

TADMAX RESOURCES BERHAD (Company No. 8184-W)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

(The figures have not been audited)

	3rd Quarter 3 months ended		Cumulative to Date 9 months ended	
	30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000
Continuing Operations				
Revenue	8,657	3,554	20,207	3,678
Cost of sales	<u>(8,100)</u>	<u>(3,351)</u>	<u>(18,980)</u>	<u>(3,351)</u>
Gross profit	557	203	1,227	327
Other operating income/(expenses)	6,111	213	8,378	1,904
Operating expenses	<u>(2,382)</u>	<u>(5,990)</u>	<u>(8,172)</u>	<u>(18,233)</u>
Operating profit/(loss)	4,286	<u>(5,574)</u>	1,433	<u>(16,002)</u>
Finance costs	<u>(2,404)</u>	<u>(2,992)</u>	<u>(8,427)</u>	<u>(9,013)</u>
Share of net results of an associated company	-	(298)	-	(10,298)
Profit/(Loss) before taxation	1,882	<u>(8,864)</u>	<u>(6,994)</u>	<u>(35,313)</u>
Taxation	161	294	459	539
Net profit/(loss) from continuing operations	<u>2,043</u>	<u>(8,570)</u>	<u>(6,535)</u>	<u>(34,774)</u>
Discontinued Operations				
Net loss from discontinued operation	-	-	-	(433)
Net profit/(loss) for the financial period	<u>2,043</u>	<u>(8,570)</u>	<u>(6,535)</u>	<u>(35,207)</u>
Other comprehensive income/(loss)				
Reversal of translation reserve	-	586	-	(1,756)
Foreign currency translation differences	32	159	(12)	878
Total comprehensive profit/(loss) for the period	<u>2,075</u>	<u>(7,825)</u>	<u>(6,547)</u>	<u>(36,085)</u>
Net profit/(loss) attributable to :				
Owners of the Company	2,088	(8,522)	(6,401)	(35,071)
Non-controlling interests	<u>(45)</u>	<u>(48)</u>	<u>(134)</u>	<u>(136)</u>
	<u>2,043</u>	<u>(8,570)</u>	<u>(6,535)</u>	<u>(35,207)</u>
Total comprehensive profit/(loss) attributable to:				
Owners of the Company	2,120	(7,777)	(6,413)	(35,949)
Non-controlling interests	<u>(45)</u>	<u>(48)</u>	<u>(134)</u>	<u>(136)</u>
	<u>2,075</u>	<u>(7,825)</u>	<u>(6,547)</u>	<u>(36,085)</u>
Basic Earnings/(Loss) per ordinary share (sen)				
- from continuing operations	0.55	(2.33)	(1.75)	(9.54)
- from discontinuing operations	-	-	-	(0.12)
	<u>0.55</u>	<u>(2.33)</u>	<u>(1.75)</u>	<u>(9.66)</u>

(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 30 SEPTEMBER 2014

	(UNAUDITED) As At End Of Current Quarter 30/09/2014 RM'000	(AUDITED) As At Preceding Financial Year End 31/12/2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	12,930	6,484
Prepaid land lease payments	2,468	2,538
Prepaid land lease payments with cultivation rights	63,579	65,057
Investment in joint venture	14	14
Other investment	50	50
Timber concession rights	218,000	218,000
Deferred tax assets	2,695	2,619
Goodwill on consolidation	67,210	67,210
Other receivables	-	2,662
	366,946	364,634
Current assets		
Inventories	173,597	164,402
Amount due from customers on contracts	-	5
Trade receivables	14,098	14,985
Other receivables, deposits and prepayments	18,556	24,112
Tax recoverable	2,993	2,993
Fixed deposits placed with licensed bank	801	500
Cash and bank balances	981	961
	211,026	207,958
TOTAL ASSETS	577,972	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	1,064	1,076
- accumulated losses	(18,580)	(12,179)
Shareholders' funds	170,312	176,725
Non-controlling interest	28,509	28,643
Total equity	198,821	205,368

