

TADMAX RESOURCES BERHAD (Company No. 8184-W)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2017

(The figures have not been audited)

	4th Quarter 3 months ended		Cumulative to Date 12 months ended	
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
Continuing Operations				
Revenue	35,375	13,624	99,883	42,362
Cost of sales	(31,138)	(12,169)	(100,307)	(38,127)
Gross (loss)/profit	4,237	1,455	(424)	4,235
Other operating income	315	433	806	873
Operating expenses	(9,012)	(5,814)	(33,469)	(17,247)
Operating loss	(4,460)	(3,926)	(33,087)	(12,139)
Finance costs	(298)	(37)	(821)	(982)
Loss before taxation	(4,758)	(3,963)	(33,908)	(13,121)
Taxation	562	(386)	20	(917)
Net loss from continuing operations	(4,196)	(4,349)	(33,888)	(14,038)
Discontinuing operations	-	-	-	-
Net loss for the financial period	(4,196)	(4,349)	(33,888)	(14,038)
Other comprehensive income/(loss), net of tax				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	301	(286)	799	(457)
Items that will not be reclassified subsequently to profit or loss				
Revaluation of property	-	-	56,611	-
Total comprehensive (loss)/profit for the period	(3,895)	(4,635)	23,522	(14,495)
Net loss attributable to :				
Owners of the Company	(4,122)	(4,288)	(33,676)	(13,768)
Non-controlling interests	(74)	(61)	(212)	(270)
	(4,196)	(4,349)	(33,888)	(14,038)
Total comprehensive (loss)/profit attributable to:				
Owners of the Company	(3,821)	(4,574)	23,734	(14,225)
Non-controlling interests	(74)	(61)	(212)	(270)
	(3,895)	(4,635)	23,522	(14,495)
Basic loss per ordinary share (sen)				
- from continuing operations	(0.77)	(0.88)	(6.48)	(2.93)
- from discontinuing operations	-	-	-	-
	(0.77)	(0.88)	(6.48)	(2.93)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2017

	(UNAUDITED) As At End Of Current Quarter 31/12/2017 RM'000	(AUDITED) As At Preceding Financial Year End 31/12/2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	120,516	41,251
Prepaid land lease payments	2,167	2,259
Prepaid land lease payments with cultivation rights	57,171	59,143
Investment in joint venture	-	14
Other investment	50	50
Timber concession rights	218,000	218,000
Land and development expenditure	14,180	8,165
Deferred tax assets	441	589
	412,525	329,471
Current assets		
Inventories	337	1,049
Land and development expenditure	88,098	90,841
Progress billing	36,218	1,427
Trade receivables	2,969	8,019
Other receivables, deposits and prepayments	38,250	33,732
Tax recoverable	-	1,067
Deposits placed with licensed financial institutions	2,628	30
Cash and bank balances	7,740	9,611
	176,240	145,776
TOTAL ASSETS	588,765	475,247
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	266,106	244,854
Share premium	-	1,367
Share option reserve	352	352
Treasury shares	(155)	(155)
Reserves:		
- Translation reserve	1,208	409
- Revaluation reserve	56,611	-
- (Accumulated losses)/Retained profits	(30,073)	3,603
Shareholders' funds	294,049	250,430
Non-controlling interests	27,697	27,909
TOTAL EQUITY	321,746	278,339

TADMAX RESOURCES BERHAD (Company No. 8184-W)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017 - continued

	(UNAUDITED)	(AUDITED)
	As At End Of Current Quarter 31/12/2017 RM'000	As At Preceding Financial Year End 31/12/2016 RM'000
Non-current liabilities		
Deferred tax liabilities	99,547	82,999
Hire purchase liabilities	453	998
Bank borrowings	-	15,675
	100,000	99,672
Current liabilities		
Trade payables	23,602	18,079
Other payables, deposits and accruals	61,530	49,095
Amount due to customers on contract	-	788
Amount due to directors	15,234	2,792
Hire purchase liabilities	529	869
Bank borrowings	66,103	25,457
Tax payables	21	156
	167,019	97,236
TOTAL LIABILITIES	267,019	196,908
TOTAL EQUITY AND LIABILITIES	588,765	475,247
Net assets per share attributable to ordinary equity holders of the Company (sen)	55	51

