



TANAH MAKMUR BERHAD (841938-U)
(formerly known as Kreatif Selaras Sdn Bhd)

**Quarterly Report on Consolidated Results for the
Third Quarter Ended 30.09.2014**



TANAH MAKMUR BERHAD (841938-U)
(formerly known as Kreatif Selaras Sdn Bhd)

Condensed Consolidated Statement of Comprehensive Income

	<u>Current quarter</u>		<u>Cumulative quarter</u>	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	3 months ended		9 months ended	
	30 Sep		30 Sep	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Revenue	110,807	63,593	283,944	168,591
Other income	727	752	1,490	1,562
	111,534	64,345	285,434	170,153
Operational costs	(75,934)	(36,173)	(201,552)	(112,296)
Depreciation and amortisation	(2,549)	(1,677)	(7,642)	(6,602)
Profit from operations	33,051	26,495	76,240	51,255
<i>Finance costs</i>	(415)	(596)	(3,538)	(2,079)
Profit before taxation	32,636	25,899	72,702	49,176
Taxation	(11,380)	(6,420)	(21,549)	(14,487)
Profit for the period	21,256	19,479	51,153	34,689
Other comprehensive income :	-	-	-	-
Total comprehensive income for the year	21,256	19,479	51,153	34,689
<i>Profit attributable to:</i>				
Equity holders of the company	14,447	18,427	39,080	32,683
Non-controlling interests	6,809	1,052	12,073	2,006
	21,256	19,479	51,153	34,689
<i>Total comprehensive income attributable to:</i>				
Equity holders of the company	14,447	18,427	39,080	32,683
Non-controlling interests	6,809	1,052	12,073	2,006
	21,256	19,479	51,153	34,689
Earnings per share attributable to equity holders of the company (sen):				
Basic (Note B14)	4.10	5.33	10.90	9.45

This interim financial report should be read in conjunction with the audited financial statements of Tanah Makmur Berhad (“Tanah Makmur” or “Company”) and its subsidiaries (“Tanah Makmur Group” or “Group”) for the year ended 31 December 2013.



TANAH MAKMUR BERHAD (841938-U)
(formerly known as Kreatif Selaras Sdn Bhd)

Condensed Consolidated Statement of Financial Position

	<i>(unaudited)</i> As at 30/09/2014	<i>(audited)</i> As at 31/12/2013
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	148,734	148,966
Biological assets	87,248	79,087
Land use rights	39,466	39,897
Land held for property development	28,361	28,600
Other investment	5	5
	303,814	296,555
Current assets		
Property development costs	83,188	73,214
Inventories	12,424	12,857
Trade and other receivables	61,004	32,839
Other current assets	12,559	6,365
Marketable securities	4,553	4,553
Tax recoverable	240	623
Cash and bank balances	129,268	46,931
	303,236	177,382
TOTAL ASSETS	607,050	473,937
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	199,080	173,010
Reserves	204,144	150,476
	403,224	323,486
Non-controlling interests	21,444	16,150
Total equity	424,668	339,636
Non-current liabilities		
Loans and borrowings	37,613	44,455
Staff benefit liabilities	3,639	4,111
Deferred tax liabilities	28,669	29,538
	69,921	78,104
Current liabilities		
Loans and borrowings	5,364	12,407
Trade and other payables	60,286	33,618
Dividend payable	23,890	-
Other current liabilities	12,920	7,465
Tax payable	10,001	2,707
	112,461	56,197
TOTAL LIABILITIES	182,382	134,301
TOTAL EQUITY AND LIABILITIES	607,050	473,937
Net assets per share attributable to equity holders of the Company (RM)	1.12	0.93 *

***Note: adjusted for subdivision of shares to RM0.50 each retrospectively as per Paragraph B10 as at 31 December 2013 for comparative purposes.**

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013.