TADMAX RESOURCES BERHAD (Company No. 8184-W)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014 - continued

	(UNAUDITED)	(AUDITED)
	As At End Of Current Quarter 30/09/2014 RM'000	As At Preceding Financial Year End 31/12/2013 RM'000
Non-current liabilities		
Deferred tax liabilities	70,416	70,785
Hire purchase liabilities	467	288
Bank borrowings	85,612	136,261
	156,495	207,334
Current liabilities		
Trade payables	8,858	14,373
Other payables and accruals	33,439	10,384
Amount owing to a director	38,679	41,919
Hire purchase liabilities	157	115
Bank borrowings	137,328	88,860
Tax payables	4,195	4,239
	222,656	159,890
TOTAL LIABILITIES	379,151	367,224
TOTAL EQUITY AND LIABILITIES	577,972	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 PERIOD ENDED 30 SEPTEMBER 2014

(The figures have not been audited)

	-----> Attributable to Owners of the Company <-----					Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Other Reserves RM'000	Accumulated Losses RM'000			
<u>9 months ended 30 September 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	-	-	-	-	(6,401)	(6,401)	(134)	(6,535)
Exchange differences on translation of foreign entities	-	-	-	(12)	-	(12)	-	(12)
As at 30 September 2014	<u>186,616</u>	<u>1,367</u>	<u>(155)</u>	<u>1,064</u>	<u>(18,580)</u>	<u>170,312</u>	<u>28,509</u>	<u>198,821</u>
<u>9 months ended 30 September 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	-	-	-	-	(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	<u>186,616</u>	<u>1,367</u>	<u>(155)</u>	<u>450</u>	<u>(1,955)</u>	<u>186,323</u>	<u>28,707</u>	<u>215,030</u>

(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 30 SEPTEMBER 2014

(The figures have not been audited)

	CUMULATIVE QUARTER	
	Current Year To Date 30/09/2014 RM'000	Preceding Year Corresponding Period 30/09/2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax from continuing operations	(6,994)	(35,313)
Loss before tax from discontinued operations	-	(433)
Loss before taxation	<u>(6,994)</u>	<u>(35,746)</u>
<u>Adjustments for non-cash items:</u>		
Amortisation of financial assets and liabilities	(482)	(770)
Amortisation of prepaid land lease payments:		
- Continuing operations	69	38
- Discontinued operations	-	12
Amortisation of prepaid land lease payments with cultivation rights	1,479	1,479
Depreciation:		
- Continuing operations	342	269
- Discontinued operations	-	144
Gain on disposal of a property, plant and equipment & prepaid land lease payments	-	(500)
Gain on disposal of subsidiary companies	-	(1,387)
Gain on recognition of financial assets	-	-
(Gain)/Loss on foreign exchange	(8,192)	10,016
Interest expense	8,427	9,013
Interest income	(16)	(15)
Plant and equipment written off	-	2
Share of net results of associate	-	10,298
	<u>(5,367)</u>	<u>(7,147)</u>
Operating loss before working capital changes	(5,367)	(7,147)
<u>Changes in working capital:</u>		
Inventories	(9,156)	(457)
Contract customer	5	-
Receivables	10,962	(2,751)
Payables	14,244	7,560
	<u>10,688</u>	<u>(2,795)</u>
Cash from/(used in) operations	10,688	(2,795)
Interest received	16	15
Interest paid	(6,546)	(9,051)
Net of tax paid	(32)	(102)
Net cash from/(used in) operating activities	<u>4,126</u>	<u>(11,933)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash inflow from disposal of subsidiaries	-	123
Purchase of property, plant and equipment (Note 1)	(6,482)	(13)
Purchase of subsidiaries, net of cash and cash equivalents acquired (Note 2)	2	-
Proceeds from disposal of property, plant and equipment & prepaid lease payment	-	12,000
Net cash (used in)/from investing activities	<u>(6,480)</u>	<u>12,110</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment)/Advance from a director	(3,240)	5,300
Term loan drawn down	13,500	2,000
Repayment of term loan	(7,489)	(7,500)
Repayment of hire purchase liabilities	(85)	(82)
Release of fixed deposit held as security value	-	20
Net cash from/(used in) financing activities	<u>2,686</u>	<u>(262)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	332	(85)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(11)	(465)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	1,461	674
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>1,782</u>	<u>124</u>
	-	-

