

TG AGROSOLUTIONS LIMITED
ACN 603 108 926

APPENDIX 3
PRELIMINARY FINAL REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2014

1. Reporting Period

Current Reporting Period 28 November 2014 to 31 December 2014
Prior Reporting Period Nil

2. Results for announcement to the market

Revenue from ordinary activities for the period \$428,278

Profit from ordinary activities after tax for the period
attributable to members \$41,410

Net profit after tax for the period attributable to members \$41,410

EPS As at 31 December 2014

Basic Earnings per share 0.16 cents
Diluted Earnings per Share 0.16 cents

3. Financial Result

The company was incorporated on 28 November 2014. On 17 December 2014 TG Agrosolutions Limited gained control of TG Agrosolutions Sdn Bhd, a company incorporated in Malaysia by issuing 72 shares for every share held by the owners of TG Agrosolutions Sdn Bhd. The consolidated profit of the Group for the period from 17 December 2014 to 31 December 2014 after providing for income tax amounted to \$41,410. The profit is attributable to the revenue from operations of \$428,278 after deducted cost of sales \$278,571, expenses \$87,848 and income tax expenses \$20,449.

Net tangible assets per security were \$0.003 at 31 December 2014.

4. Commentary on Results

Operations Results

The consolidation was based on TG Agro Seedlings Sdn Bhd (Malaysia company) being acquired via reverse acquisition by TG Agrosolutions Sdn Bhd (Malaysia company) which in turn is acquired by TG Agrosolutions Limited (Australia company). The above transaction resulted in a reverse acquisition whereby TG Agro Seedlings Sdn Bhd was identified as the accounting acquirer of TG Agrosolutions Limited. The financial statements therefore disclose the equity values of TG Agro Seedlings Sdn Bhd

TG Agro Seedlings Sdn Bhd profit of the year ended 31 December 2014 amounted to about \$1.2 million, after providing for income tax and eliminating non-controlling equity interests. This represented a 24.65% increase on the results reported for the year ended 31 December 2013. The significant improvement was mainly due to lower operations cost in 2014 .

Review of Operations

The Group is reputable seedling cultivation and distribution business in the States of Sabah and Sarawak, Malaysia. The Group is operating on more than 130 acres of agriculture land in Miri, Sarawak, a State of Malaysia with the capacity to produce not less than 10 million rubber and oil palm seedlings per annum to the plantation industry, with committed and secured contracts from long term buyers and customers. The Company also provides services from logistics to transport to distribute seedlings, fertilizers and planting materials to customers.

The Group has employed and developed a group of experienced and capable senior management comprising agronomists, nursery management personnel, logistics, planting and replanting management ready to engage in seedlings cultivation and related agricultural activities.

The subsidiary company TG Agro Seedlings Sdn Bhd paid RM4 million (about \$1.4 million) dividends to the shareholders in year 2014 before acquired by the Company on 17 December 2014.

Dividends

The Company has not paid dividends and is not proposing to pay dividends.

5. Statement of profit or loss and other comprehensive income

Refer to attached Statement of profit or loss and other comprehensive income

6. Statement of financial position

Refer to attached statement of financial position

7. Statement of changes in equity

Refer to attached statement of changes in equity

8. Statement of cash flows

Refer to attached statement of cash flows

9. Details of entities over which control has been gained or lost

On 1 December 2014 TG Agrosolutions Sdn Bhd gained control of TG Agro Seedlings Sdn Bhd, a company incorporated in Malaysia by issuing 7 shares for every share held by the owners of TG Agro Seedlings Sdn Bhd.

On 17 December 2014 TG Agrosolutions Limited gained control of TG Agrosolutions Sdn Bhd, a company incorporated in Malaysia by issuing 72 shares for every share held by the owners of TG Agrosolutions Sdn Bhd.

The above transactions resulted in a reverse acquisition whereby TG Agro Seedlings Sdn Bhd was identified as the accounting acquirer of TG Agrosolutions Limited. The financial statements therefore disclose the equity values of TG Agro Seedlings Sdn Bhd.