TANAH MAKMUR BERHAD (841938-U)
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Condensed Consolidated Statements of Changes in Equity
for the period ended 30/9/2014

	<-----Non-distributable----->				<Distributable>			
	Share capital	Share premium	Capital redemption reserves	Other Reserve	Retained profit	Total	Non- controlling interests	TOTAL EQUITY
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1.1.2014	173,010	-	1,050	3,544	145,882	323,486	16,150	339,636
Total comprehensive income	-	-	-	-	39,080	39,080	12,073	51,153
Transfer to capital reserve	-	-	700	-	(700)	-	-	-
New issue of shares	26,070	39,105	-	-	-	65,175	-	65,175
Listing expenses	-	(627)	-	-	-	(627)	-	(627)
Dividend paid to minority interest	-	-	-	-	-	-	(7,073)	(7,073)
Issue of ordinary shares by subsidiary	-	-	-	-	-	-	294	294
Proposed dividend (A8)	-	-	-	-	(23,890)	(23,890)	-	(23,890)
At 30.9.2014	199,080	38,478	1,750	3,544	160,372	403,224	21,444	424,668

	<-----Non-distributable----->				<Distributable>			
	Share capital	Share premium	Capital redemption reserves	Other reserve	Retained profit	Total	Non- controlling interests	TOTAL EQUITY
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1.1.2013	173,010	-	700	3,544	129,533	306,787	14,150	320,937
Total comprehensive income	-	-	-	-	42,890	42,890	1,800	44,690
Transfer to capital reserve	-	-	350	-	(350)	-	-	-
Issue of ordinary shares by subsidiaries	-	-	-	-	-	-	944	944
Dilution/(accretion) on change in stake	-	-	-	-	(240)	(240)	240	-
Dividend paid to minority interest	-	-	-	-	-	-	(984)	(984)
Dividend	-	-	-	-	(25,951)	(25,951)	-	(25,951)
At 31.12.2013	173,010	-	1,050	3,544	145,882	323,486	16,150	339,636

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013.



TANAH MAKMUR BERHAD (841938-U)
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Condensed Consolidated Statement of Cash Flow
For the 9 Months Period Ended 30 September 2014

	<i>(unaudited)</i>	<i>(unaudited)</i>
	30/09/2014	30/09/2013
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit before tax	72,702	49,176
<u>Adjustments for :</u>		
Depreciation / amortisation	7,642	6,602
Bad debts written off	161	-
Provision for doubtful debt	246	-
Loss on sale of live stock	46	1
Pension costs - defined benefit plan	(473)	152
Interest on borrowings	1,481	2,079
Interest income	(813)	(740)
Unwinding discounts of the redeemable preference shares	2,056	1,126
Listing expenses write off against share premium	(627)	-
Total adjustments	9,719	9,220
Operating profit before changes in working capital	82,421	58,396
<u>Changes in working capital :</u>		
- Property development costs and land held for development	(9,735)	(6,978)
- Trade and other receivables	(26,354)	(12,498)
- Inventories	433	(2,012)
- Trade and other payables	24,220	588
Total changes in working capital	(11,436)	(20,900)
Cash generated from operations	70,985	37,496
Interest paid	(1,481)	(2,079)
Taxes paid	(15,894)	(11,256)
Taxes refund	697	230
Net cash flows from operating activities	54,307	24,391



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Condensed Consolidated Statement of Cash Flow
For the 9 Months Period Ended 30 September 2014

	<i>(unaudited)</i> 30/09/2014 RM'000	<i>(unaudited)</i> 30/09/2013 RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,551)	(9,676)
Purchase of biological assets	(11,037)	(8,427)
Proceeds from sales of live stock	205	187
Proceeds from disposal of land held for property development	-	3,769
Purchase of livestock	(29)	(12)
Interest income received	813	740
Net cash used in investing activities	(13,599)	(13,419)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	25,000	5,163
Repayment of borrowings	(34,767)	(20,509)
Repayment of redeemable preference shares	(7,000)	-
Proceeds from Initial Public Offering (B10)	65,175	-
Dividends paid to equity holders of the company	-	(8,650)
Dividend paid to non-controlling interest	(7,073)	(492)
Proceeds issuance of ordinary shares by subsidiaries to non-controlling interests	294	360
Net cash used in financing activities	41,629	(24,128)
CASH AND CASH EQUIVALENTS		
Net increase / (decrease)	82,337	(13,156)
At beginning of year	46,931	68,985
At end of period	129,268	55,829

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013.



