

TADMAX RESOURCES BERHAD (Company No. 8184-W)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2018

(The figures have not been audited)

	2nd Quarter 3 months ended		Cumulative to Date 6 months ended	
	30/06/2018 RM'000	30/06/2017 RM'000	30/06/2018 RM'000	30/06/2017 RM'000
Continuing Operations				
Revenue	41,069	26,243	74,049	38,744
Cost of sales	<u>(33,854)</u>	<u>(22,881)</u>	<u>(64,477)</u>	<u>(34,260)</u>
Gross profit	7,215	3,362	9,572	4,484
Other operating income	98	208	257	334
Operating expenses	<u>(6,147)</u>	<u>(9,552)</u>	<u>(11,222)</u>	<u>(14,322)</u>
Operating profit/(loss)	1,166	(5,982)	(1,393)	(9,504)
Finance costs	<u>(121)</u>	<u>(198)</u>	<u>(208)</u>	<u>(369)</u>
Profit/(Loss) before taxation	1,045	(6,180)	(1,601)	(9,873)
Taxation	<u>(927)</u>	<u>232</u>	<u>(612)</u>	<u>259</u>
Net profit/(loss) from continuing operations	118	(5,948)	(2,213)	(9,614)
Discontinuing operations	-	-	-	-
Net profit/(loss) for the financial period	118	(5,948)	(2,213)	(9,614)
Other comprehensive income/(loss), net of tax				
Items that will be reclassified subsequently to profit or loss, net of tax				
- Foreign currency translation	691	191	340	288
Items that will not be reclassified subsequently to profit or loss, net of tax				
- Revaluation of property, plant and equipment	-	-	-	56,611
Total comprehensive profit/(loss) for the period	809	(5,757)	(1,873)	47,285
Net profit/(loss) attributable to :				
Owners of the Company	163	(5,902)	(2,124)	(9,522)
Non-controlling interests	<u>(45)</u>	<u>(46)</u>	<u>(89)</u>	<u>(92)</u>
	118	(5,948)	(2,213)	(9,614)
Total comprehensive profit/(loss) attributable to:				
Owners of the Company	854	(5,711)	(1,784)	47,377
Non-controlling interests	<u>(45)</u>	<u>(46)</u>	<u>(89)</u>	<u>(92)</u>
	809	(5,757)	(1,873)	47,285
Basic profit/(loss) per ordinary share (sen)				
- from continuing operations	0.02	(1.16)	(0.34)	(1.92)
- from discontinuing operations	-	-	-	-
	<u>0.02</u>	<u>(1.16)</u>	<u>(0.34)</u>	<u>(1.92)</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 30 JUNE 2018

	(UNAUDITED) As At End Of Current Quarter 30/06/2018 RM'000	(AUDITED) As At Preceding Financial Year End 31/12/2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	121,579	120,515
Prepaid land lease payments	2,120	2,167
Prepaid land lease payments with cultivation rights	56,186	57,171
Other investments	50	50
Timber concession rights	218,000	218,000
Land and development expenditure	13,972	14,179
Deferred tax assets	358	441
	412,265	412,523
Current assets		
Inventories	661	337
Land and development expenditure	96,827	88,098
Progress billing	47,471	34,256
Trade receivables	4,891	2,939
Amount due from customers on contract	-	1,963
Other receivables, deposits and prepayments	34,282	38,248
Other investments	17,022	1,598
Tax recoverable	-	40
Deposits placed with licensed financial institutions	1,739	1,030
Cash and bank balances	5,039	7,710
	207,932	176,219
TOTAL ASSETS	620,197	588,742
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	336,974	266,106
Share option reserve	352	352
Treasury shares	(155)	(155)
Reserves:		
- Translation reserve	1,548	1,208
- Revaluation reserve	56,611	56,611
- (Accumulated losses)/Retained profits	(32,197)	(30,073)
Shareholders' funds	363,133	294,049
Non-controlling interests	27,608	27,697
TOTAL EQUITY	390,741	321,746

