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of the original.



Ebn Davidson
Solicitor

TG AGROSOLUTIONS LTD.

(Australian Company Number: 603 108 925)

**PRO FORMA FINANCIAL STATEMENTS
30 NOVEMBER 2014**

AaronDanny

NF1005
Chartered Accountants

TG AGROSOLUTIONS LTD.
(Australian Company Number: 603 108 925)

PRO FORMA FINANCIAL STATEMENTS
30 NOVEMBER 2014

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The directors of **TG AGROSOLUTIONS LTD.** state that, in their opinion, the pro forma financial statements set out on pages 2 to 18 are drawn up in accordance with Malaysian Private Entity Reporting Standards so as to give a true financial position of the Company as of 30 November 2014 and of its financial performance and cash flows of the Company for the period then ended.

Signed on behalf of the Board of Directors on 18 December 2014



Yap Foot Loy
Director



Ha Bin Khean
Director

INDEPENDENT ACCOUNTANT'S REPORT TO THE MEMBERS OF TG AGROSOLUTIONS LTD.

(Australian Company Number: 603 108 925)

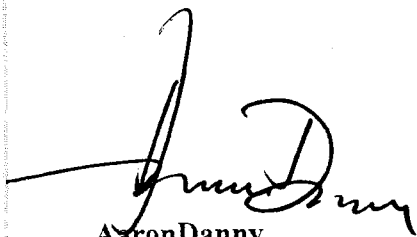
Pro Forma Financial Statements

We have reviewed the pro forma consolidated balance sheet of TG ArgoSolutions Ltd., and its subsidiaries as of 30 November 2014, and the pro forma balance sheet of TG Argo Seedlings Sdn. Bhd. as of 30 November 2014, and the income statement, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 7 to 18. These pro forma financial statements are derived from the historical unaudited financial statements. Such pro forma financial statements are based on management's assumptions as described in Note 1. The management of TG ArgoSolutions Ltd., and its subsidiaries is responsible for the pro forma financial statements prepared in this report.

Our review was conducted in accordance with Malaysian Private Entity Reporting Standards issued by Malaysian Accounting Standards Board. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assumptions, the pro forma adjustments and the application of those adjustments to historical financial information. Accordingly, we do not express such an opinion.

The objective of this pro forma financial statements is to show what the significant effects on the group level might have been had the share exchange occurred at an earlier date. However, the pro forma financial statements are not necessarily indicative of the results of operations or related effects on financial position that would have been attained had the above-mentioned share exchange actually occurred earlier.

Based on our review, nothing came to our attention that caused us to believe that management's assumptions do not provide a reasonable basis for presenting the significant effects directly attributable to the above-mentioned transaction described in Note 1, that the related pro forma adjustments do not give appropriate effect to those assumptions, or that the pro forma financial statements do not reflect the proper application of those adjustments to the historical financial statement amounts in the pro forma consolidated balance sheet of TG ArgoSolutions Ltd., and its subsidiaries as of 30 November 2014, and the pro forma balance sheet of TG Argo Seedlings Sdn. Bhd. as of 30 November 2014, and the income statement, statement of changes in equity and cash flow statement for the period then ended.



AaronDanny
Firm No. NF 1005
Chartered Accountants



Yap Yit Keong
CA (M), FCCA (UK), ACTIM
Chartered Accountant

Petaling Jaya
Date: 18 December 2014

TG AGROSOLUTIONS LTD.
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**CONSOLIDATED BALANCE SHEET OF
TG ARGOSOLUTIONS LTD. AND ITS SUBSIDIARIES
AS AT 30 NOVEMBER 2014**

	Note	Group RM
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5	730,336
Goodwill	4.4	<u>1,500,232</u>
		<u>2,230,568</u>
CURRENT ASSETS		
Inventories	6	831,704
Trade receivables		6,252,915
Other receivables, deposits and prepayment	7	12,794
Cash and bank balances		<u>1,227,934</u>
		<u>8,325,347</u>
TOTAL ASSETS		<u><u>10,555,915</u></u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Share capital	8	3,662,796
Retained earnings		<u>-</u>
SHAREHOLDERS' EQUITY		<u>3,662,796</u>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	9	15,178
Hire purchase payables	10	<u>107,900</u>
		<u>123,078</u>
CURRENT LIABILITIES		
Trade payables		2,941,469
Amount due to directors	11	1,438,980
Hire purchase payables	10	90,912
Tax liabilities		<u>2,298,680</u>
		<u>6,770,041</u>
TOTAL LIABILITIES		<u>6,893,119</u>
TOTAL EQUITY AND LIABILITIES		<u><u>10,555,915</u></u>

The accompanying notes form an integral part of the financial statements.