Note: Net assets per share is calculated based on total assets minus total liabilities divided by the total number of ordinary shares 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 2016 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 YEAR ENDED 31 DECEMBER 2017
(The figures have not been audited)

	←-----Attributable to owners of the Company-----→					-----→		Non-controlling Interests RM'000	Total Equity RM'000
	←-----Non-Distributable-----→			-----Distributable-----→		Retained profits/ (Accumulated Losses) RM'000	Total RM'000		
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Share Option Reserve RM'000	Other Reserves RM'000				
<u>12 months ended 31 December 2017</u>									
As at 1 January 2017	244,854	1,367	(155)	352	409	3,603	250,430	27,909	278,339
Total comprehensive loss for the year	-	-	-	-	-	(33,676)	(33,676)	(212)	(33,888)
Issuance of shares pursuant to private placement / Expenses incurred	20,058	(173)	-	-	-	-	19,885	-	19,885
Revaluation of property	-	-	-	-	56,611	-	56,611	-	56,611
Exchange differences on translation of foreign entities	-	-	-	-	799	-	799	-	799
Transition to no-par value regime on 31 January 2017 ^	1,194	(1,194)	-	-	-	-	-	-	-
As at 31 December 2017	266,106	-	(155)	352	57,819	(30,073)	294,049	27,697	321,746
<u>12 months ended 31 December 2016</u>									
As at 1 January 2016	222,616	1,367	(155)	-	866	39,609	264,303	28,179	292,482
Total comprehensive loss for the year	-	-	-	-	-	(13,768)	(13,768)	(270)	(14,038)
Bonus issue	22,238	-	-	-	-	(22,238)	-	-	-
Effects pursuant to ESOS on grant	-	-	-	352	-	-	352	-	352
Exchange differences on translation of foreign entities	-	-	-	-	(457)	-	(457)	-	(457)
As at 31 December 2016	244,854	1,367	(155)	352	409	3,603	250,430	27,909	278,339

^ The new Companies Act, 2016 in Malaysia (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM1,194,000 for purposes as set out in Sections 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 FINANCIAL YEAR ENDED 31 DECEMBER 2017
(The figures have not been audited)

	CUMULATIVE QUARTER	
	Current Quarter	Preceding Year Corresponding Quarter
	31/12/2017	31/12/2016
	RM'000	RM'000
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		
Loss before taxation	(33,908)	(13,121)
<u>Adjustments for non-cash items:</u>		
Amortisation of prepaid land lease payments	92	93
Amortisation of prepaid land lease payments with cultivation rights	1,972	1,971
Allowance for foreseeable loss	864	-
Depreciation	2,569	2,036
Unrealised gain on foreign exchange	-	(149)
Interest expense	821	982
Interest income	(221)	(305)
Share options granted under ESOS	-	352
Gain on disposal of plant and equipment	-	(56)
Property, plant and equipment written off	-	47
	<hr/>	<hr/>
Operating loss before working capital changes	(27,811)	(8,150)
<u>Changes in working capital:</u>		
Inventories	712	(328)
Progress billing	(33,694)	-
Contract customers	(2,750)	40
Land and development expenditure	(116)	(31,207)
Receivables	531	4,487
Payables	16,958	43,353
	<hr/>	<hr/>
Cash (used in)/generated from operations	(46,170)	8,195
Interest received	221	305
Interest paid	(3,977)	(1,849)
Net of tax paid	(285)	(67)
	<hr/>	<hr/>
Net cash (used in)/generated from operating activities	(50,211)	6,584
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(7,344)	(1,041)
Disposal of other investment	-	50
Proceeds from disposal of plant & equipment	-	212
Subscription of shares in a new subsidiary, net of cash and cash equivalent	-	(41,982)
Proceeds from issuance of shares pursuant to private placement	20,058	-
Proceeds on disposal of investment in joint venture	14	-
	<hr/>	<hr/>
Net cash from/(used in) investing activities	12,728	(42,761)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from directors	13,442	1,783
Share issuance cost	(173)	-
Drawn down of bank borrowings	44,709	47,964
Repayment of bank borrowings	(19,738)	(8,332)
Repayment of hire purchase liabilities	(885)	(749)
	<hr/>	<hr/>
Net cash from financing activities	37,355	40,666
	<hr/>	<hr/>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(128)	4,489
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	855	(493)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	9,611	5,615
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CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	10,338	9,611
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TADMAX RESOURCES BERHAD (Company No. 8184-W)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 - continued
(The figures have not been audited)