TADMAX RESOURCES BERHAD (Company No. 8184-W)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018 - continued

	(UNAUDITED) As At End Of Current Quarter 30/06/2018 RM'000	(AUDITED) As At Preceding Financial Year End 31/12/2017 RM'000
Non-current liabilities		
Deferred tax liabilities	98,397	99,547
Finance lease liabilities	342	453
Bank borrowings	30,432	37,747
	129,171	137,747
Current liabilities		
Trade payables	20,980	23,602
Other payables, deposits and accruals	34,566	61,535
Amount due to customers on contract	6,063	-
Amount due to directors	4,174	15,234
Finance lease liabilities	432	529
Bank borrowings	32,351	28,287
Tax payables	1,719	62
	100,285	129,249
TOTAL LIABILITIES	229,456	266,996
TOTAL EQUITY AND LIABILITIES	620,197	588,742
Net assets per share attributable to ordinary equity holders of the Company (sen)	46.5	54.6

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 2017 and the accompanying explanatory notes attached to the interim financial statements.)

TADMAX RESOURCES BERHAD (Company No. 8184-W)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

(The figures have not been audited)

	←----- Attributable to owners of the Company -----→					-----→	Total	Non-controlling Interests	Total Equity
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Share Option Reserve RM'000	Other Reserves RM'000				
<u>6 months ended 30 June 2018</u>									
As at 1 January 2018	266,106	-	(155)	352	57,819	(30,073)	294,049	27,697	321,746
Total comprehensive profit/(loss) for the period	-	-	-	-	-	(2,124)	(2,124)	(89)	(2,213)
Issuance of shares pursuant to Debt Capitalisation									
- Directors Advances	17,000	-	-	-	-	-	17,000	-	17,000
- Vendors of Wawasan Metro Bina Sdn Bhd	32,500	-	-	-	-	-	32,500	-	32,500
Issuance of shares pursuant to private placement	21,526	-	-	-	-	(0)	21,526	-	21,526
Expenses from issue of placement shares	(158)	-	-	-	-	-	(158)	-	(158)
Exchange differences on translation of foreign entities	-	-	-	-	340	-	340	-	340
As at 30 June 2018	<u>336,974</u>	<u>-</u>	<u>(155)</u>	<u>352</u>	<u>58,159</u>	<u>(32,197)</u>	<u>363,133</u>	<u>27,608</u>	<u>390,741</u>
<u>6 months ended 30 June 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 period	-	-	-	-	-	(9,522)	(9,522)	(92)	(9,614)
Issuance of shares pursuant to private placement	20,058	-	-	-	-	-	20,058	-	20,058
Expenses from issue of placement shares	-	(173)	-	-	-	-	(173)	-	(173)
Revaluation of Property	-	-	-	-	56,611	-	56,611	-	56,611
Exchange differences on translation of foreign entities	-	-	-	-	288	-	288	-	288
Transition to no-par value regime on 31 January 2017	1,194	(1,194)	-	-	-	-	-	-	-
As at 30 June 2017	<u>266,106</u>	<u>-</u>	<u>(155)</u>	<u>352</u>	<u>57,308</u>	<u>(5,919)</u>	<u>317,692</u>	<u>27,817</u>	<u>345,509</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 PERIOD ENDED 30 JUNE 2018
(The figures have not been audited)