TADMAX RESOURCES BERHAD (Company No. 8184-W)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 30 SEPTEMBER 2014 - continued
(The figures have not been audited)

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

	As at 30/09/2014 RM'000	As at 30/09/2013 RM'000
Deposits placement with licensed banks	801	-
Cash and bank balances	981	124
	1,782	124
Less: Deposit placements held as security value	-	-
Cash and cash equivalents from discontinued operations	-	-
	1,782	124

Note 1 - During the financial period, the Group acquired property, plant and equipment with an aggregate cost of RM6,788,000 of which RM306,000 were acquired under hire purchase arrangements by the Group. Cash payment made by the Group for the acquisition of property, plant and equipment amounted to RM6,482,000.

Note 2 - PURCHASE OF SUBSIDIARIES

Fair value of net assets acquired and net cash inflow/(outflow) on purchase of subsidiaries are analysed as follows :-

	2014 As at date of acquisition RM'000
Inventories	(38)
Cash and bank balances	(838)
Other payables	40
Fair value of net identifiable liabilities	(836)
Less : Cash and bank balances acquired	838
Net cash inflow on purchase of subsidiaries	2

(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 Condensed Consolidated Interim Financial Statements
For the quarter ended 30 September 2014

1. Basis of Preparation and Accounting Policies

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 Malaysia Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the annual 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 mandatory adoption of the new MFRSs, amendments/improvements to MFRSs and New IC interpretations (“IC Int.”) that have 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</u>		
<u>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

1. Basis of Preparation and 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.

2. 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.

3. 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.

4. 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.

5. Material Changes in Estimates

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

6. 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.

7. Dividends Paid

There was no dividend paid during the current quarter ended 30 September 2014 (30 September 2013: Nil).

8. Segmental Reporting

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

Business Activity	3rd Quarter 3 months ended				Cumulative 9 months ended			
	30/9/2014		30/9/2013		30/9/2014		30/9/2013	
	Revenue	Profit/(Loss) Before Taxation	Revenue	Profit/(Loss) Before Taxation	Revenue	Profit/(Loss) Before Taxation	Revenue	Profit/(Loss) Before Taxation
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Timber	-	(5)	-	(108) ¹	-	(19)	-	111
Investment holding	-	4,648	-	(4,391)	-	2,832	-	(13,944)
Property	-	(312)	2,493	211	76	(776)	2,493	134
Licensed money Lending	-	-	-	-	-	-	124	124
Agricultural cultivation and trading #	-	-	-	-	-	-	575	(433)
Industrial supplies	8,657	556	1,061	63	20,131	1,218	1,061	63
Others	-	(601)	-	(1,349)	-	(1,822)	-	(2,490)
	8,657	4,286	3,554	(5,574)	20,207	1,433	4,253	(16,435)
Finance costs	-	(2,404)	-	(2,992)	-	(8,427)	-	(9,013)
Share of net results of an associated company	-	-	-	(298)	-	-	-	(10,298)
	8,657	1,882	3,554	(8,864)	20,207	(6,994)	4,253	(35,746)

- Classified as held for sale and discontinued operations in the Financial Statements for the financial year ended 31 December 2013.

9. 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.

10. 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 3 November 2014, 72,000,000 shares of RM0.50 each of Tadmax Resources Berhad were issued and allotted to Dato Faizal bin Abdullah at RM0.50 each pursuant to the Proposed Capitalisation which entails 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 20 October 2014. The Settlement Shares were granted listing and quotation on the Main Market of Bursa Malaysia Securities Berhad on 5 November 2014 and the latest paid up capital of the Company is now at RM222,615,873 divided into 445,231,746 Tadmax Resources Berhad shares of RM0.50 each which amount is inclusive of 474,300 shares held as treasury shares.