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

	As at	As at
	31/12/2017	31/12/2016
	RM'000	RM'000
Deposits placement with licensed financial institutions	2,628	30
Cash and bank balances	7,740	9,611
	10,368	9,641
Less: Deposit pledged with licensed bank as security for banking facilities	(30)	(30)
	10,338	9,611

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2017

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 property, plant & equipment 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 2016.

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 2016, 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 2017.

The adoption of the 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 2016 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.

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.

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. During the 2nd quarter, 24,461,640 new ordinary shares were allotted at RM0.415 each on 17 May 2017 and followed by a second allotment of 24,461,560 new ordinary shares at RM0.405 each on 25 May 2017, both through private placement to independent third party investors. The new shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 19 May 2017 and 29 May 2017 respectively. With the above two allotment of shares, the issued share capital of the Company now comprised 538,630,294 ordinary shares, equivalent to RM264,912,060 and total gross proceeds raised was RM20,058,512.

7. Dividends Paid

There was no dividend paid during the current quarter ended 31 December 2017 (31 December 2016: Nil).

8. Segmental Reporting

The segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. Segmental information is presented in respect of the Group's business segment as follow:

Business Activity	Current Quarter				Cumulative Quarter			
	3 months ended				12 months ended			
	31/12/2017		31/12/2016		31/12/2017		31/12/2016	
	Revenue	Profit/(Loss)	Revenue	Profit/(Loss)	Revenue	Profit/(Loss)	Revenue	Profit/(Loss)
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
• Property	33,372	(704)	9,745	(1,988)	91,112	(22,913)	29,080	(3,686)
• Industrial supplies	2,003	(320)	3,879	471	8,771	226	13,282	1,213
• Energy	-	(829)	-	(413)	-	(2,158)	-	(915)
• Investment holding	-	(1,682)	-	(1,575)	-	(5,679)	-	(6,687)
• Others	-	(925)	-	(421)	-	(2,563)	-	(2,064)
	35,375	(4,460)	13,624	(3,926)	99,883	(33,087)	42,362	(12,139)
Finance costs	-	(298)	-	(37)	-	(821)	-	(982)
	35,375	(4,758)	13,624	(3,963)	99,883	(33,908)	42,362	(13,121)

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 2016 except for the revaluation of its property situated at Pulau Indah, Klang, Selangor Darul Ehsan held under Property, Plant and Equipment where the Group undertook a revaluation during the 1st Quarter ended 31 March 2017 to reflect the latest market value of the non-current assets of the Group in the Financial Statements of the Group as this property will be utilised for the Group's power plant business as disclosed in further details hereinbelow under Note 19(A). The revaluation has resulted in a net revaluation surplus of RM56.6 million and the same has been recognized directly in equity as revaluation surplus and appearing in this Financial Statements of the current reporting cumulative quarter.

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 other than the progress of the Corporate Proposals as disclosed hereinbelow under Notes 19(A) and 19(B).

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 2016 till the date of announcement of this quarterly report.

13. Capital Commitments

The material authorised capital commitments not provided for in the interim financial statements as at 31 December 2017 comprise as below :-

	RM'000
Capital expenditure commitments not provided for	
- Authorised and contracted for	1,774
- Authorised and not contracted for	16,598
	<u>18,372</u>

14. Significant Related Party Transactions

There are no significant related party transactions in the current quarter under review.