	CUMULATIVE QUARTER	
	Current Quarter	Preceding Year Corresponding Quarter
	30/06/2018	30/06/2017
	RM'000	RM'000
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		
Loss before taxation	(1,601)	(9,873)
<u>Adjustments for non-cash items:</u>		
Amortisation of prepaid land lease payments	46	46
Amortisation of prepaid land lease payments with cultivation rights	986	986
Depreciation	1,421	1,166
Interest expense	208	369
Interest income	(102)	(179)
Gain on disposal of plant and equipment	(57)	-
Operating loss before working capital changes	901	(7,485)
<u>Changes in working capital:</u>		
Inventories	(324)	423
Progress billing	(12,351)	(8,869)
Contract customers	8,026	(3,979)
Land and development expenditure	(7,014)	188
Receivables	2,169	6,846
Payables	8,914	(6,604)
Cash generated/(used in) from operations	321	(19,480)
Interest received	102	179
Interest paid	(2,580)	(1,874)
Net of tax paid	(165)	(73)
Net cash (used in)/generated from operating activities	(2,322)	(21,248)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Purchase of property, plant and equipment (Note 1)	(2,375)	(122)
Other investments	(15,425)	-
Proceeds from disposal of plant & equipment	57	-
Fixed Deposit pledged as security	(259)	-
Proceeds from issuance of shares pursuant to private placement	21,526	20,058
Share issuance expenses	(158)	(173)
Proceeds on disposal of investment in joint venture	-	14
Net cash from/(used in) investing activities	3,366	19,777
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment to)/Advances from directors	(60)	11,500
Drawn down of bank borrowings	27,930	20,522
Repayment of bank borrowings	(31,181)	(13,754)
Repayment of finance lease liabilities	(317)	(442)
Net cash (used in)/from financing activities	(3,628)	17,826
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,584)	16,355
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	363	305
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	8,710	9,611
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	6,489	26,271

TADMAX RESOURCES BERHAD (Company No. 8184-W)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018 - continued
(The figures have not been audited)

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

	As at	As at
	30/06/2018	30/06/2017
	RM'000	RM'000
Deposits placement with licensed financial institutions	1,739	17,360
Cash and bank balances	5,039	8,941
	6,778	26,301
Less: Deposits pledged with licensed banks as security for banking facilities	(289)	(30)
	6,489	26,271

NOTE 1 - PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of RM2,485,000 of which RM110,000 was acquired under hire purchase arrangements by the Group. Cash payment made by the Group for the acquisition of property, plant and equipment amounted to RM2,375,000.

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 30 June 2018

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 2017.

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 2017, 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 2018.

The adoption of the amendments/improvements to MFRSs and new IC Int. including the MFRS 9 *Financial Instruments* and MFRS 15 *Revenue from Contracts with Customers* 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 2017 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 except for the issuance and allotment of 47,222,221 and 90,277,777 new ordinary shares, all at issue price of RM0.36 each on 3 April 2018 pursuant to the Proposed Directors Capitalisation and Proposed Vendors Capitalisation respectively. The above newly issued shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 5 April 2018. With the foregoing two allotments and issuance of shares, the issued share capital of the Company since 3 April 2018 comprised 676,130,292 ordinary shares (inclusive of 474,300 treasury shares), equivalent to RM315,605,629. Further, pursuant to the Proposed Private Placement, 53,815,550 new ordinary shares at RM0.20 each were issued and allotted on 8 June 2018 and followed by a second issuance and allotment of 51,253,000 new ordinary shares at RM0.21 each on 19 June 2018, both to independent third party investors. The new shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 12 June 2018 and 21 June 2018 respectively. With the above two allotment of shares, the issued share capital of the Company comprised 781,198,842 ordinary shares (inclusive of 474,300 treasury shares), equivalent to RM336,974,238 (after deducting expenses of RM157,631 from issuance of placement shares) and total gross proceeds raised amounted to RM21,526,240. For further details, please refer to the Corporate Proposals as disclosed hereinbelow under Note 19(B).

7. Dividends Paid

There was no dividend paid during the current quarter ended 30 June 2018 (31 March 2018: 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				6 months ended			
	30/06/2018		30/06/2017		30/06/2018		30/06/2017	
	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	39,969	4,452	24,126	(2,097)	71,580	4,294	34,139	(2,795)
• Industrial supplies	1,100	(134)	2,116	108	2,469	(156)	4,605	352
• Energy	-	(492)	-	(2,301)	-	(1,051)	-	(3,412)
• Investment holding	-	(2,110)	-	(1,147)	-	(3,384)	-	(2,554)
• Others	-	(550)	-	(545)	-	(1,096)	-	(1,095)
	41,069	1,166	26,243	(5,982)	74,049	(1,393)	38,744	(9,504)
Finance costs	-	(121)	-	(198)	-	(208)	-	(369)
	41,069	1,045	26,243	(6,180)	74,049	(1,601)	38,744	(9,873)

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 2017.

