

TADMAX RESOURCES BERHAD (Company No. 8184-W)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2014
(The figures have not been audited)

	4th Quarter		Cumulative to Date	
	3 months ended		12 months ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	2,383	12,835	22,590	16,513
Cost of sales	<u>(2,220)</u>	<u>(12,326)</u>	<u>(21,200)</u>	<u>(15,677)</u>
Gross profit	163	509	1,390	836
Other operating income/(expenses)	457	996	8,835	2,900
Operating expenses	<u>(9,041)</u>	<u>(10,852)</u>	<u>(17,213)</u>	<u>(29,085)</u>
Operating loss	<u>(8,421)</u>	<u>(9,347)</u>	<u>(6,988)</u>	<u>(25,349)</u>
Finance costs	(292)	(3,071)	(8,719)	(12,084)
Share of net results of an associated company	-	10	-	(10,288)
Loss before taxation	<u>(8,713)</u>	<u>(12,408)</u>	<u>(15,707)</u>	<u>(47,721)</u>
Taxation	(176)	209	283	748
Net loss from continuing operations	<u>(8,889)</u>	<u>(12,199)</u>	<u>(15,424)</u>	<u>(46,973)</u>
Discontinued Operations				
Net loss from discontinued operation	<u>-</u>	<u>-</u>	<u>-</u>	<u>(433)</u>
Net loss for the financial year	<u>(8,889)</u>	<u>(12,199)</u>	<u>(15,424)</u>	<u>(47,406)</u>
Other comprehensive income/(loss)				
Reversal of translation reserve	-	(155)	-	(1,911)
Realisation of foreign exchange translation reserve	(116)	781	(128)	1,659
Total comprehensive loss for the year	<u>(9,005)</u>	<u>(11,573)</u>	<u>(15,552)</u>	<u>(47,658)</u>
Net loss attributable to :				
Owners of the Company	(8,818)	(12,135)	(15,219)	(47,206)
Non-controlling interests	<u>(71)</u>	<u>(64)</u>	<u>(205)</u>	<u>(200)</u>
	<u>(8,889)</u>	<u>(12,199)</u>	<u>(15,424)</u>	<u>(47,406)</u>
Total comprehensive loss attributable to:				
Owners of the Company	(8,934)	(11,509)	(15,347)	(47,458)
Non-controlling interests	<u>(71)</u>	<u>(64)</u>	<u>(205)</u>	<u>(200)</u>
	<u>(9,005)</u>	<u>(11,573)</u>	<u>(15,552)</u>	<u>(47,658)</u>
Basic Loss per ordinary share (sen)				
- from continuing operations	(2.12)	(3.27)	(4.01)	(12.60)
- from discontinuing operations	-	-	-	(0.12)
	<u>(2.12)</u>	<u>(3.27)</u>	<u>(4.01)</u>	<u>(12.72)</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 31 DECEMBER 2014

	(UNAUDITED) As At End Of Current Quarter 31/12/2014 RM'000	(AUDITED) As At Preceding Financial Year End 31/12/2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	12,933	6,484
Prepaid land lease payments	2,445	2,538
Prepaid land lease payments with cultivation rights	63,086	65,057
Investment in joint venture	14	14
Other investment	50	50
Timber concession rights	218,000	218,000
Deferred tax assets	2,519	2,619
Goodwill on consolidation	67,210	67,210
Other receivables	-	2,662
	366,257	364,634
Current assets		
Inventories	174,566	164,402
Amount due from customers on contracts	3,476	5
Trade receivables	10,340	14,985
Other receivables, deposits and prepayments	36,094	24,112
Tax recoverable	2,138	2,993
Fixed deposits placed with licensed bank	1,800	500
Cash and bank balances	623	961
	229,037	207,958
TOTAL ASSETS	595,294	572,592
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	222,616	186,616
Share premium	1,367	1,367
Treasury shares	(155)	(155)
Reserves:		
- translation reserve	948	1,076
- accumulated losses	(27,398)	(12,179)
Shareholders' funds	197,378	176,725
Non-controlling interest	28,438	28,643
Total equity	225,816	205,368