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A. Information Required by Financial Reporting Standards 134

(1) Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the Financial Reporting Standards (“FRSs”) no: 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2013. The following notes explain the events and transactions that are significant for understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

(2) Significant Accounting Policies

The significant accounting policies are consistent with those adopted in the audited financial statements for year ended 31 December 2013, except for the new FRSs, revised FRSs, Amendments to FRSs and Issues Committee Interpretations (“IC Interpretation”), if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to FRS 132: <i>Offsetting Financial Assets And Financial Liabilities</i>	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: <i>Investment Entities</i>	1 January 2014
Amendments to FRS 136: <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to FRS 139: <i>Novation of Derivatives And Continuation of Hedge Accounting</i>	1 January 2014
Amendments to FRS 2: <i>(Annual Improvements to FRS 2010-2012 Cycle)</i>	1 July 2014
Amendments to FRS 3: <i>(Annual Improvements to FRS 2011-2013 Cycle)</i>	1 July 2014
Amendments to FRS 13: <i>(Annual Improvements to FRS 2011-2013 Cycle)</i>	1 July 2014
Amendments to FRS 116: <i>(Annual Improvements to FRS 2010-2012 Cycle)</i>	1 July 2014
Amendments to FRS 124: <i>(Annual improvements to FRS 2010-2012 Cycle)</i>	1 July 2014
Amendments to FRS 140: <i>(Annual Improvements to FRS 2011-2013 Cycle)</i>	1 July 2014
IC Interpretation 21 Levies	1 January 2014
FRS 9: Financial Instruments	1 January 2015



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The adoptions did not result in significant changes in the accounting policies and presentation of the financial results of the Group.

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

The MFRS Framework has been applied by all entities other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called “**Transitioning Entities**”).

Transitioning Entities would be allowed to defer adoption of the new MFRS framework for additional three years. MFRS will therefore be mandated for all companies for annual period beginning on or after 1 January 2017.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively against opening retained earnings.

(3) Auditors’ Report on Preceding Annual Financial Statements

The auditors have expressed an unqualified opinion on the Group’s preceding annual financial statements.

(4) Seasonal or Cyclical Factors

The harvest of Fresh Fruit Bunch (“**FFB**”) in our plantation estates tends to increase in the remainder of the year as a result of rainfall patterns in Malaysia which typically leads to a greater supply of Crude Palm Oil (“**CPO**”) and Palm Kernel (“**PK**”) as FFB is processed following its harvest.

The Group’s property development business generally moves in tandem with the economy, whereby strong economic growth coupled with fiscal stimulus by the Government would spur the growth of the property development business.

(5) Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting liabilities, equity, net income, or cash flow in the period under review.

(6) Changes in Estimates

There were no changes in estimated amounts that have a material effect on the current financial period results.

(7) Debt and Equity Securities: Issuances, cancellations, repurchases, resale and/or repayments of debt and equity securities

There were no cancellations, repurchase, resale and repayment of debt and equity securities in the quarter under review.



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(8) **Dividend**

For the financial year ending 31 December 2014.

On 25 August 2014, the Company had announced a single tier interim dividend of six (6) sen per share to be payable on 8 October 2014 to the entitled shareholders whose names appear on the record of depositor on 10 September 2014. As of the date of this report, the dividend has been fully paid.

(9) **Segmental Information**

Segmental information is presented in respect of the Group's business segments. The reportable segments for the current financial period have been identified as follows:

- Plantation – Plantation segment activities including cultivation of oil palms, sales of FFB and other related products, and its ancillary activities comprising the operation of a palm oil mill and a compost plant.
- Property Development - Property development segment activities including sales of residential and commercial properties, trading materials, and mineral extraction activities.

No geographical segmental information is presented as the Group activities are carried out in Malaysia.

	PLANTATION	PROPERTY DEVELOPMENT	GROUP
	RM'000	RM'000	RM'000
3 months ended			
30 Sep 2014			
Revenue			
Total revenue	60,331	69,258	129,589
Less : Inter-segment revenue	(14,907)	(3,875)	(18,782)
External revenue	<u>45,424</u>	<u>65,383</u>	<u>110,807</u>
Segment result (external)	7,818	24,818	<u>32,636</u>
Profit before tax			<u>32,636</u>
3 months ended			
30 Sep 2013			
Revenue			
Total revenue	65,147	18,201	83,348
Less : Inter-segment revenue	(10,738)	(9,017)	(19,755)
External revenue	<u>54,409</u>	<u>9,184</u>	<u>63,593</u>
Segment result (external)	21,067	4,832	<u>25,899</u>
Profit before tax			<u>25,899</u>