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:

in RM'000	Current Quarter		Inc/(Dec) %	Preceding Quarter	Inc/(Dec) %	Cumulative Quarter		Inc/(Dec) %
	31/12/2017	31/12/2016				31/12/2017	31/12/2016	
Revenue								
• Property	33,372	9,745	242%	23,601	41%	91,112	29,080	213%
• Industrial supplies	2,003	3,879	-48%	2,163	-7%	8,771	13,282	-34%
	35,375	13,624	160%	25,764	37%	99,883	42,362	136%
Profit/(Loss) before tax								
• Property	(704)	(1,988)	-65%	(19,414)	-96%	(22,913)	(3,686)	522%
• Industrial supplies	(320)	471	-168%	194	-265%	226	1,213	-81%
• Energy	(829)	(413)	101%	2,083	-140%	(2,158)	(915)	136%
• Investment holding	(1,682)	(1,575)	7%	(1,443)	17%	(5,679)	(6,687)	-15%
• Others	(925)	(421)	120%	(543)	70%	(2,563)	(2,064)	24%
	(4,460)	(3,926)	14%	(19,123)	-77%	(33,087)	(12,139)	173%
Finance costs	(298)	(37)	705%	(154)	94%	(821)	(982)	-16%
	(4,758)	(3,963)	20%	(19,277)	-75%	(33,908)	(13,121)	158%

Review on Performance - Current Quarter compared to Corresponding Quarter

a) Overall Review of Group performance

The Group's revenue for 4Q2017 increased 160% to RM35.3 million from RM13.6 million in 4Q2016. This was substantially contributed by the property business segment which was in turn attributed to the higher percentage completion achieved of 11.0% vis-a-vis 10.0% for Phase 1 and 11.4% vis-a-vis 2.9% for Phase 2A of the property development projects in Ganggarak, Labuan FT. In terms of Revenue, 4Q2017 reported RM16.31 mil. Its other development project, Mizumi Residences condominium project in Taman Metropolitan, Kepong reported revenue of RM17.05 million which was launched in June 2017. The loss before tax for the current quarter was above the preceding year corresponding quarter despite the higher turnover by 160%. This was mainly due to the one-off recognition of sales and marketing cost on the sold units of Mizumi Residences of RM3.5 mil during 4Q2017. Energy business segment reported a loss of RM829k (corresponding quarter RM413k) during 4Q2017 due mainly to higher depreciation at RM316k vis-a-vis RM81k in the preceding year corresponding quarter following the revaluation of its property as disclosed hereinabove under Note 9.

b) **Segmental Review**• **Property**

This business segment comprise two property development projects in Ganggarak, Labuan FT and in Taman Metropolitan, Kepong, Kuala Lumpur. The summary of performance and progress are as below :-

	<u>Ganggarak Labuan</u>	<u>Taman Metropolitan, Kepong</u>
Name of project	Ganggarak Permai	Mizumi Residences
Gross property sale ('000)	RM136,908	RM414,366
Unbilled sales ('000)	RM42,299	RM381,120
Percentage completion - year-to-date	Phase 1 – 80.9% (2016 : 36.4%) Phase 2A – 48.7% (2016 : 12.2%)	8.0% (2016 : nil)
Operating loss ('000)	RM477	RM105

Phase 1 and 2A of Ganggarak Permai are affordable homes project, where no profit margin is expected from these development. Profit contribution is expected from other phases planned for commercial development which for time being have been put on hold, in view of soft property market in Labuan FT. For the quarter, Ganggarak Permai has operating loss of RM0.48 million mainly due to overhead cost incurred for the quarter.

Mizumi Residences was launched in June 2017 and as at 31 December 2017, Mizumi Residences has achieved sales at 62% out of its total development of 1,512 units of condominiums. For the first year of launch, the result of the project are affected by heavy upfront sales and marketing expenses, hence resulted to a loss reported for the year and the quarter. Presently, the project has completed its piling works and is now undertaking pilecap works, which is expected to complete in the 2nd quarter of year 2018 prior to moving forward to construct the podium and main building works.

Energy

A new business segment following the receipt of a conditional letter of award dated 2 August 2016 from the Government of Malaysia, through the Energy Commission. This project is only expected to commission in year 2022/23 and the cost incurred to date until 4Q2017 totals RM8.2 million of which a sum of RM1.0 million (excluding depreciation of RM1.1 million) was expensed off to the Statement of Comprehensive Income whilst the balance RM7.2 million was capitalised as Power Plant's property, plant and equipment. During the reporting quarter, the Energy business segment has issued tender documents to pre-qualified Engineering, Procurement, Construction and Commissioning (“EPCC”) bidders. This will be followed by EPCC tender evaluation and approval and negotiation with all stakeholders of the project prior to submission to Energy Commission of a firm technical and commercial proposal in mid of the current financial year.