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 2017 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 30 June 2018 comprise as below :-

	RM'000
Capital expenditure commitments not provided for	
- Authorised and contracted for	2,731
- Authorised and not contracted for	15,537
	<u>18,268</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		Cumulative Quarter		Inc/(Dec) %
	30/06/2018	30/06/2017		31/03/2018	Inc/(Dec) %	30/06/2018	30/06/2017	
Revenue								
• Property	39,969	24,126	66%	31,611	26%	71,580	34,139	110%
• Industrial supplies	1,100	2,116	-48%	1,369	-20%	2,469	4,605	-46%
	41,069	26,243	56%	32,980	25%	74,049	38,744	91%
Profit/(Loss) before tax								
• Property	4,452	(2,097)	-312%	(158)	-2918%	4,294	(2,795)	-254%
• Industrial supplies	(134)	108	-224%	(22)	509%	(156)	352	-144%
• Energy	(492)	(2,301)	-79%	(559)	-12%	(1,051)	(3,412)	-69%
• Investment holding	(2,110)	(1,147)	84%	(1,274)	66%	(3,384)	(2,554)	32%
• Others	(550)	(545)	1%	(546)	1%	(1,096)	(1,095)	0%
	1,166	(5,982)	-119%	(2,559)	-146%	(1,393)	(9,504)	-85%
Finance costs	(121)	(198)	-39%	(87)	39%	(208)	(369)	-44%
	1,045	(6,180)	-117%	(2,646)	-139%	(1,601)	(9,873)	-84%

Review on Performance - Current Quarter compared to Corresponding Quarter

a) Overall Review of Group performance

The Group's revenue grew by approximately 56% at RM41.0 million vis-a-vis the preceding corresponding quarter, contributed by the Property business segment which was in turn mainly attributed to the higher percentage completion achieved by its Mizumi Residence condominium project in Taman Metropolitan Kepong. Mizumi Residences condominium project in Taman Metropolitan Kepong reported revenue contribution of RM31.7 million vis-a-vis RM 8.7 mil in the preceding corresponding quarter as the project was launched in June 2017. As for the Group's Ganggarak Permai project, its Phase 1 achieved a negligible percentage completion as the project is almost completed for handover whilst Phase 2 achieved 18.4% vis-a-vis 7.3% in the preceding corresponding quarter. In terms of Revenue, Ganggarak Permai project in 2Q 2018 reported RM8.3 mil vis-a-vis RM15.4 million in the preceding corresponding quarter.

The growth in revenue and improved gross margin resulted in the profit before interest and tax for the current quarter of RM1.2 million vis-à-vis losses of RM6.0 million in the preceding corresponding quarter. This was made possible with the profit contribution from its Property Segment totaling RM4.5 million, partially set-off by operating losses registered by it Energy, Industrial Supplies and Investment holding Segments.

b) Segmental Review

- Property

This business segment comprises two property development projects, Ganggarak Permai in Ganggarak, Labuan FT and Mizumi Residences 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)	RM 137,311	RM 465,453
Unbilled sales ('000)	RM 11,342	RM 392,009
Percentage completion - year-to-date	Phase 1 98.05% (June 2017 : 59.58%) Phase 2A 80.73% (June 2017 : 23.73%)	15.78% (June 2017 : 3.15%)
Operating profit/(loss) ('000)	(RM735)	RM 5,360

Phases 1 and 2A of Ganggarak Permai are affordable homes project, where profit margin is minimal from these development. For the quarter under review, Ganggarak Permai has operating loss of RM0.735 million mainly due to overhead cost incurred and higher contributions made to authorities.

Mizumi Residences was launched in June 2017 and as at 30 June 2018, a total booking rate of 1,114 units was registered. Piling has been completed and pilecapping is estimated to complete by August 2018 (delayed slightly due to unfavourable weather) whilst the Main Building works has commenced since 19 March 2018. Presently, construction of the podium has started.