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	PLANTATION	PROPERTY DEVELOPMENT	GROUP
	RM'000	RM'000	RM'000
Cumulative 9 months ended			
30 Sep 2014			
Revenue			
Total revenue	198,592	146,094	344,686
Less : Inter-segment revenue	(49,961)	(10,781)	(60,742)
External revenue	<u>148,631</u>	<u>135,313</u>	<u>283,944</u>
Segment result (external)	28,897	43,805	<u>72,702</u>
Profit before tax			<u>72,702</u>
Cumulative 9 months ended			
30 Sep 2013			
Revenue			
Total revenue	149,559	53,339	202,898
Less : Inter-segment revenue	(25,290)	(9,017)	(34,307)
External revenue	<u>124,269</u>	<u>44,322</u>	<u>168,591</u>
Segment result (external)	36,906	12,270	<u>49,176</u>
Profit before tax			<u>49,176</u>

(10) Carrying Amount of Revalued Assets

The carrying amounts of property, plant and equipment, biological assets and leasehold land have been brought forward without amendment from the audited financial statements for the year ended 31 December 2013. Our last revaluation was made in year 2010.

(11) Subsequent Event

There is no material event subsequent to the end of the current quarter.

(12) Change in Composition of the Group

There is no change in composition of the Group in the current quarter.

(13) Contingent Liabilities and/or Contingent Assets

As at 30 September 2014 there is no contingent liability / asset which upon becoming enforceable may have a material effect on the net assets, profits or financial position of our Group.



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(14) Capital Commitments

The amount of commitments for the purchase of property, plant and equipment and for biological assets not provided for in the financial statements as at 30 September 2014 is as follow:

	As at 30/09/2014 RM'000
Property, plant and equipment:	
- Authorised but not contracted	25,278
- Contracted but not provided in the financial statements	168
	25,446
Biological asset:	
- Authorised but not contracted	20,749
- Contracted but not provided in the financial statements	2,165
	22,914



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B. Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

1. REVIEW OF PERFORMANCE

Current quarter – Q3 2014 Versus Q3 2013

For the 3rd quarter ended 30 September 2014, the Group's revenue increased by 74.25% to RM110.80 million from RM63.59 million in the previous year's corresponding period.

Profit before tax increased by 26.02% to RM32.63 million recorded in the 3rd Quarter 2014, from RM25.89 million in the previous year's corresponding period. The Group's total comprehensive income attributable to equity holders of the company also decreased to RM14.44 million in the 3rd Quarter 2014, from RM18.42 million in the previous year's corresponding period, an increase of 21.61%.

	Q3-2014	Q3-2013	Variance
	RM'000	RM'000	%
Revenue			
Plantation	45,424	54,409	(16.52%)
Property development	65,383	9,184	611.93%
Total	110,807	63,593	74.25%
Profit Before Tax			
Plantation	7,818	21,067	(62.89%)
Property development	24,818	4,832	413.62%
Total	32,636	25,899	26.02%

Plantation segment

Revenue from plantation segment decreased by 16.52 % due to FFB production and higher CPO and PK prices as compared to the same quarter last year.

Furthermore, the profitability of the milling operations had improved in view of higher selling prices of CPO and PK, improved oil extraction rates and lower processing costs from higher quantity of FFB processed.

The following table sets forth some of the statistics of our plantations business:

	Unaudited	
	For the 3 months ended 30 Sep	
	2014	2013
Average CPO selling price (RM/mt)	2,203	2,346
Average PK selling price (RM/mt)	1,440	1,342
Average FFB selling price (RM/mt)	518	541
FFB production (mt)	61,968	68,187
Intake of FFB processed (mt):		
Our Group's plantation estates	32,966	22,675
Third Party plantation owners and traders	27,110	31,297
	60,076	53,972

Property development segment

During the quarter, the property development segment registered a higher profit of RM24.81 million or 413.82% as compared to the previous year's quarter profit before tax of RM4.83 million as a result of new launchings of residential units in KotaSAS and increase in the sales of trading material volumes as compared to the previous year's corresponding period. Furthermore, mining of bauxite deposits as part of property development segment which commenced in April 2014 contributed to the higher revenue and profit in the 3rd Quarter 2014 by RM38.69 million and RM15.11 million respectively.