11. Changes in Composition of the Group

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

12. 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.

13. Capital Commitments

There are no authorised capital commitments not provided for in the interim financial statements as at 30 September 2014.

14. Significant Related Party Transactions

There are no significant related party transaction in the current quarter under review except for the Proposed Capitalisation (as elaborated under Corporate Proposals in sections 19(D) hereinbelow) where Dato Faizal bin Abdullah has interest and has accordingly abstained from all deliberation and voting at the relevant meetings of Tadmax's Board and also abstain from voting at the shareholders' meeting tabling the Proposed Capitalisation.

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

15. 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	% +/-	2Q 2014	% +/-	3Q 2014	3Q 2013	% +/-	
<u>Revenue</u>									
Timber	-	-	-	-	-	-	-	-	-
Investment holding	-	-	-	-	-	-	-	-	-
Property	-	2,493	-100	-	-100	76	2,493	-97	-
Licensed money lending	-	-	-	-	-	-	124	-100	-
Agricultural cultivation and trading #	-	-	-	-	-	-	575	-100	-
Industrial supplies	8,657	1,061	716	8,446	2	20,131	1,061	18x	-
Others	-	-	-	-	-	-	-	-	-
	<u>8,657</u>	<u>3,554</u>	144	<u>8,446</u>	3	<u>20,207</u>	<u>4,253</u>	375	-
<u>Profit/(Loss) before tax</u>									
Timber	(5)	(108)	-95	(6)	-9	(19)	111	-117	-
Investment holding	4,648	(4,391)	-206	(255)	-19x	2,832	(13,944)	-80	-
Property	(312)	211	-248	(273)	14	(776)	134	-679	-
Licensed money lending	-	-	-	-	-	-	124	-100	-
Agricultural cultivation and trading #	-	-	-	-	-	-	(433)	-100	-
Industrial supplies	556	63	783	501	11	1,218	63	18x	-
Others	(601)	(1,349)	-55	(709)	-15	(1,822)	(2,490)	-27	-
	<u>4,286</u>	<u>(5,574)</u>	-177	<u>(742)</u>	-678	<u>1,433</u>	<u>(16,435)</u>	-91	-
Finance costs	(2,404)	(2,992)	-20	(2,999)	-20	(8,427)	(9,013)	-7	-
Share of associates results	-	(298)	-100	-	-	-	(10,298)	-100	-
Profit/(Loss) before tax	<u>1,882</u>	<u>(8,864)</u>	-121	<u>(3,741)</u>	-150	<u>(6,994)</u>	<u>(35,746)</u>	-80	-

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

Review on Performance - Current Quarter compared to Corresponding Quarter

TURNOVER of the current quarter of RM8.7 million was contributed wholly by Industrial Supplies business segment whilst last year corresponding quarter of RM3.6 million was contributed by Industrial Supplies of RM1.1 million and Property business segment of RM2.5 million.

The current quarter registered a profit of RM1.9 million as compared to a loss before tax of RM8.9 million due mainly to the recognition of foreign exchange gain of RM6.3 million in the current quarter vis-à-vis a foreign exchange loss of RM2.7 million, lower interest expense of RM0.6 million and no share of associates losses in the current quarter vis-à-vis the corresponding quarter of last year of RM0.3 mil following the disposal of the associated company in the last financial year. In the

current quarter, Property business segment contribution was lower by RM0.5 million but set off by higher contribution from Industrial Supplies of RM0.5 mil and lower loss on conversion of Rupiah currency in the books foreign subsidiaries of RM0.6 million.

Review on Performance - Current Quarter compared to Preceding Quarter

TURNOVER increased by 3% or RM211k against preceding quarter contributed wholly by the higher revenue from the Industrial Supplies business segment with higher offtake achieved.

The current quarter registered a profit of RM1.9 million as compared to a loss before tax of RM3.7 million due mainly to increased gain on foreign exchange of RM4.9 mil in the current quarter vis-à-vis the preceding quarter and further contributed by lower interest expense of RM0.6 million in the current quarter vis-à-vis in the preceding quarter.