- Energy

During the current reporting quarter, the Group undertook the technical and commercial evaluation of the Engineering, Procurement, Construction and Commissioning ("EPCC") Contractors' tenders as submitted by the pre-qualified EPCC contractors. On the financial aspect of this Energy Segment, total cost incurred for the current quarter amounted to RM1.64 million out of which, a sum of RM1.14 million was capitalised as the Power Plant's property, plant and equipment.

Review on Performance - Current Quarter compared to Preceding Quarter

The Group's revenue for the current quarter was higher by 25% at RM41.1 million due mainly to the higher revenue contributed by Mizumi Residences at RM31.7 million (vis-a-vis RM8.5 million in the preceding quarter), set off by the lower revenue from the Group's Ganggarak Permai Project at RM8.3 million (vis-a-vis RM23.1 million in the preceding quarter). The lower revenue from Ganggarak Permai was due to the negligible percentage completion from its Phase 1 as the project is almost completed for handover. The Group's profit before interest and tax was higher at RM1.2 million (vis-a-vis losses of RM2.6 million) due mainly to the higher revenue and corresponding profit contribution recognised by Mizumi Residences.

16. Prospects

For the current financial year, the property development and construction segment will be the mainstay of the Group's core operations and profitability.

This is supported by the Group's Mizumi Residences development project where approximately 76% of the available units has been taken up as at the date of this report and the development progress of the Mizumi Residences in accordance to its development plan.

The Group's Ganggarak Permai project will see the handover of its Phase 1 in the 3rd quarter of 2018, while its Phase 2A development is envisaged to be completed by the middle of the next financial year. The revamped development plan (Phase 3) for part of the remaining available land is also expected to contribute to the Group's profitability, albeit at a lower profitability quantum in view that the development is under the affordable homes category.

As reported previously, the Energy Segment will not contribute to the near term profitability of the Group as it takes approximately four years before commercial operation commences. Submission of the final technical and commercial proposal was made to the Energy Commission on 31 July 2018. On 27 July 2018, the Company entered into a Memorandum of Understanding with Worldwide Holdings Berhad ("WORLDWIDE"), a Selangor state-linked company, where subject to the Energy Commission's approval, WORLDWIDE intends to secure a 30% equity interests in the project company, Tadmax Indah Power Sdn Bhd. The participation of WORLDWIDE should augurs well for the Group's power plant project in Pulau Indah, Selangor Darul Ehsan.

On the Industrial Supplies business segment, with the anticipated reduced activity of the construction market of the location in which the Group's ready-mixed concrete plant operates, the revenue growth potential in Labuan, FT will be challenging in the current financial year. Nevertheless, the main objective of this business segment is to support the Group's ready-mixed concrete requirements in Labuan, FT.

With the completion of the Private Placement on 23 July 2018 (as elaborated under item 19(B) hereinbelow), the Group has received total gross proceeds of RM22.06 million which will be utilised toward the Group's Energy Segment, Property Development Segment and working capital requirements. The utilisation of the gross proceeds will be reported separately under item 19(D) hereinbelow.

On the back of the foregoing paragraphs, the Board expects the Group to generate profits for the financial year ending 31 December 2018, mainly supported by much higher revenue and profitability from Mizumi Residences property development project which 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 (6 months ended)	
	30/06/2018 RM'000	30/06/2017 RM'000	30/06/2018 RM'000	30/06/2017 RM'000
Current tax:				
Malaysian income tax	1,702	24	1,703	77
Under provision of Malaysian income tax in prior years	-	-	-	-
	1,702	-	1,703	77
Deferred tax	775	(256)	(1,091)	(336)
Total taxation	927	(232)	612	(259)

Included in the income tax figure for the quarter ended 30 June 2018 are the net adjustment for deferred tax charges in respect of amortisation of prepaid land lease payment with cultivation rights, prepaid land lease payment, fair value adjustment to land and development expenditure, depreciation of revalued property, plant and equipment and other 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 Turbine Power Plant in Pulau Indah

On 3 August 2016, the Company announced that it has received a Letter of Award dated 2 August 2016 (“CLOA”) from the Government of Malaysia, through the Energy Commission (“EC”) for the development of a new 1,000 MW combined cycle gas turbine 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 CLOA 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.