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Cumulative period – 9 months 2014 Versus 9 months 2013

For the 9 months period ended 30 September 2014, the Group's revenue increased by 68.43% to RM283.94 million from RM168.59 million in the previous year's corresponding period.

Profit before tax increased by 47.84% to RM72.70 million recorded in the 9 months year 2014, from RM49.17 million in the previous year's corresponding period. Similarly, the Group's total comprehensive income attributable to equity holders of the company also increased to RM39.08 million in the 9 months year 2014, from RM32.68 million in the previous year's corresponding period, an increase of 19.59%.

	9 months ended 30 Sep 2014	9 months ended 30 Sep 2013	Variance
	RM'000	RM'000	%
Revenue			
Plantation	148,631	124,269	19.61%
Property development	135,313	44,322	205.30%
Total	283,944	168,591	68.43%
Profit Before Tax			
Plantation	28,897	36,906	(21.70%)
Property development	43,805	12,270	257.01%
Total	72,702	49,176	47.84%

Plantation segment

Revenue from plantation segment increased by 19.61 % due to higher CPO and PK prices for the 9 months year 2014 as compared to the same period last year.

Furthermore, the profitability of the milling operations had improved in view of the higher CPO and PK prices, improved oil extraction rates and lower processing costs from higher quantity of FFB processed.

The following table sets forth some of the statistics of our plantations business:

	Unaudited	
	For the 9 months ended 30 Sep	
	2014	2013
Average CPO selling price (RM/mt)	2,458	2,332
Average PK selling price (RM/mt)	1,796	1,266
Average FFB selling price (RM/mt)	588	533
FFB production (mt)	154,046	167,692
Intake of FFB processed (mt):		
Our Group's plantation estates	94,994	54,808
Third Party plantation owners and traders	78,801	53,214
	<u>173,795</u>	<u>108,022</u>

Property development segment

During the 9 months year 2014, the property development segment registered a higher profit of RM43.80 million or 257.01% as compared to the same period last year profit before tax of RM12.27 million as a result of new launchings of residential units in KotaSAS and increase in the sales of trading material volumes as compared to the previous year's corresponding period. Furthermore, mining of bauxite deposits as part of property development segment which commenced in April 2014 contribute to the higher revenue and profit during the 9 months year 2014 by RM59.46 million and RM18.67 million respectively.



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2. MATERIAL CHANGES IN QUARTERLY RESULTS IN COMPARISON WITH THE PRECEDING QUARTER

The Group posted higher profit before taxation and net profit for the current quarter ended 30 September 2014 as compared to the preceding quarter ended 30 June 2014 mainly due to:

- (i) higher contribution from property development activities, including mining of bauxite minerals activities by RM9.84 million (65.79%);
- (ii) higher FFB production by 12,534 metric tonnes (25.36%).

3. PROSPECTS

The results of our operations for the year ending 31 December 2014 are expected to continue to be primarily influenced by the following factors :

- CPO price and supply of global edible oils;
- Our ability to maintain our market share and grow our sales;
- The state of the Malaysian and global economy and expectations on growth; and
- Our ability to manage our operating costs.

Except as disclosed above and in risk factors and significant factors affecting our results of operations in Section 5 and 12.2.2 of the abovementioned Prospectus respectively, our Board confirms that there are no other known trends, factors, demands, commitments, events or uncertainties that are reasonably likely to have a material effect on our financial condition and results of operations. We expect the performance of the plantations segment to be satisfactory at the existing CPO price levels. Property development segment revenue will increase in tandem with new launchings towards the end of the year.

Our Board expects the result of our group's operations for the year ending 31 December 2014 to be satisfactory.

4. PROFIT FORECASTS AND/OR PROFIT GUARANTEE

Profit forecast

There was no profit forecast issued for Tanah Makmur Group in the period under review.

Profit guarantee

The profit guarantee received by Tanah Makmur Group in the period under review is as follows:-

Our wholly-owned Subsidiary, KotaSAS Sdn Bhd ("**KotaSAS**") entered into a shareholders' agreement dated 1 April 2013 which was subsequently substituted by the amended restated shareholders' agreement dated 12 May 2014 ("**Shareholders' Agreement**") with Tanah Makmur Perkasa Sdn Bhd ("**Tanah Makmur Perkasa**") to govern the relationships of both parties as shareholders of Tanah Makmur KotaSAS Sdn Bhd ("**Tanah Makmur KotaSAS**"), the entity that carries out the development project on certain portion of all those parcels of 99-year leasehold land located in Bukit Goh, Kuantan, Pahang measuring in total approximately 1,500 acres that has yet to be developed ("**Development Project**").