16. Prospects

The Industrial Supplies business segment is expected to be the major contributor to the Group's revenue for the remainder of year 2014 as current project carried Property business segment is still in the preliminary development stage.

The Group expects its financial position will be strengthened with gearing substantially reduced by 1st half of next financial year, attributed by the expected completion of the Proposed Disposals (as elaborated under Corporate Proposals in sections 21(B) and 21(C) hereinbelow) .

The Group's current property project on a parcel of land of 41.5 acres located in Ganggarak, Labuan, with expected total gross development value of RM580 million to be developed in several phases which will result in a projected gross development profit of approximately RM110 million and is expected to kick off in the 1st quarter of 2015. The project will comprise of 1,560 units of affordable apartments and a mix developments of commercial centre cum condominiums and the first launch will be 520 units of affordable apartments. Contribution from this Property business segment is expected to kick in commencing in the 1st half of the next financial year.

The Board of Directors is cautiously optimistic that the measures taken and to be taken would enable the Group to improve its performance in the current financial year and also deliver long term sustainable shareholders' value.

17. Profit Forecast and Profit Guarantee

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

18. Taxation

Taxation comprises the following:

	Current Quarter (3 months ended)		Cumulative Quarter (9 months ended)	
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	-	36	-	37
	<u>-</u>	<u>36</u>	<u>-</u>	<u>37</u>
Under/ (Over) provision of Malaysian income tax in prior years	(12)	(113)	(12)	(113)
	<u>-</u>	<u>(77)</u>	<u>-</u>	<u>(76)</u>
Deferred tax	(149)	(217)	(447)	(463)
Total income tax expense	<u>(161)</u>	<u>(294)</u>	<u>(459)</u>	<u>(539)</u>

Included in the income tax figure for the quarter ended 30 September 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.

19. 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 ("BRSB"), 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 increased its paid up share capital from RM2 to RM100,000 and Company's share of the allotment was 14,000 ordinary shares of RM1.00 each, equivalent to 14% equity interest in TJSB.

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.

19. Corporate Proposals (continued)

(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 a variation of the Initial SPA (the Agreement for the Sale and Purchase (“Varied SPA”) of 100% shareholdings in a wholly owned subsidiary of the Company, Kirana Abadi Sdn Bhd (“KASB”), represented by two (2) ordinary shares of RM1.00 each (“the Sale Shares”), who in turn owns the Land). This was necessitated 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 KASB as the co-owners into the Master Title. The submission for land partitioning was approved by the local authorities in July 2014 and this will be followed by the application for the issuance of document of title.

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

On 20 February 2014, the Company 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 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 completion of the Proposed Disposal was mutually agreed between the Company and the Purchaser on a date on or before 31 October 2014 whilst the satisfaction of the conditions subsequent is expected by the 1st half of 2015. On 31 October 2014, the completion of the Proposed Disposal was not fulfilled and the Company is presently in discussion with the Purchaser to agree on the new Completion Date.

(D) Proposed Capitalisation and Proposed Private Placement

On 18 August 2014 the Company had announced the following:

- i) Proposed settlement of debt owing to a Director of the Company, specifically Dato’ Faizal bin Abdullah via the issuance of new ordinary shares of RM0.50 each in Tadmax (“**Tadmax Shares**”) (“**Settlement Shares**”) at an issue price to be determined and announced at a later date (“**Proposed Capitalisation**”); and

- ii) Proposed private placement in accordance with Section 132D of the Companies Act, 1965 (“Act”) of up to 37,275,744 new Tadmax Shares (“Placement Shares”), representing up to ten percent (10%) of the existing issued and paid-up share capital of the Company (excluding treasury shares), at an issue price to be determined and announced at a later date (“Proposed Private Placement”).

The Proposed Capitalisation was approved by the shareholders of the Company during the Extraordinary General Meeting held on 20 October 2014 whilst the Proposed Private Placement was approved by the shareholders of the Company during the Annual General Meeting held on 19 June 2014.