Review on Performance - Current Quarter compared to Preceding Quarter

The Group's revenue for the current quarter increased to RM35.3 million compared to RM25.7 million in the preceding quarter due to higher percentage completion of 11.0% vis-a-vis 10.3% for Phase 1 in the preceding quarter, and partially set-off by lower percentage completion for Phase 2 at 11.4% vis-a-vis 13.5% of its property development project in Labuan. In addition, Mizumi Residences also registered a higher percentage completion of 3.6% vis-a-vis 1.2%. Losses were RM15.3 million lower due mainly to the recognition of foreseeable losses of RM11.9 million in the preceding quarter for its Ganggarak Project and lower marketing cost incurred of RM3.5 million in the current quarter (vis-a-vis preceding quarter of RM8.8 million) for its Mizumi Residences which was launched in June 2017, set off by the capitalisation of expenses of RM2.62 million during the preceding quarter of Power Plant's expenditure which were initially expensed off in the first and second quarter of 2017.

16. Prospects

The local property market is expected to remain challenging in the coming remaining period of FYE 31 December 2017 on the back of continued stringent mortgage approval and headwinds remain from new launches by other property developers coupled with increasing affordable housing schemes being made available in the market. Though the property market may see a slowdown in activities, the Group is confident that its impact will be manageable, as the Group focuses on affordable housing and has its project located in a good location.

The Group recently launched property development project known as MIZUMI RESIDENCES, comprising 3 tower blocks, has seen encouraging responses. As of the end of the 4Q2017, more than two-thirds of the available units have been taken up. Mizumi Residences project is expected to contribute positively to the earnings of the Group for the FYE commencing 31 December 2018.

Meanwhile, the Energy Business segment is progressing ahead of the timeline and the next submission to the Energy Commission is targeted in mid-2018 comprising technical and commercial proposal whilst construction earmarked sometime in mid-2019. With the Company inking on 10 November 2017 of a Joint Development Agreement with Korea Electric Power Corporation, a major international power utility company and South Korea's largest state-owned public utility company, the Group would receive all the required technical support in greatly enhancing its submission of aforementioned technical and commercial proposal, in undertaking financial close and subsequent implementation of its power plant project. However, contribution from this business segment is only expected to kick in during year 2023.

The Company is presently undertaking a corporate exercise (as elaborated under item 19(B) hereinbelow) which will provide the Group with additional cash flow for the Group's working capital requirements vide the Proposed Private Placement. This corporate exercise was approved by the shareholders of the Company during the Extraordinary General Meeting held on 23 February 2018 and is expected to complete in the first quarter of 2018.

On the back of the foregoing paragraphs, the Board expects the Group to generate profits for the financial year ending 31 December 2018, fueled by much higher revenue from Mizumi Residences that the Group expects to recognise in line with expected higher percentage of completion and percentage of units sold.

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)	
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
Current tax:				
Malaysian income tax	4	162	153	240
Under provision of Malaysian income tax in prior years	-	-	1,064	-
	4	162	1,217	240
Deferred tax	(566)	224	(1,237)	677
Total taxation	(562)	386	(20)	917

Included in the income tax figure for the quarter ended 31 December 2017 are the net adjustment for deferred tax charges in respect of amortisation of prepaid land lease payment with cultivation rights, prepaid land lease payment and temporary timing difference.

19. Corporate Proposals

Status of Corporate Proposals Announced but Not Completed

(A) Letter of Award for the Development of 1,000MW – 1,200MW Combined Cycle Gas-Fired Power Plant in Pulau Indah

On 3 August 2016, the Company announced that it has received a Letter of Award dated 2 August 2016 from the Government of Malaysia, through the Energy Commission (“EC”) for the development of a new 1,000 MW combined cycle gas-fired power plant which will be situated on the Group’s existing land in Pulau Indah, Selangor Darul Ehsan (“the Project”). On 14 October 2016, the EC had approved the Company’s application to increase the capacity of the Project to 1,000MW - 1,200MW.