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**BALANCE SHEET OF
 TG AGRO SEEDLINGS SDN. BHD.
 AS AT 30 NOVEMBER 2014**

	Note	Company RM
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5	<u>730,336</u>
CURRENT ASSETS		
Inventories	6	831,704
Trade receivables		6,252,915
Other receivables, deposits and prepayment	7	12,794
Cash and bank balances		<u>1,227,926</u>
		<u>8,325,339</u>
TOTAL ASSETS		<u><u>9,055,675</u></u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Share capital	8	500,000
Retained earnings	12	<u>1,662,556</u>
SHAREHOLDERS' EQUITY		<u>2,162,556</u>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	9	15,178
Hire purchase payables	10	<u>107,900</u>
		<u>123,078</u>
CURRENT LIABILITIES		
Trade payables		2,941,469
Amount due to directors	11	1,438,980
Hire purchase payables	10	90,912
Tax liabilities		<u>2,298,680</u>
		<u>6,770,041</u>
TOTAL LIABILITIES		<u>6,893,119</u>
TOTAL EQUITY AND LIABILITIES		<u><u>9,055,675</u></u>

The accompanying notes form an integral part of the financial statements.

TG AGROSOLUTIONS LTD.
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**INCOME STATEMENT OF
TG AGRO SEEDLINGS SDN. BHD.
FOR THE PERIOD ENDED 30 NOVEMBER 2014**

	Note	Company RM
REVENUE	13	9,915,168
Cost of sales		<u>(4,556,841)</u>
Gross profit		5,358,327
Other operating income		3,432
Administrative and operating expenses		<u>(1,120,621)</u>
Profit from operations		4,241,138
Finance costs		<u>(28,515)</u>
Profit before tax		4,212,623
Income tax expense	14	<u>(1,028,155)</u>
Profit for the year		<u><u>3,184,468</u></u>

The accompanying notes form an integral part of the financial statements.

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**STATEMENT OF CHANGES IN EQUITY OF
 TG AGRO SEEDLINGS SDN. BHD.
 FOR THE PERIOD ENDED 30 NOVEMBER 2014**

Company	Note	Share capital RM	Retained earnings RM	Total RM
As at 1 January 2014		2	392,985	392,987
Prior year adjustments	15	-	2,385,103	2,385,103
As at 1 January 2014 (Restated)		2	2,778,088	2,778,090
Issue of share capital	8	499,998	(300,000)	199,998
Dividend	16	-	(4,000,000)	(4,000,000)
Profit for the year		-	3,184,468	3,184,468
As at 30 November 2014		<u>500,000</u>	<u>1,662,556</u>	<u>2,162,556</u>

The accompanying notes form an integral part of the financial statements.

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**CASH FLOW STATEMENT OF
TG AGRO SEEDLINGS SDN. BHD.
FOR THE PERIOD ENDED 30 NOVEMBER 2014**

	Company RM
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before tax	4,212,623
<i>Adjustments for:</i>	
Depreciation	159,128
Interest expense	28,515
Operating profit before working capital changes	4,400,266
Increase in inventories	(367,409)
Decrease in receivables	(137,111)
Increase in payables	1,216,780
Cash from operations	5,112,526
Interest paid	(28,515)
Tax paid	(194,490)
Net cash from operating activities	4,889,521
CASH FLOWS FROM INVESTING ACTIVITY	
Purchase of property, plant and equipment	(146,675)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of share	199,998
Dividend paid	(4,000,000)
Repayment of hire purchase payables	(150,888)
Net cash from financing activities	(3,950,890)
Net increase/(decrease) in cash and cash equivalents	791,956
Cash and cash equivalents at beginning of the year	435,970
Cash and cash equivalents at end of the year	1,227,926
Note A: Purchases of property, plant and equipment	
Purchase of property, plant and equipment	496,375
Less: Purchases made directly by hire purchase	(349,700)
Purchase of property, plant and equipment by cash	146,675
Note B: Cash and cash equivalents	
Cash and bank balances	1,227,926

The accompanying notes form an integral part of the financial statements.