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

	(UNAUDITED)	(AUDITED)
	As At End Of Current Quarter 31/12/2014 RM'000	As At Preceding Financial Year End 31/12/2013 RM'000
Non-current liabilities		
Deferred tax liabilities	70,292	70,785
Hire purchase liabilities	426	288
Bank borrowings	-	136,261
	70,718	207,334
Current liabilities		
Trade payables	7,812	14,373
Other payables and accruals	37,496	10,384
Amount owing to a director	8,822	41,919
Hire purchase liabilities	159	115
Bank borrowings	240,276	88,860
Tax payables	4,195	4,239
	298,760	159,890
TOTAL LIABILITIES	369,478	367,224
TOTAL EQUITY AND LIABILITIES	595,294	572,592
	-	-
Net assets per share attributable to ordinary equity holders of the parent (sen)	44	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 31 DECEMBER 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
12 months ended 31 December 2014								
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 year	-	-	-	-	(15,219)	(15,219)	(205)	(15,424)
Issuance of ordinary shares - Capitalisation of amount owing to Director	36,000	-	-	-	-	36,000	-	36,000
Exchange differences on translation of foreign entities	-	-	-	(128)	-	(128)	-	(128)
As at 31 December 2014	222,616	1,367	(155)	948	(27,398)	197,378	28,438	225,816
12 months ended 31 December 2013								
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 year	-	-	-	1,659	(47,206)	(45,547)	(200)	(45,747)
Capital reduction	(181,616)	-	-	-	181,616	-	-	-
Issuance of ordinary shares - capitalisation of amount owing to Director	5,000	-	-	-	-	5,000	-	5,000
Realisation of foreign exchange translation reserve arising from disposal of assets held for sale	-	-	-	(1,911)	1,911	-	-	-
As at 31 December 2013	186,616	1,367	(155)	1,076	(12,179)	176,725	28,643	205,368

(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 DECEMBER 2014
(The figures have not been audited)

	CUMULATIVE QUARTER	
	Current Year	Preceding Year Corresponding Year
	31/12/2014	31/12/2013
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax from continuing operations	(15,707)	(47,721)
Loss before tax from discontinued operations	-	(433)
Loss before taxation	<u>(15,707)</u>	<u>(48,154)</u>
<u>Adjustments for non-cash items:</u>		
Amortisation of prepaid land lease payments:		
- Continuing operations	93	62
- Discontinued operations	-	11
Amortisation of prepaid land lease payments with cultivation rights	1,972	1,972
Depreciation:		
- Continuing operations	510	358
- Discontinued operations	-	-
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	(569)	(985)
(Gain)/Loss on foreign exchange	(8,192)	12,092
Interest expense	8,719	12,084
Interest income	(22)	(20)
Loss on disposal of associated company	-	3,722
Plant and equipment written off	-	2
Share of net results of associate	-	10,288
	<u>(13,196)</u>	<u>(10,455)</u>
Operating loss before working capital changes	(13,196)	(10,455)
<u>Changes in working capital:</u>		
Inventories	(10,125)	(542)
Contract customer	(2,245)	(5)
Receivables	21,043	(14,639)
Payables	17,021	16,842
	<u>12,498</u>	<u>(8,799)</u>
Cash from/(used in) operations	12,498	(8,799)
Interest received	22	20
Interest paid	(8,761)	(11,578)
Net of tax paid	823	(46)
Net cash from/(used in) operating activities	<u>4,582</u>	<u>(20,403)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash inflow from disposal of subsidiaries	-	123
Purchase of property, plant and equipment (Note 1)	(6,650)	(15)
Purchase of subsidiaries, net of cash and cash equivalents acquired (Note 2)	2	-
Proceeds on disposal of property, plant and equipment & prepaid lease payment	-	12,000
Proceeds on disposal of an associate	-	2,943
Fixed deposits pledged as security	-	20
Net cash (used in)/from investing activities	<u>(6,648)</u>	<u>15,071</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment)/Advance from a director	2,396	6,550
Term loan drawn down	13,500	5,500
Repayment of term loan	(12,489)	(7,910)
Repayment of hire purchase liabilities	(126)	(111)
Net cash from/(used in) financing activities	<u>3,281</u>	<u>4,029</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,215	(1,303)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(253)	2,090
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	1,461	674
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>2,423</u>	<u>1,461</u>
	-	-

TADMAX RESOURCES BERHAD (Company No. 8184-W)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 31 DECEMBER 2014 - continued
(The figures have not been audited)

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

	As at 31/12/2014 RM'000	As at 31/12/2013 RM'000
Deposits placement with licensed banks	1,800	500
Cash and bank balances	623	961
	2,423	1,461

Note 1 - During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM6,956,000 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 RM6,650,000.

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 31 December 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 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 except as disclosed in Note 19 (D) of the Additional Explanatory Notes.