On 28 July 2017, the Company announced that it has on 27 July 2017 fulfilled the following submissions requirements as stipulated in EC’s conditional Letter of Award before the due date of 1 August 2017:

- i) A detailed project Feasibility;
- ii) Proof of Land Ownership; and
- iii) A Banker’s cheque for a value of RM10 million, in place of the Commitment Bond, renewable on a 6-monthly basis till 31 December 2018.

On 10 November 2017, the Company announced the entering into a Joint Development Agreement (“JDA”) with Korea Electric Power Corporation as the equity and technical partner in compliance to the EC’s requirements for the Project. The JDA may lead to a Shareholders’ Agreement between the parties and is subject to the approval of the EC.

(B) The Proposals

On 23 November 2017, the Company announced that it proposed to undertake the following:-

- (i) proposed private placement of up to 20% of the Company’s total number of issued shares (excluding treasury shares) to independent third party investors to be identified at a later date (“**Proposed Private Placement**”);
- (ii) proposed settlement of amount owing to certain Directors of Tadmax, namely Datuk Seri Anuar bin Adam and Datuk Gan Seong Liam via the issuance of new ordinary shares of the Company (“**Proposed Directors Capitalisation**”);
- (iii) proposed settlement of amount owing to Inas Angkasa Sdn Bhd, Impiria Jaya Sdn Bhd and Global Showcase Sdn Bhd pursuant to the purchase of 45% equity interest in Wawasan Metro Bina Sdn Bhd (“**WMB**”) not already owned by the Company, via the issuance of new Tadmax Shares (“**Proposed Vendors Capitalisation**”);
- (iv) proposed diversification of the business of Tadmax Group to include production and sale of energy (“**Proposed Diversification**”); and
- (v) proposed variation(s) to the terms of the existing employees’ share option scheme of the Company (“**ESOS**”) pursuant to the enforcement of the Companies Act, 2016 (“**the Act**”) (“**Proposed Variation to the terms of the ESOS**”).

(collectively referred to as “**the Proposals**”)

The Proposed Private Placement will allow the Group to meet the funding requirements expeditiously and in the most cost-effective manner for both the power plant project (as elaborated under item 19(A) above) and the property development cost for Ganggarak Permai and at the same time strengthen the capital base of Tadmax to support continuous growth of its business. Whilst the rationale of the Proposed Directors Capitalisation is to reduce the Group’s liability without any cash outflow. In this respect, this will allow our Group to reserve its cash for other purposes, such as working capital requirements.

Instead of the earlier settlement vide proceeds from the terminated Rights Issue with Warrants, the Proposed Vendors Capitalisation will enable the Company to fully settle the remaining outstanding purchase consideration for the WMB Acquisition of RM32.50 million via the Settlement Shares.

The Proposed Diversification is in line with the Group’s plan to diversify its sources of revenue and earnings in addition to its existing core business through the steady operation, cash flows and revenues expected to be derived from the Energy Business. The Energy Business will also provide the platform for the medium-term to long-term growth of the Group upon its Commercial Operation Date scheduled in January 2023.

The Proposed Variation to the terms of the ESOS is undertaken to incorporate the changes made to the Act with respect to the ESOS.

The Proposals are subject to the approvals being obtained from the following:

- (a) Bursa Malaysia Securities Berhad, for the listing of and quotation for the following:
 - i) Placement Shares to be issued pursuant to the Proposed Private Placement; and
 - ii) Settlement Shares to be issued pursuant to the Proposed Directors Capitalisation and Proposed Vendors Capitalisation, on the Main Market of Bursa Securities;
- (b) approval of the shareholders of Tadmax for the Proposals at an extraordinary general meeting to be convened; and
- (c) any other relevant persons or authorities, if required.

The Proposals are not conditional upon each other and any other corporate exercises undertaken or to be undertaken by the Company.