**NOTES TO THE PRO FORMA FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2014**

1 GENERAL INFORMATION

TG Agrosolutions Ltd. was registered in Australia on 28 November 2014.

The registered office is located at Level 7, 207 Kent Street, Sydney NSW 2000, Australia.

The principal activity of the Company is that of an investment holding company. There has been no significant change in the nature of the activity during the period.

The pro forma financial statements of the Company are presented in Ringgit Malaysia.

Acquisition – TG ArgoSolutions Sdn. Bhd.

On 17 December 2014, TG Agrosolutions Ltd. acquired 100% of TG AgroSolutions Sdn. Bhd. in exchange for 251,999,998 shares of its ordinary shares of AUD 0.005 each. TG AgroSolutions Sdn. Bhd. was incorporated on 6 November 2014 in Malaysia, and is an investment holding company. Both companies are controlled by the same shareholder group, therefore, this transaction is considered to be a combination of entities under common control for accounting purposes, as opposed to an acquisition.

Acquisition – TG Argo Seedlings Sdn. Bhd.

On 1 December 2014, TG AgroSolutions Sdn. Bhd. acquired 100% of TG Agro Seedlings Sdn. Bhd. in exchange for 3,499,998 shares of its ordinary shares of RM1 each. The purpose of this acquisition was to provide the Company with a vehicle to facilitate the listing in NSX. TG Agro Seedlings Sdn. Bhd. is principally engaged in the business of oil palm nursery and trading of budded rubber stump.

For the purpose of preparation of the pro forma balance sheet, the group is assumed being formed on 30 November 2014.

2 BASIS OF PREPARATION OF THE PRO FORMA FINANCIAL STATEMENTS

The pro forma financial statements have been prepared in accordance with Malaysian Private Entity Reporting Standards.

The preparation of pro forma financial statements in conformity with Malaysian Private Entity Reporting Standards requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the financial period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results could differ from those estimates.

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3 ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

Adoption of Malaysian Financial Reporting Standards (MFRSs), equivalent to International Financial Reporting Standards (IFRSs)

The Company's pro forma financial statements were prepared in accordance with Malaysian Private Entity Reporting Standards for the period ended 30 November 2014. The Company intends to adopt of MFRSs for the financial year beginning on 1 January 2015. However the adoption of MFRSs has no significant impact on the amounts reported in the financial statements of the Company.

MFRSs that might have impacts on these financial statements

The following MFRSs issued by the Malaysian Accounting Standards Board (MASB) might impact on the financial statements once the Company adopt MFRSs:

MFRS 1	: First-time adoption of Malaysian Financial Reporting Standards
MFRS 2	: Share-based payment
MFRS 3	: Business combination
MFRS 8	: Operating segment
MFRS 9	: Financial instruments
MFRS 10	: Consolidated financial statements
MFRS 13	: Fair value measurement
MFRS 15	: Revenue from contracts with customers
MFRS 101	: Presentation of financial statements
MFRS 102	: Inventories
MFRS 107	: Statements of cash flows
MFRS 108	: Accounting policies, changes in accounting estimates and errors
MFRS 110	: Events after the reporting period
MFRS 112	: Income taxes
MFRS 116	: Property, plant and equipment
MFRS 117	: Leases
MFRS 118	: Revenue
MFRS 119	: Employee benefits
MFRS 120	: Accounting for government grants and disclosure of government assistance
MFRS 121	: The effects of changes in foreign exchange rates
MFRS 123	: Borrowing costs
MFRS 124	: Related party disclosures
MFRS 126	: Accounting and reporting by Retirement Benefit Plans
MFRS 127	: Consolidated and separate financial statements
MFRS 128	: Investments in associates
MFRS 132	: Financial instruments: Presentation
MFRS 133	: Earnings per share
MFRS 134	: Interim financial reporting
MFRS 136	: Impairment of assets
MFRS 137	: Provisions, contingent liabilities and contingent assets
MFRS 138	: Intangible assets
MFRS 139	: Financial instruments: Recognition and measurement

At the date the pro forma financial statements are authorised for issue, the impacts of the adoptions of these MFRSs are yet to be reasonably estimated. Hence, the impacts on the adoption of new accounting policies are not disclosed.