The Group submitted to EC the final technical and commercial proposal on 31 July 2018, ahead of 1 August 2018 deadline.

In relation to the status of the Project vis-à-vis the indicative timeline, the Project is progressing in line with the established timeline and presently awaiting for the approval of the EC, envisaged by the 4th quarter of 2018 followed by financial close in middle of year 2019 whilst construction is earmarked sometime in the 2nd half of year 2019.

(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 its 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. The rationale of the Proposed Directors Capitalisation is to reduce the Group's liability without any cash outflow. 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 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.

On 3 April 2018, 47,222,221 and 90,277,777 new ordinary shares, all at issue price of RM0.36 each were allotted and issued pursuant to the Proposed Directors Capitalisation and Proposed Vendors Capitalisation respectively. The above newly issued shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 5 April 2018.

Pursuant to the Proposed Private Placement, on 8 June 2018, 53,815,550 new ordinary shares at RM0.20 each were issued and allotted and followed by a second issuance and allotment of 51,253,000 new ordinary shares at RM0.21 each on 19 June 2018 and by a third and final issuance and allotment of 2,562,550 new ordinary shares at RM0.21 each on 19 July 2018, all to independent third party investors. The new shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 12 June 2018, 21 June 2018 and 23 July 2018 respectively. With the above three allotment of shares, the issued share capital of the Company comprised 783,761,392 ordinary shares (inclusive of 474,300 treasury shares), equivalent to RM337,509,683 (after deducting expenses of RM160,322 from issuance of placement shares). Further, with the above 3 allotments, the Proposed Private Placement has been duly completed on 23 July 2018 with the listing and quotation for an aggregate of 107,631,100 placement shares on the Main Market of Bursa Securities.

(C)Memorandum of Understanding ("MOU") with Worldwide Holdings Berhad

On 27 July 2018, the Company entered into a Memorandum of Understanding with Worldwide Holdings Berhad ("WORLDWIDE"), a Selangor state-link company, where subject to the Energy Commission, WORLDWIDE intends to secure a 30% equity interests in the project company, Tadmax Indah Power Sdn Bhd. The MOU may lead to a Shareholders' Agreement between the parties.

The participation of WORLDWIDE should augurs well for the Group's power plant project in Pulau Indah, Selangor Darul Ehsan.

(D) Status of Utilisation of Proceeds arising from Private Placements

[1] 1st Private Placement in May 2017

Utilisation of gross proceeds raised from the private placement completed on 29 May 2017 up to 30 June 2018 is set out below :-

<u>Purpose</u>	Initial Proposed Allocation (RM'000)	Revised Allocation (RM'000)	Actual Utilisation to 30 June 2018 (RM'000)	Unutilised proceeds channelled to (RM'000)	Balance (RM'000)	Intended timeframe for utilisation
1) Power plant project costs	12,500	17,000	17,000	-	-	Within 9 months
2) Property development costs	7,258	2,758	2,885	127	-	Within 12 months
3) Estimated expenses for the Private Placement	300	300	173	(127)	-	Within 1 month
	20,058	20,058	20,058	-	-	

Based on the above, the gross proceeds received in May 2017 arising from the private placement have been fully utilised during the 2nd quarter ended 30 June 2018.

[2] 2nd Private Placement in June 2018

Utilisation of gross proceeds raised from the second private placements in June 2018 up to 30 June 2018 is set out below :-

<u>Purpose</u>	Allocation per Circular (RM'000)	Revised Allocation (N1) (RM'000)	Actual Utilisation to 30 June 2018 (RM'000)	Balance (RM'000)	Revised timeframe for utilisation (N2)
1) Power plant project costs	18,000	11,000	2,321	8,679	Within 9 months (revised from 12 months)
2) Property development costs	12,500	7,800	1,065	6,735	Within 9 months (revised from 12 months)
3) Working capital	4,518	2,938	-	2,938	Within 6 months (revised from 12 months)
4) Estimated expenses for the Private Placement	500	326	326	-	Within 1 month
	35,518	22,064	3,712	18,352	

N1 - Pro-rata allocation based on the reduced actual gross proceeds from private placement.