7. Dividends Paid

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

8. Segmental Reporting

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

Business Activity	Current 4 th Quarter 3 months ended				Cumulative Quarter 12 months ended			
	31/12/2014		31/12/2013		31/12/2014		31/12/2013	
	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	-	(8)	-	345	-	(27)	-	456
Investment holding	-	(7,744)	-	(6,840)	-	(4,913)	-	(20,784)
Property	-	(292)	10,431	300	76	(1,068)	12,924	434
Licensed money Lending	-	-	-	-	-	-	124	124
Agricultural cultivation and trading #	-	-	-	-	-	-	575	(433)
Industrial supplies	2,383	164	2,404	222	22,514	1,382	3,465	285
Others	-	(541)	-	(3,374)	-	(2,362)	-	(5,864)
	2,383	(8,421)	12,835	(9,347)	22,590	(6,988)	17,088	(25,782)
Finance costs	-	(292)	-	(3,071)	-	(8,719)	-	(12,084)
Share of net results of an associated company	-	-	-	10	-	-	-	(10,288)
	2,383	(8,713)	12,835	(12,408)	22,590	(15,707)	17,088	(48,154)

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 for the financial impact on the completion of the Corporate Proposals as disclosed in Note 19 (B) and 19 (C) of the Additional Explanatory Notes.

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 31 December 2014 except as below :-

	RM'000
Approved and contracted for:	
- Property, plant and equipment	<u>300</u>

14. Significant Related Party Transactions

There are no significant related party transaction in the current quarter under review except for the Proposed Capitalisation as disclosed in Note 19 (D) of the Additional Explanatory Notes 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	% +/-	3Q 2014	% +/-	4Q 2014	4Q 2013	% +/-	
Revenue									
Timber	-	-	-	-	-	-	-	-	-
Investment holding	-	-	-	-	-	-	-	-	-
Property	-	10,431	-100	-	-	76	12,924	-99	-
Licensed money lending	-	-	-	-	-	-	124	-100	-
Agricultural cultivation and trading #	-	-	-	-	-	-	575	-100	-
Industrial supplies	2,383	2,404	-1	8,657	-72	22,514	3,465	550	-
Others	-	-	-	-	-	-	-	-	-
	2,383	12,835	-81	8,657	-72	22,590	17,088	32	
Profit/(Loss) before tax									
Timber	(8)	345	-102	(5)	39	(27)	456	-106	-
Investment holding	(7,744)	(6,840)	13	4,648	-159	(4,913)	(20,784)	-76	-
Property	(292)	300	-197	(312)	-6	(1,068)	434	-346	-
Licensed money lending	-	-	-	-	-	-	124	-100	-
Agricultural cultivation and trading #	-	-	-	-	-	-	(433)	-100	-
Industrial supplies	164	222	-26	556	-71	1,382	285	385	-
Others	(541)	(3,374)	-84	(601)	-10	(2,362)	(5,864)	-60	-
	(8,421)	(9,347)	-10	4,286	-180	(6,988)	(25,782)	-73	
Finance costs	(292)	(3,071)	-90	(2,404)	-88	(8,719)	(12,084)	-28	-
Share of associates results	-	10	-100	-	-	-	(10,288)	-100	-
	(8,713)	(12,408)	-30	1,882	-297	(15,707)	(48,154)	-67	

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 RM2.4 mil was contributed by the revenue from the industrial supplies business segment whilst last year corresponding quarter of RM12.8 million was contributed by the revenue from industrial supplies of RM2.4 million and property business segment of RM10.4 million.

Loss before tax decreased by RM3.7 million due mainly to lower foreign exchange loss of RM0.9 million and lower interest expenses of RM2.8 million, both in the current quarter vis-à-vis the corresponding quarter.

Review on Performance - Current Quarter compared to Preceding Quarter

TURNOVER decreased by RM6.3 million as compared to preceding quarter contributed wholly by the lower revenue from the Industrial supplies business segment due to lower offtake achieved in view of the monsoon period since October 2014 in the east coast of Peninsular Malaysia.

The current quarter registering a loss before tax of RM8.7 mil vis-à-vis the preceding quarter profit of RM1.9 million due mainly to the foreign exchange gain of RM6.3 million recorded in the preceding quarter setoff by the lower interest expense in the current quarter by RM2.1 million.

16. Prospects

The Industrial Supplies business segment was the main contributor to the group's revenue in year 2014. However, the Property business segment is expected to be a contributor for year 2015 with the launching of its property project in Ganggarak, Labuan in the 1st half of 2015.