In the opinion of the directors, these MFRSs do not have significant impact on the financial statements in future periods.

4 SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year.

4.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention unless otherwise indicated in the accounting policies stated below and on the basis of accounting principles applicable to a going concern.

4.2 CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investments in subsidiaries are stated in the Company's financial statements at cost, less impairment losses, if any.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated financial statements from the acquisition date or up to the effective date of disposal, where appropriate. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All intragroup balances, transactions, income and expenses are eliminated in full on consolidation.

4.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided on a straight-line method so as to write off the cost of the assets over their estimated useful lives, as follows:

	<u>Rate</u>
Plant and machinery	20%
Motor vehicle	20%
Worker quarter and shelter	10%
Office equipment, furniture and fittings	10 % - 50%
Signboard	10%
Renovation	10%

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Depreciation of an asset begins when it is ready for its intended use.

The residual values and the useful lives of assets, if significant, are reviewed at each balance sheet date.

The gain or loss arising from the disposal or retirement of an asset, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, are recognised in income statement.

4.4 GOODWILL

Goodwill arising on the acquisition of a subsidiary or a proportionately consolidated jointly controlled entity, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised, is initially measured at cost and recognised as an asset. Goodwill is subsequently measured at cost less impairment losses, if any.

On disposal of a subsidiary or a proportionately consolidated jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4.5 IMPAIRMENT OF ASSETS

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amounts of the assets are estimated.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or a cash-generating unit) is less than its carrying amount, an impairment loss is recognised to reduce the carrying amount to its recoverable amount. An impairment loss for a cash-generating unit is firstly allocated to reduce the carrying amount of goodwill allocated to the cash-generating unit, and then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

An impairment loss is recognised immediately in income statement, unless it reverses a previous revaluation, in which case it is treated as a revaluation decrease.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimate used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation if no impairment loss had been recognised, and is recognised immediately in income statement, unless it reverses a previous revaluation, in which case it is treated as a revaluation increase.

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4.6 FOREIGN CURRENCY

i) *Foreign Currency Transactions*

Transactions in foreign currencies are initially translated at the exchange rate at the dates of the transactions.

At the balance sheet date, foreign currency monetary assets and liabilities are translated into Ringgit Malaysia at the exchange rate ruling at that date. Exchange differences arising on the settlement or translation of monetary items are recognised in profit or loss.

Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using exchange rates at the date of the transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

ii) *Net Investment In A Foreign Operation*

Exchange differences arising on the monetary items that, in substance, forms part of the Company's net investment in a foreign operation are recognised in the Company's profit or loss. In the consolidated financial statements, such exchange differences are reclassified to equity only if the monetary items are denominated in either the functional currency of the Company or the foreign operation. Deferred exchange differences are recognised in profit or loss on disposal of the investment.

4.7 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and overheads, where applicable, that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

4.8 RECEIVABLES

Receivables are initially measured at anticipated realisable values. Appropriate allowances for estimated irrecoverable amounts are recognised in income statement.

4.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and bank balances, short-term deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash with an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

4.10 SHARE CAPITAL

Share capital issued by the Company is recognised at the proceeds received, net of direct issue costs.

Dividends on ordinary shares will be recognised as liabilities when the shareholders' rights to receive the dividends are established.

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4.11 INTEREST-BEARING LIABILITIES

Interest-bearing liabilities are recognised initially at fair value, and subsequently measured at amortised cost with any difference between proceeds and the settlement and redemption values recognised in income statement over the period of borrowing on an effective interest basis.

4.12 PROVISIONS

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are recognised based on a reliable estimate of the amount of the obligation.

4.13 PAYABLES

Payables are stated at cost which is the consideration to be paid in the future for goods and services rendered.

4.14 REVENUE

Revenue from sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

4.15 EMPLOYMENT BENEFITS

i) Short-Term Employment Benefits

Short-term employment benefits, such as wages, salaries and social security contributions, are recognised as an expense in the period in which the associated services are rendered by employees of the Company.

Short-term accumulating compensated absences, such as paid annual leave, are recognised when the employees render services that increase their entitlement to future compensated absences. Non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date.

Profit-sharing and bonus plans are recognised when the Company has a present legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when, and only when the Company has no realistic alternative but to make the payments.

ii) Defined Contribution Plan

Contributions to the statutory pension scheme are recognised as an expense in income statement in the period to which they relate.