N2 - Timeframe revised with the lower actual gross proceeds from private placement.

20. Group Borrowings and Debts Securities

Group borrowings are as follows:-

	As at 30/06/2018 RM'000	As at 30/06/2017 RM'000
(a) Current borrowings – secured		
Term loans	14,286	17,500
Bridging Loans	17,404	6,973
Trade Loan	661	-
Finance lease payable	432	772
	<u>32,783</u>	<u>25,245</u>
(b) Non-current borrowings – secured		
Finance lease payable	342	652
Bridging Loans	23,051	-
Term loans	7,381	23,427
	<u>30,774</u>	<u>24,079</u>

All the Group borrowings are denominated in Malaysian currency and are secured. Both, term loans and bridging loans increased by RM14.2 million as compared to corresponding period as most of the loan drawdown was applied towards financing the Group's property development projects, Mizumi Residences at Taman Metropolitan, Kepong in Kuala Lumpur and Ganggarak Permai in Labuan, FT. During the quarter, the term loans and bridging loans drawdown totals RM11.9 million whilst the repayment amount was RM15.3 million. The above loans bear interest rate of 6.36% to 8.75% per annum.

21. Trade Receivables

The Trade Receivables and corresponding ageing of the Group as at 30 June 2018 are as follow:-

	Total RM'000	
Trade receivables	4,891	
Less : Allowance for impairment	-	
	<u>4,891</u>	
	RM'000	%
Neither past due nor impaired	2,285	46.7%
Past due 31 to 60 days not impaired	468	9.6%
Pass due 61 to 90 days not impaired	521	10.7%
Pass due 91 to 120 days not impaired	1,026	21.0%
Past due > 120 days not impaired	591	12.1%
	<u>4,891</u>	<u>100%</u>

The Group did not impair the past due trade receivables as these amounts are recoverable with no recent history of default. There are no trade receivables from related parties and approximately 20% of the trade receivables were due from one major customer of the Group.

The trade receivables are non-interest bearing and are generally range from 30 to 60 days term.

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

There were no outstanding derivatives as at 30 June 2018

(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 30 June 2018.

23. Material Litigation

There was no other material litigation pending as at 21 August 2018 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).

24. Dividend Payable

No interim ordinary dividend has been declared for the financial period ended 30 June 2018 (30 June 2017: Nil).

25. Earnings/(Loss) Per Share**a) Basic Earnings/(Loss) Per Share**

	Current Quarter 30/06/2018	Cumulative Quarter 30/06/2018
Earnings/(Loss) for the financial period attributable to equity holders of the Company (RM'000)	<u>163</u>	<u>(2,124)</u>
Weighted average number of ordinary shares in issue ('000)	<u>692,994</u>	<u>616,003</u>
Basic earnings/(loss) per share (sen)	<u>0.02</u>	<u>(0.34)</u>

26. Additional Disclosures for Profit/(Loss) for the Period

	Current Quarter 30/06/2018 RM'000	Cumulative Quarter 30/06/2018 RM'000
<i>Profit/(Loss) for the period is arrived at after crediting:-</i>		
Gain on disposal of plant & equipment	-	57
Interest income	62	102
<i>and after charging:-</i>		
Interest expense	121	208
Rental of property	72	155
Impairment of other receivable	1,162	1,162
Depreciation of property, plant and equipment	714	1,421
Amortisation of prepaid land lease payments	23	46
Amortisation of prepaid land lease payments with cultivation rights	493	986

Other than the above, there was no provision for and write-off of receivables, provision for and write-off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, gain or loss on derivatives, and exceptional items included in the results for the current quarter and financial period ended 30 June 2018.

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 28 August 2018.