Based on the above and supported further with the Proposed Disposals (as elaborated under Corporate Proposals in Notes 19(B) and 19(C) hereinbelow) which is expected to complete by the 1st half 2015, 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 (12 months ended)	
	31/12/2014 RM'000	31/12/2013 RM'000	31/12/2014 RM'000	31/12/2013 RM'000
Current tax:				
Malaysian income tax	-	8	-	45
	<u>-</u>	<u>8</u>	<u>-</u>	<u>45</u>
Under/ (Over) provision of Malaysian income tax in prior years	-	-	(12)	(113)
	<u>-</u>	<u>8</u>	<u>-</u>	<u>(68)</u>
Deferred tax	176	(217)	(271)	(680)
Total income tax expense	<u>176</u>	<u>(209)</u>	<u>(283)</u>	<u>(748)</u>

Included in the income tax figure for the quarter ended 31 December 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 Proposals

Status 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.

(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 the application for the issuance of document of title was submitted to the local authorities in February 2015.

19. Corporate Proposals (continued)

(C) Proposed Disposal of Tadmax Power Sdn Bhd for a total revised cash consideration of RM294,378,480

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 15 December 2014 the parties had executed a Supplemental Share Sale Agreement (“SSSA”) to vary certain terms and conditions of the SSA. The varied salient terms and conditions of the SSSA :-

	Terms and conditions subject to variation	Varied terms and conditions
1.	Disposal Consideration	Revised from RM317,334,600 to RM294,378,480, calculated at revised RM21.80 per square foot vis-à-vis previously RM23.50 per square foot of the Subject Land measuring 310 acres.
2.	Conditions Subsequent	Sold on an “as is where is basis” in place of the Company’s obligation to undertake conversion of the category use of the Subject Land from “bangunan” to “Industri”.
3.	Completion	Completion shall be on or before 30 June 2015.
4.	Others	Ivory Merge Sdn Bhd shall bear all financial and related costs payable to EXIM Bank and all outgoings in relation to the Subject Land for the period from 28 th August 2014 (the date within 7 days of the Unconditional Date of the SSA) up until the date of full settlement by Ivory Merge Sdn Bhd of the Disposal Consideration. For avoidance of doubt, the Company shall bear all financial and related cost payable to EXIM Bank and all outgoings in relation to the Subject Land for the period up to and including 27 th August 2014.

(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**”).

19. Corporate Proposals (continued)

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 31/12/2014 RM'000	As at 31/12/2013 RM'000
(a) Current borrowings – secured		
Term loans	16,500	15,489
Term loan denominated in USD	223,776	73,371
Hire purchase payable	159	115
	<u>240,435</u>	<u>88,975</u>
(b) Non-current borrowings – secured		
Term loan denominated in USD	-	136,261
Hire purchase payable	426	288
	<u>426</u>	<u>136,549</u>

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

There were no outstanding derivatives as at 31 December 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 (12 months ended)	
	31/12/2014 RM'000	31/12/2013 RM'000	31/12/2014 RM'000	31/12/2013 RM'000
Gain arising from staff loan	3	-	3	2
Gain arising from other receivable	84	215	566	983
Net gain from fair value adjustment	87	215	569	985

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 25 February 2015 (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.

Due to the passing of the lead counsel for the matter and also managing partner of the appointed firm on 4th February 2015, an adjournment of the trial date was requested to facilitate the handing over of the matter to another associate within the firm and a new trial date will be decided upon by the High Court at a hearing scheduled in 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 year ended 31 December 2014 (31 December 2013: Nil).

24. Earnings/(Loss) Per Share

a) Basic Earnings/(Loss) Per Share

	Current Quarter 31/12/2014	Cumulative Quarter 31/12/2014
Loss for the financial period/year attributable to equity holders of the Company (RM'000)	<u>(8,818)</u>	<u>(15,219)</u>
Weighted average number of ordinary shares in issue ('000)	<u>418,931</u>	<u>384,396</u>
Basic loss per share (sen)	<u>(2.10)</u>	<u>(3.96)</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 31/12/2014 RM'000	As at 31/12/2013 RM'000
Total accumulated losses of Company and its subsidiaries:		
- Realised	(35,349)	(218)
- Unrealised	7,951	(11,961)
Total Group accumulated losses	<u>(27,398)</u>	<u>(12,179)</u>

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

	Current Quarter 31/12/2014 RM'000	Cumulative Quarter 31/12/2014 RM'000
Loss for the period/year is arrived at after crediting:-		
Interest income	6	22
Gain on foreign exchange	70	8,244
Gain on recognition of financial assets	87	569
and after charging:-		
Interest expense	292	8,717
Provision for receivable	5,000	5,000
Depreciation of property, plant and equipment	168	510
Amortisation of prepaid land lease payments	24	93
Amortisation of prepaid land lease payments with cultivation rights	493	1,972

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/year ended 31 December 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 25 February 2015.