10. Status of audit and description of likely disputes or qualifications

This preliminary final report is in the process of being audited. No matters have arisen which would result in a dispute or qualification.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 31 December 2014

	28 November 2014 to 31 December 2014 \$
REVENUE FROM CONTINUING OPERATIONS	428,278
EXPENSES FROM CONTINUING OPERATIONS	
Cost of sales of goods	278,571
Employee and contractor costs	19,488
Occupancy expenses	213
Administration expenses	21,120
Borrowing costs	200
Depreciation	8,060
Other expenses from ordinary activities	38,767
PROFIT BEFORE INCOME TAX	61,859
Income tax expense	20,449
NET PROFIT FOR THE PERIOD	41,410
OTHER COMPREHENSIVE INCOME	
Other comprehensive income – translation of foreign subsidiaries	1,995
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	1,995
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	43,405
Net profit attributable to:	
Members of the parent entity	41,410
Total comprehensive income attributable to:	
Members of the parent entity	43,405
Earnings per share	
Basic earnings per share – cents per share	0.16
Diluted earnings per share – cents per share	0.16

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	2014 \$
Current assets	
Cash and cash equivalents	172,642
Trade and other receivables	1,699,881
Inventories	862,718
Other assets – prepayments and deposit	64,822
Total current assets	2,800,063
Non current assets	
Property, plant and equipment	317,254
Total non-current assets	317,254
Total assets	3,117,317
Current liabilities	
Trade and other payables	1,179,568
Borrowings – Directors loan	133,612
Borrowings – lease liabilities	47,038
Tax liabilities	868,768
Total current liabilities	2,228,986
Non current liabilities	
Borrowings – lease liabilities	51,014
Deferred tax liabilities	8,720
Total non current liabilities	59,734
Total liabilities	2,288,720
Net assets	828,597
Shareholders' equity	
Share capital	162,904
Retained profits	663,698
Foreign currency translation reserve	1,995
Total shareholders' equity	828,597

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2014

	Share Capital	Retained Profits	Reserves	Total
	\$	\$	\$	\$
Balance at 17 December 2014	162,904	622,288	-	785,192
Profit for the period	-	41,410		41,410
Foreign Currency Translation	-	-	1,995	1,995
Total comprehensive income		41,410	1,995	43,405
Issue of capital	-	-	-	-
Balance at 31 December 2014	162,904	663,698	1,995	828,597

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 December 2014

	28 November 2014 to 31 December 2014 \$
Cash flows from operating activities	
Receipts from customers	89,400
Payments to suppliers and employees	(75,847)
Income tax paid	(5,011)
Net cash inflow from operating activities	8,542
Cash flows from investing activities	-
Cash on acquisition of subsidiary	276,257
Payments for property, plant and equipment	(2,110)
Net cash inflow from investing activities	274,147
Cash flows from financing activities	
Repayment from related parties loan	(110,629)
Repayment from lease liabilities	(1,124)
Net cash inflow from financing activities	(111,753)
Net increase in cash and cash equivalents	170,936
Cash and cash equivalents at the beginning of the financial period	-
Effect of exchange on cash holdings in foreign currencies	1,706
Cash and cash equivalents at end of year	172,642

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2014

28 NOVEMBER 2014 TO
31 DECEMBER 2014
\$

Revenue from continuing operations

Revenue	428,278
Other income	-
	<hr/>
	428,278

28 NOVEMBER 2014 TO
31 DECEMBER 2014
\$

Profit before income tax from continuing operations includes the following specific expenses:

a. Expenses

Cost of sales	278,571
Interest expense on borrowings	
– unrelated parties	200
Depreciation	8,060
Employee benefits expense:	19,488

CASH FLOW INFORMATION

28 NOVEMBER 2014 TO
31 DECEMBER 2014
\$

a. Reconciliation of Cash Flow from Operations with Profit after Income Tax

Profit after income tax	41,410
Non-cash flows in profit:	
– Depreciation	8,060
Changes in assets and liabilities:	
– (Increase) in trade and term receivables	(334,536)
– (Increase) in other assets	(60,654)
– Decrease in inventory	114,800
– Increase in trade payables and accruals	224,025
– Increase in income taxes payable	15,347
Cash flow from operating activities	<hr/>
	8,542