On 29 January 2018, Kenanga Investment Bank Berhad had, on behalf of the Company, announced that Bursa Securities *vide* its letter dated 26 January 2018, approved the following:

- (i) listing of and quotation for up to 107,631,100 new Tadmax Shares to be issued pursuant to the Proposed Private Placement;
- (ii) listing of and quotation for 47,222,221 new Tadmax Shares to be issued pursuant to the Proposed Directors Capitalisation; and
- (iii) listing of and quotation for 90,277,777 new Tadmax Shares to be issued pursuant to the Proposed Vendors Capitalisation

At the Extraordinary General Meeting held on 23 February 2018, the Company's shareholders have approved the Proposals.

Barring any unforeseen circumstances and subject to receipt of all relevant approvals, the Proposals are expected to be completed in the first quarter of 2018.

(C) Status of Utilisation of Proceeds arising from Private Placement

Utilisation of gross proceeds raised from the private placement completed on 29 May 2017 up to 31 December 2017 is set out below :-

	Initial Proposed Allocation (RM'000)	Revised Allocation (RM'000)	Actual Utilisation to 31 Dec 2017 (RM'000)	Unutilised proceeds channelled to (RM'000)	Balance (RM'000)	Intended timeframe for utilisation
1) Power plant project costs	12,500	17,000	16,177	-	823	Within 9 months
2) Property development costs	7,258	2,758	550	127	2,335	Within 12 months
3) Estimated expenses for the Private Placement	300	300	173	(127)	-	Within 1 month
	20,058	20,058	16,900	-	3,158	

20. Group Borrowings and Debts Securities

Group borrowings are as follows:-

	As at 31/12/2017 RM'000	As at 31/12/2016 RM'000
(a) Current borrowings – secured		
Term loan	48,626	20,000
Bridging Loan	17,477	5,457
Hire purchase payable	529	869
	<u>66,632</u>	<u>26,326</u>
(b) Non-current borrowings – secured		
Hire purchase payable	453	998
Bridging Loan	-	15,675
	<u>453</u>	<u>16,673</u>

All the Group borrowing are denominated in Malaysian currency and are secured. Term loan increased by RM28.6 million as compared to corresponding period as the loan was applied towards financing the Group's property development projects, Mizumi Residences at Taman Metropolitan, Kepong in Kuala Lumpur. The bridging loan was lower by RM3.66 million at RM17.48 million with the part settlement of bridging loan for Phase 1 of the Group's property development project in Ganggarak, Labuan Federal Territory, set-off by drawdown of financing for both Phase 2A of the Group's property development project in Ganggarak, Labuan Federal Territory and Mizumi Residences at Taman Metropolitan at Kepong, Kuala Lumpur. The above loans bear interest rate of 6.96% to 8.5% per annum.

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

There were no outstanding derivatives as at 31 December 2017.

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

There are no gain/(loss) arising from fair value changes in financial assets and liabilities during the quarter ended 31 December 2017.

22. Material Litigation

There was no other material litigation pending as at 20 February 2018 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).

23. Dividend Payable

No interim ordinary dividend has been declared for the financial period ended 31 December 2017 (31 December 2016: Nil).

24. Earnings/(Loss) Per Share

a) Basic Earnings/(Loss) Per Share

	Current Quarter 31/12/2017	Cumulative Quarter 31/12/2017
Loss for the financial period attributable to equity holders of the Company (RM'000)	<u>(4,122)</u>	<u>(33,676)</u>
Weighted average number of ordinary shares in issue ('000)	<u>538,156</u>	<u>519,391</u>
Basic loss per share (sen)	<u>(0.77)</u>	<u>(6.48)</u>

25. Additional Disclosures for Loss for the Period

	Current Quarter 31/12/2017 RM'000	Cumulative Quarter 31/12/2017 RM'000
<i>Loss for the period is arrived at after crediting:-</i>		
Interest income	<u>23</u>	<u>221</u>
<i>and after charging:-</i>		
Interest expense	298	821
Rental of property	109	327
Depreciation of property, plant and equipment	702	2,569
Amortisation of prepaid land lease payments	23	92
Amortisation of prepaid land lease payments with cultivation rights	<u>492</u>	<u>1,972</u>

Other than the above, there was no provision for and write-off of receivables, provision for and write-off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, gain or loss on derivatives, and exceptional items included in the results for the current quarter and financial year ended 31 December 2017.

27. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 February 2018.