Subsequently, KotaSAS and Tanah Makmur KotaSAS had entered into a development agreement dated 8 January 2014 which was subsequently substituted by the amended restated development agreement dated 12 May 2014 ("**Development Agreement**") to formalise the arrangement of the Development Project.

Tanah Makmur KotaSAS shall complete the launching of the Development Project within a period of five years only from 1 April 2013. Tanah Makmur Perkasa had demonstrated its commitment to the Development Project by granting an irrevocable guarantee to KotaSAS that the aggregate of the cost of the development land for the purpose of the Development Project and 60% of the development profit that shall be attributable to KotaSAS for five financial years commencing from 1 January 2013 until 31 December 2017 shall not be less than RM110,000,000 ("**Minimum Guarantee**"), subject to the yearly tranche below.



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<u>Financial year ended 31 December</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
	<u>RM million</u>					
Yearly minimum guaranteed entitlement comprising the following:						
Land cost ⁽¹⁾	1.21	4.20	7.90	12.46	19.00	44.77
60% of profit before tax ⁽²⁾	0.91	10.10	14.42	18.97	20.83	65.23
Total	2.12	14.30	22.32	31.43	39.83	110.00

Notes:

- (1) The land cost as set out in the table above is the capped amount in so far as it concerns the determination of whether the yearly minimum guaranteed entitlement is met (“**Land Cost**”). Any amount actually recognised by KotaSAS and Tanah Makmur KotaSAS as Land Cost in any financial year which is in excess of the yearly guaranteed Land Cost will be ignored and shall not be used to determine whether the yearly minimum guarantee entitlement is met.
- (2) The 60% of profit before tax (“**Landowner’s Portion**”) as set out in the table above shall refer to the profit before tax disclosed in the audited financial statements of Tanah Makmur KotaSAS for each of the financial years. The Landowner’s Portion is the minimum amount in so far as it concerns the determination of whether yearly minimum guaranteed entitlement is met. In determining whether the yearly minimum guaranteed entitlement is met, if:
- (i) the Landowner’s Portion in any financial year is in excess of the yearly minimum guaranteed Landowner’s Portion as set out in the table above for that year; and
 - (ii) the Land Cost actually recognised by KotaSAS in that year is lesser than the yearly guaranteed Land Cost as set out in the table above for that year,

then, any amount in excess of the yearly minimum guaranteed Landowner’s Portion for that year can be used to top up the deficiency in the Land Cost actually recognised by KotaSAS and Tanah Makmur KotaSAS in that year.

The Minimum Guarantee provided by Tanah Makmur Perkasa shall be backed by the personal guarantees of the two existing Directors and shareholders of Tanah Makmur Perkasa, namely, YM Tengku Dato’ Ahmad Faisal bin Tengku Ibrahim and YH Dato’ Azizan bin Jaafar, in favour of KotaSAS and shall survive the termination of the Development Agreement and Shareholders’ Agreement, and the yearly minimum guaranteed entitlement for the five financial years shall continue until all guarantees thereunder are met and fully settled notwithstanding termination of the Development Agreement and Shareholders’ Agreement.

A yearly update on the Minimum Guarantee will be disclosed under a sub-header within our Chairman’s statement in our annual report.

The Board expects that there will be no shortfall in both (1) and (2) stated above for the financial year ending 31 December 2014.



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5. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	<i>(unaudited)</i>	<i>(unaudited)</i>
	current period	Preceding year
	30/09/2014	corresponding
	RM'000	period
		30/09/2013
		RM'000
Depreciation / amortisation	7,642	6,602
Bad debt written off	161	-
Provision for doubtful debt	246	-
Loss on sale of live stock	46	1
Pension costs – defined benefit plan	(473)	152
Interest on term loan	1,436	2,035
Interest on hire purchase	45	44
Interest income	(813)	(740)
Unwinding discounts of the redeemable preference shares	2,056	1,126
Listing expenses write off against share premium	<u>(627)</u>	<u>-</u>

There is no other item to be disclosed other than those highlighted above.