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4.16 INCOME TAX

Income tax comprises of current tax and deferred tax. Current tax and deferred tax are charged or credited to equity if the tax relates to items that are credited or charged directly to equity.

Current tax liabilities are measured based on the amounts expected to be paid, using the tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences which are the differences between the carrying amount in the financial statements and the corresponding tax base of an asset or liability at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax liabilities and assets are not recognised if the temporary differences arise from goodwill and for initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit. Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amounts of its assets and liabilities and are measured using the tax rates that have been enacted or substantially enacted by the balance sheet date.

The carrying amount of the deferred tax assets are reviewed at each balance sheet date, and the carrying amount is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised. The reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

5 PROPERTY, PLANT AND EQUIPMENT

	As at 01.01.2014 RM	Additions RM	Disposal RM	As at 30.11.2014 RM
<u>Cost</u>				
Plant and machinery	253,930	37,900	-	291,830
Motor vehicle	18,000	405,541	-	423,541
Worker quarter and shelter	50,419	-	-	50,419
Office equipment, furniture and fittings	22,183	12,073	-	34,256
Signboard	1,850	-	-	1,850
Renovation	157,376	40,861	-	198,237
	<u>503,758</u>	<u>496,375</u>	<u>-</u>	<u>1,000,133</u>

	As at 01.01.2014 RM	Charges for the period RM	Disposal RM	As at 30.11.2014 RM
<u>Accumulated Depreciation</u>				
Plant and machinery	66,592	53,504	-	120,096
Motor vehicle	3,600	77,649	-	81,249
Worker quarter and shelter	9,459	4,621	-	14,080
Office equipment, furniture and fittings	5,142	5,012	-	10,154
Signboard	185	170	-	355
Renovation	25,691	18,172	-	43,863
	<u>110,669</u>	<u>159,128</u>	<u>-</u>	<u>269,797</u>

	RM
<u>Carrying Amounts</u>	
Plant and machinery	171,734
Motor vehicle	342,292
Worker quarter and shelter	36,339
Office equipment, furniture and fittings	24,102
Signboard	1,495
Renovation	<u>154,374</u>
	<u>730,336</u>

6 INVENTORIES

	RM
<i>At cost:</i>	
Oil palm and budded rubber seedlings	<u>831,704</u>

7 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

	RM
Other receivables	94
Deposits and prepayment	<u>12,700</u>
	<u>12,794</u>

8 SHARE CAPITAL

TG ArgoSolutions Ltd. (Ultimate Holding Company)

On 28 November 2014 (date of incorporation), the issued and paid-up capital of the company was AUD2 by the issue of 2 ordinary shares of AUD 1 each.

On 17 December 2014, the issued and paid-up capital of the company was increased to AUD1,260,002 by the issue of 251,999,998 ordinary shares of AUD 0.005 each for the purpose of acquisition of 100 % shares in TG ArgoSolutions Sdn. Bhd.

TG ArgoSolutions Sdn. Bhd. (Holding Company)

On 6 November 2014 (date of incorporation), the issued and paid-up capital of the company was RM2 by the issue of 2 ordinary shares of RM1 each.

On 1 December 2014, the issued and paid-up capital of the company was increased to RM3,500,000 by the issue of 3,499,998 ordinary shares of RM1 each for the purpose of acquisition of 100 % shares in TG Argo Seedlings Sdn. Bhd.

TG Argo Seedlings Sdn. Bhd.

On 25 November 2014, the authorised capital of the company was increased to RM500,000 by the creation of 400,000 ordinary shares of RM1 each. At the same time, the issued and paid-up capital of the company was increased to RM300,000 by the issue of 299,998 ordinary shares of RM1 each.

On 27 November 2014, the issued and paid-up capital of the company was further increased to RM500,000 by the issue of 200,000 ordinary shares of RM1 each.

The newly issued shares rank pari passu in all respects with the previously issued shares.

9 DEFERRED TAX LIABILITIES

	RM
At 1 January 2014	15,178
Recognised in income statement	-
At 30 November 2014	<u>15,178</u>

Represented by the tax effects of the following item:

	RM
Excess of capital allowances over depreciation	<u>15,178</u>

The deferred tax liability is in respect of taxable temporary differences arising from qualifying property, plant and equipment's total capital allowances claimed in excess of corresponding accumulated depreciation.