Bursa Malaysia Securities Berhad had, vide its letter dated 26 September 2014 approved the listing and quotation of the new shares to be issued pursuant to the Proposed Capitalisation and Proposed Private Placement, subject to among others compliance with the relevant provisions of the Listing Requirements and Tadmax procuring approval from its shareholders.

On 28 October 2014, the Company had announced that the issue price of the Settlement Shares was fixed at RM0.50 each, being the par value of Tadmax shares. Issue and allotment of the Settlement Shares totaling 72 million shares were allotted on 3 November 2014 followed by the listing of and quotation on the Main Market of Bursa Malaysia Securities Berhad on 5 November 2014.

The Proposed Private Placement is presently pending the identification of placee(s) to subscribe for the Placement Shares.

20. Group Borrowings and Debts Securities

Group borrowings are as follows:-

	As at 30/9/2014 RM'000	As at 30/9/2013 RM'000
(a) Current borrowings – secured		
Term loans	21,500	1,500
Term loan denominated in USD	115,828	31,291
Hire purchase payable	157	114
	<u>137,485</u>	<u>32,905</u>
(b) Non-current borrowings – secured		
Term loans	-	10,500
Term loan denominated in USD	85,612	177,317
	<u>85,612</u>	<u>187,817</u>
Hire purchase payable	467	318
	<u>86,079</u>	<u>188,135</u>

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

There were no outstanding derivatives as at 30 September 2014.

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

The Group's 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 (9 months ended)	
	30/9/2014 RM'000	30/9/2013 RM'000	30/9/2014 RM'000	30/9/2013 RM'000
Gain/(loss) arising from staff loan	-	1	-	2
Gain arising from other receivable	130	240	482	768
Net gain/(loss) from fair value adjustment	130	241	482	770

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

22. Material Litigation

Other than the cases shown below, there was no other material litigation pending as at 27 November 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.

The initial date of hearing fixed for 20th until 24th October 2014 has been vacated by the High Court as both parties requested for an extension of the case management period to deal with the voluminous amount of documentation involved. There is a hearing on 27th November 2014 where the High Court will decide on the new trial date which is expected by our counsel to take place sometime in February or March 2015.

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

23. Dividend Payable

No interim ordinary dividend has been declared for the financial period ended 30 September 2014 (30 September 2013: Nil).

24. Earnings/(Loss) Per Share

a) Basic Earnings/(Loss) Per Share

	Current Quarter 30/9/2014	Cumulative Quarter 30/9/2014
Profit/(Loss) for the financial period attributable to equity holders of the Company (RM'000)	<u>2,088</u>	<u>(6,401)</u>
Weighted average number of ordinary shares in issue ('000)	<u>372,757</u>	<u>372,757</u>
Basic earnings/(loss) per share (sen)	<u>0.56</u>	<u>(1.72)</u>

b) Diluted Earnings / (Loss) Per Share

There are no outstanding options, warrants or convertible securities during the current quarter hence, there are no dilutive effect to the loss per share of the Group.

25. Realised and Unrealised Retained Earnings/(Accumulated Losses)

	As at 30/9/2014 RM'000	As at 31/12/2013 RM'000
Total accumulated losses of Company and its subsidiaries:		
- Realised	(15,356)	(218)
- Unrealised	(3,224)	(11,961)
Total Group accumulated losses	<u>(18,580)</u>	<u>(12,179)</u>

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

	Current Quarter 30/9/2014 RM'000	Cumulative Quarter 30/9/2014 RM'000
Profit / (Loss) for the period is arrived at after crediting:-		
Interest income	3	16
Gain on foreign exchange	6,272	8,174
Amortisation of financial assets	130	482
	<u> </u>	<u> </u>
and after charging:-		
Interest expense	2,404	8,427
Depreciation of property, plant and equipment	160	342
Amortisation of prepaid land lease payments	23	69
Amortisation of prepaid land lease payments with cultivation rights	493	1,479
	<u> </u>	<u> </u>

Other than the above, there was no provision for and write-off of 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 2014.

27. 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 27 November 2014.