Darul Ehsan measuring approximately 60 acres (out of a total 379 acres of land in a Master Title) to a third party for a total cash consideration of RM48,351,600/- subject to the need to undertake sub-division of the Master Title.

On 28 April 2014, the Group had entered into the variation to the Initial SPA which entails the agreement for the sale and purchase (“Varied SPA”) of 100% shareholdings in a wholly owned subsidiary of the Company, Kirana Abadi Sdn Bhd represented by two (2) ordinary shares of RM1/- each (“the Sale Shares”), who in turn owns the Land, in view of the changes to the method of securing the issue document of title through insertion of co-owners followed by land partitioning instead of undertaking sub-division of the Master Title at the agreed sales consideration as per Initial SPA.

The completion of the sale is pending the satisfaction of conditions precedent as stipulated in the Varied SPA, namely the land partitioning following the granting of approval from the local authorities on 25 April 2014 for the registration and insertion of Kirana Abadi Sdn Bhd as the co-owners into the Master Title.

(C) Proposed Disposal of Tadmax Power Sdn Bhd for a total cash consideration of RM317,334,600

On 20 February 2014, the Company had announced the proposal to dispose off the entire issued and paid-up share capital of Tadmax Power Sdn. Bhd. (“TPSB”), a wholly-owned subsidiary of the Company, Tadmax Resources Berhad for a total disposal consideration of RM317,334,600/- to be satisfied entirely in cash (“Proposed Disposal”). TPSB is the beneficial and registered owner of approximately 310 acres of a piece of vacant leasehold land located at Pulau Indah, Klang, Selangor Darul Ehsan.

The Proposed Disposal was approved by the shareholders of the Company at the Extraordinary General Meeting held on 15 May 2014.

The satisfaction of the remainder conditions precedent is expected by the 3rd quarter of 2014 whilst the satisfaction of the conditions subsequent is expected by the 2nd quarter of 2015.

22. Group Borrowings and Debts Securities

Group borrowings are as follows:-

	As at 31/3/2014 RM'000	As at 31/3/2013 RM'000
(a) Current borrowing – secured		
Term loans	88,136	35,875
Hire purchase payable	117	83
	<u>88,253</u>	<u>35,958</u>
(b) Non-current borrowing – secured		
Term loans	-	12,000
Term loan denominated in USD	135,845	169,864
	<u>135,845</u>	<u>181,864</u>
Hire purchase payable	259	404
	<u>136,104</u>	<u>182,268</u>

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

There were no outstanding derivatives as at 31 March 2014.

(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 gain /(loss) as stated below:

	Current Quarter (3 months ended)		Cumulative Quarter (3 months ended)	
	31/3/2014 RM'000	31/3/2013 RM'000	31/3/2014 RM'000	31/3/2013 RM'000
Gain/(loss) arising from staff loan	-	1	-	1
Gain arising from other receivable	189	270	189	270
Net gain/(loss) from fair value adjustment	<u>189</u>	<u>271</u>	<u>189</u>	<u>271</u>

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

24. Material Litigation

Other than the cases shown below, there was no other material litigation pending as at 23 May 2014 (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: 22-12/4-2013 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 8th 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 27th 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.

Following an extensive period of time spent in the interlocutory and discovery stage to enable both parties to compile the necessary documentation and a number of postponements, the High Courts have fixed for the trial to be heard from 4th until 8th August 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 31 March 2014 (31 March 2013: Nil).

26. Earnings / (Loss) Per Share

(a) Basic Earnings / (Loss) Per Share

	Current Quarter 31/3/2014	Cumulative Quarter 31/3/2014
Loss for the financial period attributable to equity holders of the Company (RM'000)	<u>(4,974)</u>	<u>(4,974)</u>
Weighted average number of shares in issue ('000)	<u>372,757</u>	<u>372,757</u>
Basic loss per share (sen)	<u>(1.33)</u>	<u>(1.33)</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)

	As at 31/3/2014 RM'000	As at 31/12/2013 RM'000
Total accumulated losses of Company and its subsidiaries:		
- Realised	(6,131)	(218)
- Unrealised	<u>(11,022)</u>	<u>(11,961)</u>
Total Group accumulated losses	<u>(17,153)</u>	<u>(12,179)</u>

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

	Current Quarter 31/3/2014 RM'000	Cumulative Quarter 31/3/2014 RM'000
Profit / (Loss) for the period is arrived at after crediting:-		
Interest income	4	4
Gain on foreign exchange	721	721
Amortisation of financial assets	189	189
	<hr/>	<hr/>
and after charging:-		
Interest expense	3,024	3,024
Depreciation of property, plant and equipment	85	85
Amortisation of prepaid land lease payments	23	23
Amortisation of prepaid land lease payments with cultivation rights	493	493
Foreign exchange loss	1	1
	<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 31 March 2014.

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 May 2014.