10 HIRE PURCHASE PAYABLES

	RM
Minimum hire purchase payments	
Not later than 1 year	117,036
Later than 1 year	<u>95,814</u>
	212,850
Future finance charges	<u>(14,038)</u>
Present value of hire purchase	<u>198,812</u>

Present value of hire purchase is analysed as follows:

Not later than 1 year	107,900
Later than 1 year	<u>90,912</u>
	<u>198,812</u>

The average effective interest rate of the hire purchase payables is 6.95% per annum.

11 AMOUNT DUE TO DIRECTORS

This amount is unsecured, interest-free and has no fixed terms of repayment.

12 RETAINED EARNINGS

Effective 1 January 2008, the Company is given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013.

Since the Company was incorporated after 1 January 2008, the Company is automatically moved to the single tier system. Accordingly, tax on the Company's profits is a final tax, and dividends distributed to shareholders will be exempted from tax.

13 REVENUE

RM

Sales of goods, net of discounts and returns

9,915,168

14 INCOME TAX EXPENSE

RM

Current tax expense

- Current period's provision

1,028,155

The income tax expense is reconciled to the accounting profit at the applicable tax rate as follows:

RM

Profit before tax

4,212,623

Tax at Malaysian statutory tax rate of 25%

1,053,155

Tax effects of:

Differential tax rate for:

- small & medium companies in Malaysia

(25,000)

Total income tax expense

1,028,155

TG AGROSOLUTIONS LTD.*(Australian Company Number: 603 108 925)***Pro Forma Financial Statements****15 PRIOR YEAR ADJUSTMENTS**

During the financial period, the subsidiary company, TG Agro Seedlings Sdn. Bhd., discovered that revenue for financial year 2013 was under recognised due to reclassification error.

The effects of the fundamental errors were summarised as follows:

Effects on Balance Sheet:

	2013 RM
Trade receivables	949,807
Correction of fundamental error	<u>3,741,338</u>
Trade receivables (Restated)	<u>4,691,145</u>
Tax liabilities	108,780
Correction of fundamental error	<u>1,356,235</u>
Tax liabilities (Restated)	<u>1,465,015</u>
Retained earnings	392,985
Correction of fundamental error	<u>2,385,103</u>
Retained earnings (Restated)	<u>2,778,088</u>

Effects on Income Statement:

	RM
Revenue	11,182,203
Correction of fundamental error	<u>3,741,338</u>
Revenue (Restated)	<u>14,923,541</u>
Income tax expense	(117,864)
Correction of fundamental error	<u>(1,356,235)</u>
Income tax expense (restated)	<u>(1,474,099)</u>

16 DIVIDEND

On 3 November 2014, the directors declared an interim tax exempt dividend of RM4,000,000 in respect of the current period. The dividend was paid to the shareholders on 3 November 2014.

17 AUTHORISATION FOR ISSUE OF THE PRO FORMA FINANCIAL STATEMENTS

The pro forma financial statements of the Company were authorised for issue by the Board of Directors on 18 December 2014.

TG AGROSOLUTIONS LTD.
(Australian Company Number: 603 108 925)
Pro Forma Financial Statements

**DETAILED INCOME STATEMENT OF
TG AGRO SEEDLINGS SDN. BHD.
FOR THE YEAR ENDED 30 NOVEMBER 2014**

	RM
REVENUE	<u>9,915,168</u>
LESS: COST OF SALES	
Opening inventories	464,295
Consumable store	74,675
Purchases	2,878,312
Lease rental	154,660
Salaries and wages	1,079,583
Depreciation	135,774
Repair and maintenance	91,031
Landscaping	118,044
Transportation	<u>392,171</u>
	5,388,545
Less: Closing inventories	<u>(831,704)</u>
	<u>4,556,841</u>
GROSS PROFIT	5,358,327
ADD: OTHER OPERATING INCOME	
Discount received	<u>3,432</u>
PROFIT FROM OPERATIONS	5,361,759
LESS: OPERATING EXPENSES	
Administrative and operating expenses	(1,120,621)
Finance cost	<u>(28,515)</u>
PROFIT BEFORE TAX	<u><u>4,212,623</u></u>