6. TAXATION

	RM'000
Taxation comprises of:	
Current provision	22,427
Previous year overprovided	(56)
Deferred taxation	(822)
	<u>21,549</u>

The effective tax rate of the Group for the current financial period ended 30 September 2014 is higher than the Malaysian income tax rate of 25% due principally to the non-deductable expenses.

7. SALE OF PROPERTIES AND UNQUOTED INVESTMENT

There is no sale of property and unquoted investment in the current quarter save for properties sold under the property development segment.

8. QUOTED SECURITIES

There is no quoted security that matured in the current quarter.

9. FOREIGN EXCHANGE GAIN OR LOSS

The Group does not have any foreign exchange gain or loss for the current quarter and cumulative quarter ended 30 September 2014.



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10. STATUS OF CORPORATE PROPOSALS

On 17 July 2014, the company successfully listed its entire issued and paid up capital on the Main Market of Bursa Malaysia Securities Berhad. Status of utilisation of proceeds raised from the initial public offering of RM65.175 million is as follow:

Purpose	Timeframe utilisation of proceeds	Amount of total proceeds raised (RM)	Amount of total actual utilisation (RM)
Estate development	within 24 months	28,500,000	7,751,000
Expansion of palm oil mill	within 24 months	5,000,000	-
Infrastructure work of the KotaSAS Township	within 24 months	13,000,000	-
Repayment of bank borrowings	within 6 months	13,075,000	13,075,000
Listing expenses	within 6 months	5,600,000	5,600,000
Total gross proceeds		65,175,000	26,426,000

There is no pending corporate proposal as at the date of this report.

11. GROUP BORROWINGS

Loans and borrowings as at 30 September 2014 comprise of:

	Amount RM'000
11.1 Current loans and borrowings	
Bai Bithaman Ajil	-
Business Financing-i (plantation)	1,433
Bai BithamanAjil Term Financing-i	561
Business Financing-i (property)	2,939
Obligations under finance leases	431
	5,364
11.2 Non-current loans and borrowings	
Bai Bithaman Ajil	-
Business Financing-i (plantation)	8,493
Bai BithamanAjil Term Financing-i	6,680
Business Financing-i (property)	21,355
Obligations under finance leases	1,085
	37,613
Total loans and borrowings	42,977
11.3 Total loans and borrowings	
<u>Secured:</u>	
Bai Bithaman Ajil	-
Business Financing-i (plantation)	9,926
Bai BithamanAjil Term Financing-i	7,241
Bai Bithaman Ajil (property)	24,294
Obligation under finance leases	1,516
Total secured loan and borrowings	42,977



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Unsecured:

Article 2A RPS	-
Total unsecured loans and borrowings	<u>-</u>
Total loans and borrowings	<u>42,977</u>

The Islamic borrowings are secured by way of first legal charge over the leasehold land, and bear profit rates of Base Finance Rate (BFR) + 1% to 1.75% per annum, while the hire purchase bear interest rates ranged from 2.34% to 5.00% per annum.

The Group does not have any borrowings in foreign currency.

12. OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

The Group did not enter into any contracts involving off-balance sheet financial instruments in the period under review.

13. MATERIAL LITIGATION

There is no litigation that have any material effect on the net tangible assets or operations of the Group.

14. EARNINGS PER SHARE (“EPS”)

(a) Basic EPS

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the owners of the Company by the weighted average number of ordinary shares in issue during the period:-

	Current quarter		Cumulative quarter	
	<i>(unaudited)</i> 3 months ended 30/09/2014	<i>(unaudited)</i> 30/09/2013	<i>(unaudited)</i> 9 months ended 30/09/2014	<i>(unaudited)</i> 9 months ended 30/09/2013
Profit for the period attributable to equity holders				
of the Company (RM'000)	14,447	18,427	39,080	32,683
Weighted average number of ordinary shares in issue ('000)	359,055	346,020*	359,055	346,020*
Basic EPS attributable to equity holders of				
the Company (sen)	4.10	5.33	10.90	9.45

***Note: adjusted for subdivision of shares to RM0.50 each retrospectively as per Paragraph B10 as at 31 December 2013 for comparative purposes.**

(b) Diluted EPS

There was no diluting factor to EPS for the current quarter and the figure is the same as basic EPS.

